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

Consolidated Financial Statements –Statutory Basis

September 30, 2014

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

Consolidated Balances Sheet - Statutory Basis

(Amounts in Thousands RD$)

	At September 30, 2014	At December 31, 2013
ASSETS		
Available funds (notes 3, 4, 35, 36 and 37)	51,956,508	59,683,710
Investments (notes 3, 6, 15, 35, 36 and 37)		
Other investments in debt instruments	45,218,708	44,031,870
Interest receivable	1,008,345	1,599,675
Investments allowance	(210,602)	(153,240)
	46,016,451	45,478,305
Loan portfolio (notes 3, 7, 15, 35, 36, 37 and 39)		
Current	216,338,127	189,237,805
Restructured	89,940	2,045,763
Past due	1,455,703	1,305,122
In legal collection	848,872	2,195,069
Interest receivable	1,823,609	1,119,420
Allowance for loan losses	(4,758,930)	(5,439,400)
	215,797,321	190,463,779
Customer acceptances (notes 3, 8 and 35)	94,995	1,593
Accounts receivable (notes 3, 9, 10, 35, 37 and 39)		
Commissions receivable	27,108	11,576
Accounts receivable	1,400,163	931,202
Insurance premiums receivable	2,112,451	1,104,096
Receivables from insurance and guarantees	7,078	9,117
	3,546,800	2,055,991
Assets received in loans settlement (notes 11, 15, 26 and 39)		
Assets received on loan forclousres	8,009,058	7,148,079
Allowance for losses on assets received on loan forclosures	(4,876,403)	(4,354,023)
	3,132,655	2,794,056
Investments in shares (notes 3, 12, 15, 35, 36 and 39)		
Investments in shares	800,407	352,053
Allowance for investments in share	(21,275)	(22,424)
	779,132	329,629
Property, furniture and equipment (notes 13 and 26)		
Property, furniture and equipment	11,625,797	9,997,005
Accumulated depreciation	(4,387,896)	(4,078,549)
	7,237,901	5,918,456
Properties under development intended for sale and for leasing	358,607	338,712
Other assets (notes 3, 14 and 35)		
Deferred charges	1,109,013	2,118,234
Intangible assets	229,883	175,718
Other assets	1,061,552	418,163
Accumulated amortization	(173,022)	(127,863)
	2,227,426	2,584,252
TOTAL ASSETS	**331,147,796**	**309,648,483**
Contingent accounts (notes 24 and 28)	**656,258,271**	**556,049,321**
Memorandum accounts (note 29)	**501,240,294**	**427,653,297**

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

Enrique A. Ramírez Paniagua
General Administrator

Luis R. Espinal L.
Comptroller

	At September 30, 2014	At December 31, 2013
LIABILITIES AND EQUITY		
LIABILITIES		
Customer deposits (notes 3, 16, 35, 36 and 37)		
Demand	52,202,228	48,043,752
Savings	79,750,691	67,805,141
Term	39,408,651	43,954,708
Interests payable	243,898	130
	171,605,468	159,803,731
Deposits from domestic and foreign financial institutions (notes 3, 17, 35 and 36)		
From local financial institutions	8,493,518	9,330,943
From foreign financial institutions	1,311,333	1,280,347
Interests payable	4,390	
	9,809,241	10,611,290
Borrowed funds (notes 3, 18, 35 and 36)		
From local financial institutions	1,651,863	7,982
From foreign financial institutions	14,207,513	22,072,729
Others	19,715	19,715
Interests payable	52,072	76,542
	15,931,163	22,176,968
Acceptances outstanding (notes 3, 8 and 35)	94,995	1,593
Outstanding securities (notes 19, 35, 36 and 37)		
Securities	86,484,788	73,693,548
Creditors for insurance and bank guarantees (note 3)	739,729	1,074,964
Insurance premium deposits	1,045,316	201,556
Other liabilities (notes 3, 15, 20, 28, 35, 37 and 39)	7,735,151	7,403,817
Technical reserves (note 22)		
Mathematical and technical life insurance reserves	75,674	21,543
Reserves for unexpired risk	2,248,777	1,972,792
	2,324,451	1,994,335
Subordinated debt (notes 3, 21, 35 and 36)		
Subordinated debt	12,867,999	12,539,620
Interest payable	152,989	373,383
	13,020,988	12,913,003
TOTAL LIABILITIES	308,791,290	289,874,805
OWNERS OF THE PARENT COMPANY'S EQUITY (notes 26 and 27)		
Paid-in capital	3,500,000	3,500,000
Other equity reserves	12,485,027	10,485,027
Revaluation surplus	755,665	755,665
Retained earnings from previous periods	351,520	1,611,191
Net income for the period	5,146,131	3,298,524
	22,238,343	19,650,407
Minority	118,163	123,271
EQUITY	22,356,506	19,773,678
TOTAL LIABILITIES AND EQUITY	**331,147,796**	**309,648,483**
Contingent accounts (notes 24 and 28)	**656,258,271**	**556,049,321**
Memorandum accounts (note 29)	**501,240,294**	**427,653,297**

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

Consolidated Income Statements - Statutory Basis

(Amounts in Thousands of RD$)

	Nine month periods ended At September 30, 2014	2013
Financial Income (notes 6, 7, 30 and 37)		
Interests and commissions on loans	17,753,976	14,340,477
Interests on maturity investments	3,953,664	4,006,957
Profits from sales of securities	2,347,245	1,204,973
Insurance premiums net of returns and cancellations	3,801,065	3,103,940
Technical adjustment to insurance reserves	-	10,286
	27,855,950	22,666,633
Financial expenses (notes 16, 17, 18, 19, 20, 30 and 37)		
Interests on deposits	6,681,577	5,789,966
Interests and commissions on borrowed funds	314,892	276,101
Loss on investments	433,365	137,453
Reinsurance expense	1,650,449	1,446,122
Insurance claims and contractual obligations	1,198,070	981,289
Expenses related to technical adjustment to reserves	143,856	-
Expenses related to acquisition, conservation and collection of insurance premiums	364,996	343,049
	10,787,205	8,973,980
Gross financial margin	17,068,745	13,692,653
Provision for loan portfolio loss (note 15)	602,180	1,525,000
Provision for investment loss (note 15)	12,000	1,050
	614,180	1,526,050
Net financial margin	16,454,565	12,166,603
Foreign exchange gain (loss) (note 31)	(94,884)	(49,879)
Other operating income (note 32)		
Credit card fees	441,084	460,163
Service fees	1,633,873	1,434,149
Foreign exchange commissions	748,751	509,859
Miscellaneous income	1,405,420	1,476,411
	4,229,128	3,880,582
Other operating expenses (note 32)		
Commissions for services	381,362	154,635
Miscellaneous expenses	498,869	360,404
	880,231	515,039
Gross operating income	19,708,578	15,482,267
Operating expenses (notes 15, 28 and 34)		
Salaries and personnel compensation	8,162,665	6,540,255
Professional fees	934,830	593,206
Depreciation and amortization	517,018	445,680
Other provisions	625,675	389,264
Other expenses	3,430,171	3,457,807
	13,670,359	11,426,212
Net operating income	6,038,219	4,056,055

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

Consolidated Income Statements - Statutory Basis, continued

(Amounts in Thousands RD$)

	Nine month periods ended At September 30, 2014	2013
Other income (expenses) (note 33)		
Other income	1,134,165	764,328
Other expenses	(612,599)	(438,662)
	521,566	325,666
Income before income tax	6,559,785	4,381,721
Income tax (note 23)	(1,391,927)	(822,018)
Net income for the period	**5,167,858**	**3,559,703**
ATTRIBUTABLE TO:		
Owners of the Controlling equity (parent company)	5,146,131	3,534,826
Minority	21,727	24,877
	5,167,858	**3,559,703**

These Consolidated Financial Statements - Statutory Basis are to be read in conjunction with their accompanying notes.

Enrique A. Ramírez Paniagua
General Administrator

Luis R. Espinal L.
Comptroller

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

Consolidated Statements of Equity - Statutory Basis

For the Nine Month Periods Ended as of September 30, 2014 and 2013

(Amounts in Thousands of RD$)

	Paid-in Capital	Other Equity Reserves	Revaluation Surplus	Retained Earning from Previous Periods	Net Income For The period	Total	Minority	Total Net Equity
Balances at January 1st 2013	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)	-	-	-
Cash dividends paid to minority	-	-	-	-	-	-	(14,505)	(14,505)
Dividends paid through payment amortization of National Treasury bonds (note 26)	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Dividends paid through interest payment of National Treasury bonds (note 26)	-	-	-	(5,250)	-	(5,250)	-	(5,250)
Dividends paid through surrender of foreclosed assets	-	-	-	(3,628,033)	-	(3,628,033)	-	(3,628,033)
Net income for the period	-	-	-	-	3,534,826	3,534,826	24,877	3,559,702
Other adjustments	-	-	-	8,293	-	8,293	-	8,293
Balances at June 30, 2013	**3,500,000**	**8,718,686**	**773,841**	**1,611,190**	**3,534,826**	**18,138,542**	**138,934**	**18,277,476**
Balances at January 1st, 2014	**3,500,000**	**10,485,027**	**755,665**	**1,611,191**	**3,298,524**	**19,650,407**	**123,271**	**19,773,678**
Transfer to retained earnings	-		-	3,298,524	(3,298,524)	-	-	-
Cash dividens paid to minor stockholders	-	-	-	-	-	-	(26,835)	(26,835)
Offset debts of the Dominican Republic State	-	-	-	(768,249)	-	(768,249)	-	(768,249)
Dividends paid through payment amortization of National Treasury bonds (note 26)	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Dividends paid through interest payment National Treasury bonds (note 26)	-	-	-	(4,500)	-	(4,500)	-	(4,500)
Dividends paid through surrender of foreclosed assets	-	-	-	(410,446)	-	(410,446)	-	(410,446)
Net income for the period	-	-	-	-	5,146,131	5,146,131	21,727	5,167,858
Cash dividends paid to the State of Dominican Republic				(1,300,000)		(1,300,000)		(1,300,000)
Transfer to other equity reserves		2,000,000		(2,000,000)	-	-		-
Balances at September 30, 2014	**3,500,000**	**12,485,027**	**755,665**	**351,520**	**5,146,131**	**22,238,343**	**118,163**	**22,356,506**

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These Consolidated Financial Statements - Statutory Basis are to be read with their accompanying notes

Enrique A. Ramírez Paniagua
General Administrator

Luis R. Espinal L.
Comptroller

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

Consolidated Statements of Cash Flows - Statutory Basis

(Amounts in Thousands of RD$)

	Nine month periods ended At September 30, 2014	2013
Reconciliation between the net income for the period and the net cash used in operating activities		
Net income for the period	5,167,858	3,559,703
Adjustments to reconcile net income for the period to net cash used by operating activities		
Provisions for risky assets and contingencies	1,239,854	2,942,842
Technical reserves increase	(290,672)	(237,421)
Release of provisions for risky assets and contingencies	143,856	-
Depreciation and amortization	526,875	486,881
Gain (loss) on sale of property, furniture and equipment	(9,105)	708,529
Gain (loss) on sale of assets received in loan settlements, net	(232,920)	96,581
Currency exchange rate fluctuations, net	340,801	(374,211)
Amortization of the cost of the subordinated debt	13,030	-
Amortization of the discount on issuance of the subordinated debt	3,709	-
Net change in assets and liabilities:		
Interests receivable	(117,359)	1,159,594
Debtors' acceptances	(93,402)	-
Accounts receivable	88,219	(4,820,080)
Insurance premium receivable	(1,008,355)	(380,497)
Receivables from reinsurance and surety	2,039	425
Deferred charges	945,152	(601,690)
Other assets	(643,389)	(249,418)
Interests payable	(1,096)	10,372
Outstanding acceptances	93,402	-
Creditors of insurance and bank guarantees	(335,235)	(78,923)
Insurance premium deposits	843,760	262,700
Other liabilities	313,016	(4,386,538)
Technical reserves	186,260	247,436
Total adjustments	1,992,908	(5,213,418)
Net cash generated by (used in) operating activities	**7,160,766**	**(1,653,715)**

These consolidated financial statements - Statutory basis are to be read with their accompanying notes

Enrique A. Ramírez Paniagua
General Administrator

Luis R. Espinal L.
Comptroller

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

Consolidated Statements of Cash Flows - Statutory Basis

(Amounts in Thousands of RD$)

	Nine month periods ended At September 30, 2014	2013
CASH FROM OPERATING ACTIVITIES		
Interest and commissions collected on loans	17,049,787	15,500,071
Other financial income collected	6,454,374	5,074,477
Other operating income collected	4,229,128	3,727,621
Insurance premium collected	3,636,470	-
Increase in insurance and guarantees	(2,162,381)	2,723,443
Interests paid on deposits	(6,641,464)	(5,789,966)
Interests and commissions paid on borrowed funds	(339,362)	(276,101)
General and administrative expenses paid	(12,517,810)	(12,957,759)
Other operating expenses paid	(880,231)	(890,347)
Income taxes paid	(244,179)	(1,308,216)
Insurance claims and contractual obligations	(1,198,070)	(981,289)
Miscellaneous collections from operating activities	(225,496)	(6,475,649)
Net cash generated by (used in) operating activities	7,160,766	(1,653,715)
CASH FROM INVESTMENT ACTIVITIES		
Decrease (increase) in investments	(1,709,602)	(10,310,296)
Loans granted	(181,679,879)	(90,948,248)
Loans collected	154,291,731	73,549,253
Interbank funds granted	(2,732,000)	2,683,000
Interbank funds collected	2,732,000	(2,733,760)
Decrease in investments on real estate property for sale or rent	(19,895)	12,744
Acquisition of property, furniture and equipment	(1,853,276)	(1,165,612)
Proceeds from sale of property, furniture and equipment	38,144	-
Proceeds from sale of assets acquired in loan settlements	45,819	541,791
Net cash used in investment activities	(30,886,958)	(28,371,128)
CASH FROM FINANCING ACTIVITIES		
Deposits received	1,761,627,717	1,457,597,815
Deposits paid	(1,738,080,557)	(1,435,578,608)
Borrowed funds received	37,556,681	22,521,220
Borrowed funds paid	(43,778,016)	(9,076,080)
Dividends paid and other payments to shareholders	(1,326,835)	(3,714,495)
Net cash provided by financing activities	15,998,990	31,749,852
NET INCRESE (DECREASE) IN CASH	(7,727,202)	1,725,009
CASH AT THE BEGINNING OF THE YEAR	59,683,710	42,776,266
CASH AT THE END OF THE YEAR	**51,956,508**	**44,501,275**

(Continues)

1 Entity

Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples and subsidiaries (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 Law No. 6133 of December 17, 1962, which was modified by Law No. 281 of January 1st, 1976 and its modifications.

Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples and subsidiaries (the Bank) offers multiple banking services to the Dominican Government, its autonomous entities and state-owned companies (public sector), as well as to private companies and to the general public (private sector). The main activities of the Bank include the granting of loans, investment, deposits, financing, sales of insurances, management of pension funds and health services, sale and development of real estate projects, securities underwriting, trust management, among others.

The main offices of the General Administration are located in the Banreservas Tower on Winston Churchill Avenue, Santo Domingo, Dominican Republic.

A detail of the principal officers is as follows:

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

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

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BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

As of September 30, 2014 and December 31 2013, a detail of the Bank's offices and automatic teller machines (ATMs) is as follows:

	2014		2013	
Location	Offices (*)	ATM	Offices (*)	ATM
Santo Domingo	68	243	62	217
Provinces	97	234	91	212
	165	**477**	**153**	**429**

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

2 Summary of significant accounting policies

2.1 Accounting basis for the presentation of consolidated financial statements

The Bank prepares its 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 (IFRS) applicable to banks and financial institutions. Therefore, the accompanying consolidated financial statements - statutory basis do not pretend to present the financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards.

Subsidiaries include: insurance companies, pension fund managers, health plan administrators and a security exchange, which have been prepared in accordance with the accounting practices established by the Superintendence of Insurance, the Superintendence of Pensions, the Superintendence of Health and Labor Risks and the Superintendence of Securities of the Dominican Republic, respectively. Furthermore unregulated subsidiaries whose accounting practices are in accordance with the International Financial Reporting Standards. The figures for these subsidiaries are incorporated in the consolidated financial statements that have been prepared following those accounting bases.

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

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BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

Differences with the 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 portfolio are determined through an assessment of the 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 and minor commercial loans) and some specific approvals issued by the Superintendence of Banks. This evaluation (for major commercial debtors) includes the ability to pay based on a review of credit records and payment history. The collaterals are only considered to determine the provision. In accordance with International Financial Reporting Standards, separating individual and collective loans assesses loan portfolios. Analysis of individual loans is evaluated on a loan-by-loan basis.

   Loans that are collectively evaluated to determine whether impairment exists, considering the estimates of the contractual cash flows in such groups of assets, the historical loss experience analysis and management's opinion as to whether the current economical and loans conditions may change the actual level of the inherent historical losses. A provision is recognized, if objective evidence exists 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 (2) period, on a straight line basis, starting six (6) months after receipt of the asset; real estate is reserved over a three-year (3) period, on a straight-line basis, as of the first anniversary date of its recording in the Bank's books. IFRS requires 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 granted to the corresponding principal. Past due interest receivable with more than 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 - statutory basis. According to IFRS, allowances on interest receivable are determined based on the existent risks specific to the loan portfolio. In the event of interest receivable impairment, the loans are 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 balance sheet date. IFRS requires that all balances in foreign currencies be translated at the exchange rate to which the Bank had access at the balance sheet date.

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

vi) There are differences between the presentation and certain disclosures of the financial statements according to IFRS and what the Superintendence of Banks of the Dominican Republic requires.

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

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

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

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

xi) The Superintendence of Banks of the Dominican Republic allowed multiservice banks the revaluation of its properties as of December 31, 2004 and it has not required updating these values after this date. IFRS states that these values must be updated whenever significant changes in value occur for such assets.

xii) The Superintendence of Banks of the Dominican Republic require that cash flows corresponding to loans portfolio and customer deposits be classified as investment and financial activities, respectively. IFRS require cash flows from these transactions to be classified as operating activities.

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
MULTISERVICE BANK AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

xiii) The Superintendence of Banks of the Dominican Republic requires banks to recognize 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 Ruling for Assets Evaluation. The International Financial Reporting Standards (IFRS) require allowances to 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 of Banks allowed the Bank the recognition of upfront commission collected on the discount of invoices at the time of operation as interest income. IFRS require that such commission be deferred and recognized as income using the effective interest method.

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

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

xvii) In accordance to the current banking regulations, the Bank must quantitatively disclose the risks derived from its financial instruments, such as liquidity, 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 period, the report date and how the entity manages these risks.

xviii) The Superintendence of Banks of the Dominican Republic does not allow the release of assets provision awarded without prior authorization. In case of the sale of assets awarded that are provisioned, if the sale occurs at a higher value than its books value, it cannot be recognized as a gain as required by the International Financial Reporting Standards, but instead the provision released must be transferred to other regulatory provisions or an authorization to the Superintendence of Banks must be presented in order to be recognize as income.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

xix) In 2012, The Superintendence of Banks of the Dominican Republic authorized the Bank to classify as accounts receivable some discounts on invoice operations. According to the International Financial Reporting Standards, these operations must be classified as a loan portfolio. As of September 30, 2014 and December 31, 2013 there were classified as a loan portfolio.

xx) The Superintendence of Banks of the Dominican Republic authorizes financial intermediation institutions to write off a loan with or without guaranties when it becomes a non-performing portfolio, excluding related-party loans that should be written off when all legal collection processes have been exhausted and the involved officers and / or directors have been removed from their duties. The International Financial Reporting Standards requires these write offs immediately when loans are determined to be unrecoverable.

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

xxii) The Superintendence of Banks of the Dominican Republic, authorized the inclusion in the consolidated financial statements, the financial statements of subsidiaries that were prepared following different accounting practices to those in the Accounting Manual for Financial Institutions without being homogenized with the accounting practices followed by the Bank. According to the International Financial Reporting Standards, entities included in the consolidation should follow the same accounting policies.

Differences between accounting practices for Insurance Companies in the Dominican Republic and International Financial Reporting Standards:

i) As established by the Superintendence of Insurance, short-term insurance contracts are recognized as revenue when billed; as a result, unearned premium reserves are computed based on specific percentages according to the line of business 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 life insurance, accidents and health, premiums provided are collected on a monthly basis
- 40% Surety bonds
- 40% Other Insurance

(Continues)

In accordance with International Financial Reporting Standards, income from insurance contracts, both general and short-term life insurance, is recognized 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 recognized as deferred income.

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 by 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 relating to Private Insurance and its amendments:

- Mortgage-secured loans.
- Certificates of deposit in local banks.
- Reserves held by local insurers and reinsurers.
- Real estate located in the country
- Shares and bonds of local 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, 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.

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 these investments must be recognized initially at fair value and subsequent to their initial recognition, are measured at amortized cost, fair value with changes in profit or loss or at 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 of the Dominican Republic establishes that short-term, highly liquid investments that can be readily converted to cash be presented as investments. International Financial Reporting Standards requires that such investments be presented as cash equivalents.

(Continues)

iv) Income, expenses and important reclassifications that affect financial statements of previous periods are recognized in the year in which they are identified. International Financial Reporting Standards requires that these transactions be recognized retroactively correcting the previously reported financial statements, including the presentation of the statement of financial position for the last three (3) years.

v) 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 recognized affecting operating expenses of the year.

vi) 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 recognized in profit or loss based on such estimations.

vii) 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 for those probable and quantifiable losses and recorded these through a charge to operations of the year in which the incident occurred.

viii) International Financial Reporting Standards requires that if an entity holds derivative financial instruments, that it be separated from the host contract and be accounted separately if the characteristics and risks of the host contract and the derivative are not closely related. Accounting practices established or allowed by the Superintendence of Insurance of the Dominican Republic does not provide the basis for registration and management of derivative financial instruments.

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

x) International Financial Reporting Standards requires that a Liability adequacy test be performed. This test is basically a calculation based on a statistical methodology that determines if provisions recognize by the Company are adequate to honor possible commitments arising from current insurance contracts. The accounting practices of the Superintendence of Insurance do not require this kind of provision.

xi) The Insurance Companies account for salvage values 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 be recognized as other assets against a deduction of the cost of the claims that gave rise to the salvage values in the period in which the Company obtained the rights over the salvage values and recoveries.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

xii) According to the accounting practices of the Superintendence of Insurance, savings account a component of life insurance contracts are not accounted separately in the balance sheet. International Financial Reporting Standards requires separating and recognizing as a liability, a savings account when it is a component of an insurance contract.

xiii) Accounting practices of the Superintendence of Insurance does not require revenue separation to render a service that is a component of an insurance contract. International Financial Reporting Standards requires separating from an insurance contract a component of rendering of service for which the Company 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, as an income during the term of the policy that generated the commission.

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

xv) Accounting practices of the Superintendence of Insurance requires the classification of property, plant and equipment indistinctively of the use of the assets. International Financial Reporting Standards requires that property, plant and equipment which are intended to earn rentals revenue, or for capital appreciation purposes, shall be classified as investment properties, and therefore their recognition and presentation as investment property differ from the assets that are being used in the Company's operations.

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

2.2 Use of estimates

The preparation of the consolidated financial statements – statutory basis requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and the disclosure of contingent assets and liabilities as of the date of the 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, depreciation and amortization of long-term assets, impairment of long-term assets and contingencies. Actual results may differ from such estimates.

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2.3 Consolidation

The consolidated financial statements – statutory basis include the accounts of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples and his subsidiaries owned either directly or indirectly in more than 50%, which are Tenedora Banreservas, S.A. and subsidiaries, which include Seguros Banreservas, S.A. Reservas Asistencia, S.A.S., Reservas Inmobiliaria, S.A. and subsidiaries, Administradora de Fondos de Pensiones Reservas, S.A. and Inversiones & Reservas, S.A., Fiduciaria Reservas S.A. and Occidental Security Services, S.R.L. Additionally, Administradora de Riesgo de Salud Reservas, Inc., a non-profit entity whose net assets are included as other liabilities.

During May 2014, Peaje Dominicano, S.A.S. subsidiary, was liquidated, consequently, the figures for this subsidiary are not included in the Consolidated Financial Statements as of September 30, 2014.

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

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

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

Subsidiaries	Country of Operation	Ownership %
Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	97.74
Administradora de Riesgo de Salud Reservas, Inc.	Dominicana Republic	-

Intra-group balances, and income and expenses arising from intra-group transactions were eliminated in preparing the consolidated financial statements – statutory basis.

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

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

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; certificate 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.

Peaje Dominicano, S.A.S.

This Company was incorporated under the laws of the Dominican Republic; its main activity is the management of a parking building owned by the Bank.

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 in the field of general insurance and personal insurance in the country, according to the Insurance Law No. 146-02.

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

It is dedicated to the administration of third party pension funds, or plans and pension funds of companies or associations that are entrusted for administration on the basis of specific contracts, according to the 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. The Superintendence of Pensions of the Dominican Republic regulates the Administradora.

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

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

Reservas Inmobiliarias, S. A., a subsidiary company corresponds to Operadora Zonas Francas Villa Esperanza, S. A., which is engaged in leasing under the free zone regime, certified by the National Council of Export Free Zones.

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

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

(e) Fiduciaria Reservas, S. A.

Incorporated under the laws of the Dominican Republic, its main purpose is to administer and manage all business, in accordance with Law No. 189-11, relating the Development and Trust of the mortgage market in the Dominican Republic and all operations authorized by the Superintendence of Banks of the Dominican Republic.

(f) Occidental Security Services, S.R.L.

Incorporated under the laws of the Dominican Republic, its main purpose is to provide physical security services, transport of valuables and personal defense training.

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.

(Continues)

The Bank assigns to commercial loans that have been restructured an initial classification no lower than "C" independently of their capability, payment behavior and country risk; this can be changed subsequently to a lower risk category based on a satisfactory payment behavior. The Bank is also 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 over 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 that are more than 90 days past due 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 portfolio

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

According to these regulations, the estimate of reserves for loan loss depends upon the type of loan, which can be subdivided in: major commercial debtors, minor commercial debtors, consumer loans and mortgage loans. The estimation of reserves for loan loss of 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 a 100% of its major commercial debtors (subject to review by the Superintendence of Banks), using specific percentages based on the debtor classification.

Minor commercial debtors' classification is based only on the past due date. The Superintendence of Banks of the Dominican Republic, through the Instruction Letter 001/11 dated July 25, 2011 and expiration date June 30, 2013, allows financial institutions when performing evaluations regarding major debtors to take into consideration only their payment history. Subsequent to the expiration date of the aforementioned Instruction Letter, major commercial debtors are classified quarterly considering the categorized analysis of each debtor based on solvency, and as established by the Regulations for Asset Valuation and the evaluation of other factors such as: liquidity ratio, profitability, leverage, market analysis, payment performance history, country risk and alignment.

The amount to qualify as a mayor commercial debtor was increased from RD$15,000,000 to RD$25,0000,000, according to the Second Monetary Board Resolution, dated March 21, 2013. Furthermore, the consolidated debt should be considered in the financial system regardless of the entity that granted the loan.

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

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

Additionally, Circular No. SB: 002/11 establishes that the amount of the allowances that 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 provisions requirements for the risk on the different types of assets.

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

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

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

Acceptable collateral is quantified using specific discount percentages as established in the Regulations. Collaterals are classified as follows:

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Multi-use collateral ("polyvalent guarantees")

These collaterals include 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 assets, depending on the type of collateral, consider such collateral at 50% to 100% of its value for the purpose of estimating the risk coverage.

Specific use collateral ("non-polyvalent guarantees")

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

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

2.5.2 Loan portfolio allowance of the public sector

As of September 30, 2014 and December 31, 2013, the Bank evaluated the portfolio of major commercial debtors of the public sector, as defined and classified by Law No. 6-06 regarding Public Loans, following the Instructional Guidelines for Investment Credit Evaluation and Contingent Operations of the Public Sector and related circulars. Loans payable to some strategic entities of the Dominican electricity sector, were classified as risk "A" and required a provision of 1% as stated in the ADM/0089/12 Memorandum issued by the Superintendence of Banks of the Dominican Republic as of February 8, 2012. Provisions for public sector loans classified as "A", have a provision requirement of "0, " as set forth by Memorandum 0981 dated December 14, 2012 of the Superintendence of Banks of the Dominican Republic.

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 commercial loans is based upon specific percentages for each loan, depending on past-due payments using parameters established in the Banking Regulations for Asset Valuation (REA).

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

(Continues)

2.5.4 Allowance for other assets

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

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

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

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

2.5.5 Allowance for contingencies

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

2.6 Employee benefit cost

2.6.1 Bonuses and other benefits

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

(Continues)

2.6.2 Defined benefits plan

The Bank - Parent Company has a defined benefit pension plan for employees that are not covered by the Social Security Law No. 87-01 of May 9, 2001, which established the Social Security System of the Dominican Republic. As established in the Pension Plan approved by the Board of Directors of the Bank, the contribution of the Bank to the Plan is 17.5% of the monthly salaries paid to officers and employees, plus 2.5% of the gross profits of the Bank and extraordinary contributions. In December 31, 2010, the Superintendence of Banks allowed that the liability for the defined benefit pension plan be recognized prospectively over a nine (9) year period beginning in December 2011.

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

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

A qualified actuary using the method of projected unit credit performs the calculation of the defined benefit obligation annually. In order to calculate the present value of economic benefits, minimum funding requirements should be considered.

2.6.3 Defined contribution plan

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

2.6.4 Severance compensation

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

2.7 Outstanding securities and subordinated debt

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

(Continues)

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

2.8 Valuation of different types of investments

2.8.1 Investments in securities and provisions

Investments are accounted for at cost less the required allowance.

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

Trading securities correspond to investments acquired with the purpose of obtaining profits derived from short-term fluctuations in prices, and which are traded on a stock exchange market or other type of organized market. Held-to-maturity corresponds to investments that the Bank has the positive intent and ability to hold until maturity, and is 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 other securities that are not traded in active or organized markets and are not classified in the previous three (3) 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 the cost of acquisition. The changes in the fair value are recognized in equity as an unrealized gain or loss on available for sale investments.

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

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

(Continues)

(In thousands of Dominican Pesos)

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

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

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

Excess of provision for investments cannot be released without prior authorization of the Superintendence of Banks.

2.8.2 Investment in shares and allowances

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

Reserves for investments in shares are determined following the same criteria as for major commercial debtors, in accordance with the Regulation for Assets Valuation. (See note 2.5.1).

The characteristics, constraints, nominal value, market value and number of investments in shares are presented in note 12.

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

2.9.1 Basis of recognition

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

Depreciation method for property, furniture and equipment was change in 2014 from a method similar to the declining balance method of depreciation to the straight-line method. (See note 13).

2.9.2 Depreciation

Depreciation percentages are the followings:

Description	Estimated Useful Lives in Years 2014	2013
Buildings	2.5%	5%
Furniture and equipment	12.5% - 20%	15%-25%
Leasehold improvements	50%	50%

(Continues)

2.10 Assets received in loan settlements

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

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

b) Market value at the date asset is received.

c) Outstanding balance of the loan plus interest and/or accounts receivable that 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.

2.11 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.

2.12 Assets and liabilities in foreign currency

The amounts in the accompanying consolidated financial statements – statutory basis are presented in Dominican pesos (RD$). Assets and liabilities in other currencies are translated using the exchange rate set by the Central Bank of the Dominican Republic at the date of the consolidated financial statements – statutory basis. Transactions during the year and income and expenses are translated at the exchange rate of the transaction date. Resulting gains or losses of the translation of assets and liabilities in foreign currency are recognized under “Income (expense) from the net foreign exchange rate” in the accompanying consolidated income statements- statutory basis.

At September 30, 2014 and December 31, 2013, the exchange rates used for the translation of the balances from US dollars to Dominican pesos were RD$43.7111 and RD$42.6723, respectively. The exchange rates to translate from other currencies to US dollars are presented in note 3 of the consolidated financial statements - statutory basis.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

2.13 Revenue recognition and most significant expenditures

2.13.1 Banks' revenue recognition and expenditures

Financial income and expenses

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

With the authorization of the Superintendence of Bank, the Bank recognizes as interest income, commissions 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 these investments are amortized over the life of the investment as part of the interest paid.

Interest expenses and other expenses are recognized in the accrual basis of accounting, i. e., when incurred. Revenues from the other services rendered by the Bank are recognized when generated.

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

Costs related to the issuance of subordinated debt

Costs directly related to the issuance of subordinated debt are amortized and deferred, and recognized as an operational expense using the straight-line method during the validity of the debt.

Income related to the disposal of other investments in debt instruments

Gains on disposal of other investments in debt instruments, are recognized in the consolidated statements of income – statutory basis, as the difference between the amounts received from the sale and the book value of the instruments when the risks and rewards associated with the investment have been transferred to the buyer.

(Continues)

Other income and other operational expenses

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

Other income and expenses

Other income surplus resulting from operations, lease of assets, sales of real estate property and others are recognized when earned and other expenses when incurred.

Other income from the recovery of assets write-offs and decreases in provisions for risky assets are recognized when collected.

2.13.2 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 covering personal risks and recognized as income when invoiced.

(b) General insurance contracts - Premiums on these contracts are earned at the time of their underwriting which coincides with the commencement of the term of the contract. Premiums that have been underwritten before the commencement of the term of the contract are unearned and are not recognized in the consolidated financial statements.

In accordance 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.

2.13.3 Revenues from the Administrator of Pension Funds (AFP, in Spanish)

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

The income from monthly administrative commission is received from the Pension Fund T-1 (Contribution) and Pension Fund T-4 (Distribution) and is recognized upon receipt of the resources in the Administrator's account base on 0.5 % of the monthly quotable salary.

(Continues)

The income from the complementary annual commission of the Pension Fund T-I (Contribution), T-4 (Distribution) equals 30% and T-5 (Social Solidarity) equals 15% of the excess yield portfolio for the weighted average rate of the previous month for all terms of the fixed-term certificates deposits, indefinite certificates deposit and financial certificates issued by commercial and multiservice banks. Effective November 14, 2013, through joint agreement of the Superintendence of Pensions and the Dominican Association of Pension Fund Administrators, income from complementary fees should be set at a maximum of 25% of the average interest rate of commercial banks, as informed daily by the Central Bank of the Dominican Republic. 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 it is charged at a 100% of the previous month's balance, following the guidelines of the Resolution No. 34 - 03, No. 232-05 and No. 239-05.

2.13.4 Revenues for services to the Health Insurance Administrator (ARS in Spanish)

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.

2.13.5 Revenues from real estate

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

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

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

2.13.6 Revenues from a parking garage

The collection of revenue from parking fees is recognized on the accrual basis of accounting, i.e. when the services have been offered to customers.

(Continues)

2.14 Provisions

The Bank establishes provisions whenever it considers that it has incurred in 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.

2.15 Income tax

According to its Organic Law, Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, is exempted from income tax payment; however, the Bank calculates and voluntarely pays income tax following some guidelines and specific criteria of the Tax Code, 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 the Law No. 8-90 regarding the establishment of new free zones and the expansion of existing ones, Operadora de Zonas Francas Villa Esperanza S. A. is also exempt from payment of import tax, customs duties, income tax, and other related taxes in force until 2017. The remaining subsidiaries of the Bank are subject to income tax payment, 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 expenses resulting from income tax payment is recognized in the consolidated income statement - statutory basis.

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

2.16 Financial Instruments

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

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

(Continues)

Short-term financial instruments

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

Investment in securities

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

Outstanding securities

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

Loan portfolio

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

Interest on financial assets and liabilities

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

2.17 Financial assets de-recognition

Financial assets are derecognized when the Bank losses control and/or all contractual rights over such assets. This occurs when the rights are sold, expire, or are transferred.

2.18 Impairment of assets

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

(Continues)

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

2.19 Contingencies

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

2.20 Accounts receivable

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

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

2.21 Distribution of dividends

The Bank pays dividends based on the results of their operations in accordance with the decisions meeting of the Board of Directors. As established by Resolution No. 12-2001 dated December 5, 2001, issued by the Superintendence of Banks of the Dominican Republic, the maximum amount of dividends to be distributed among the shareholders, should not be greater than the amount of accumulated retained earnings. The above mentioned distribution is also subject to the provisions established by the Bank's Organic Law No. 6133 and its amendments (see note 26).

2.22 Revaluation Surplus

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

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2.23 Mathematical and technical reserves - life insurance and collective insurance

The insurance subsidiary Seguros Banreservas, S. A. (the Company) determines the mathematical and technical reserves on the basis of net premiums and considers the mortality tables and interest used by the Company, that consist of the amount equivalent to the difference between the present value of the Company's obligation towards the insured and the present value of the insured obligations towards the Company, which is determined based on actuarial calculations.

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

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

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

2.24 Reserves for unearned insurance premiums, commissions on unearned reinsurance 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 premiums are determined based on fixed percentages, as follows:

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

2.25 Specific reserves

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

2.26 Amortization of non-proportional contracts - catastrophic premiums

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

(Continues)

(In thousands of Dominican Pesos)

2.27 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 ARS.

Resolution No. 163-2009 of the Superintendence of Health and Labor Risks, states that the bank should calculate the IBNR reserve based on 10% of the claims incurred during the current period less the claims incurred from the previous year.

2.28 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 rewards that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risk and rewards that are different to other segments in other economic environment.

3 Transactions in foreign currency and exchange exposure

The following is a summary of the Bank's balances in foreign currency as of September 30, 2104 and December 31, 2013:

	2014		2013	
	Amounts in Foreign Currency US$	Total in RD$	Amounts in Foreign Currency US$	Total in RD$
Assets				
Available funds	540,031	23,605,358	802,751	34,255,231
Investments	30,781	1,345,489	10,288	439,013
Loan portfolio, net	1,645,982	71,947,680	1,840,014	78,517,644
Customer acceptances	2,173	94,995	37	1,593
Accounts receivable - premiums	28,372	1,240,157	16,893	720,856
Accounts receivable - others	12,818	560,265	361	15,405
Investment in shares, net	831	36,346	956	40,795
Other assets	109	4,750	95	4,054
Contingencies (a)	62,000	2,710,088	100,000	4,267,230.
Total assets	2,323,097	101,545,128	2,771,395	118,261,821

(Continues)

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Liabilities				
Customer deposits	1,502,622	65,681,242	1,641,008	70,025,587
Deposits from local and foreign financial institutions	131,327	5,740,460	164,890	7,036,250
Borrowed funds	326,223	14,259,583	519,054	22,149,269
Acceptances outstanding	2,173	94,995	37	1,593
Creditors for insurance and bank guarantees	4,043	176,704	3,451	147,259
Other liabilities	13,122	573,588	11,939	509,465
Subordinated debt	301,200	13,165,765	306,307	13,070,810 .
Total liabilities	2,280,710	99,692,337	2,646,686	112,940,233
Net foreign exchange Position	**42,387**	**1,852,791**	**124,709**	**5,321,588**

(a) Include the nominal value of a transaction with a "Exchange Hedge Agreement" with the Central Bank of the Dominican Republic (BCRD), in which the Bank sold to the BCRD US$62 million to be converted to Dominican pesos at a exchange rate of RD$43.7111, offering the BCRD hedging on the amount of currency swap agreed by the difference between the initial rate and the exchange rate of BCRD sales force at any date of coverage. The differential effect of position by the currency forward contract for RD$ 28.7 million was recognized in the net income for the nine months period that ended September 30, 2014. The accounting and presentation of these transactions are conducted pursuant to the Circular Letter CC/07/10 issued by the Superintendence of Banks.

The exchange rates used to translate US dollars to Dominican Pesos was RD$43.7111and RD$42.6723, respectively, at September 30, 2014 and December 31, 2013. Furthermore, the Bank maintains balances in other currencies that were converted to US dollar using the following exchange rates:

	Exchange rate (US$)	
Currency	2014	2013
Euro	1.2583	1.3783
Pound Sterling	1.6180	1.6468

(Continues)

(In thousands of Dominican Pesos)

4 Available funds

Available funds are summarized as follows:

		2014	2013
Cash (a)	RD$	5,325,974	6,588,282
Central Bank of the Dominican Republic (b)		38,912,121	38,652,218
Local banks (c)		667,709	162,155
Foreign banks (d)		6,791,144	11,788,321
Other funds - remittance in transit (e) (f)		259,549	2,492,562
Interests receivable		11	172.
	RD$	**51,956,508**	**59,683,710**

(a) Includes US$19,073 in 2014 and US$44,555 in 2013.

(b) Includes US$350,422 in 2014 and US$426,135 in 2013.

(c) Includes US$14,008 in 2014 and US$4,470 in 2013.

(d) Includes US$155,364 in 2014 and US$276,252 in 2013.

(e) Includes US$1,164 in 2014 and US$51,339 in 2013.

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

At September 30, 2014 and December 31, 2013, mandatory deposits (legal reserve) requirements in pesos was RD$24,248,841 and US$327,359 and RD$20,630,714 and US$333,613. For this purpose, the Bank maintains in cash with the Central Bank of the Dominican Republic and loan portfolio in productive sectors, amounts of RD$25,055,160 and RD$20,698,031 and US$355,321 and US$427,624, respectively.

(Continues)

(In thousands of Dominican Pesos)

5 Interbank funds

The following is a detail of interbank funds granted and received during the periods ended September 30, 2014 and December 31, 2013:

	2014			
	Interbank Assets			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco BHD-León	2	500,000	3	6.55%
Banco Múltiple Santa Cruz, S. A.	3	225,000	3	6.75%
Banco Múltiple Promérica República Dominicana, S. A.	2	75,000	7	7.95%
Banco BDI, S. A.	3	87,000	6	6.80%
Banesco	1	95,000	6	6.75%
Citibank, N. A.	6	1,750,000	3	6.25%
		2,732,000		

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

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As of September 30, 2014 and December 31, 2013, the Bank granted interbank funds to different financial institutions; however, at September 30, 2014 and December 31, 2013, there are no balances in interbank funds.

6 Investments

A summary of investments is presented as follows:

September 30, 2014				
Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
Financial certificates, overnight, letters and interest-bearing deposits	Central Bank of the Dominican Republic	18,119,879	6.00% up to 15.00%	2014 to 2019
Bonds Law 121-05	Dominican State, (note 26)	1,500,000	2.00% plus inflation	2015
Financial Certificate	Citibank N. A. (corresponds to US$5,033)	220,007	1.01 % and 0.97%	2014 and 2015
Bonds Law 366-09	Dominican State	1,096,259	13.50% up to 16.00%	2015 until 2020
Bonds Law 175-12	Dominican State (includes US$1,386)	60,567	5.00% up to 5.83%	2023
Bonds Law 361-11	Dominican State	1,738,970	15.00% up to 16.95%	2019 until 2022
Bonds Law 193-11	Dominican State	453,348	5.00%	2016
Bonds Law 99-01	Dominican State	375,000	1.00%	2015 until 2019
Bonds Law 131-11	Dominican State	106,405	9.70% up to 15.95	2018 until 2021
Bonds Law 294-11	Dominican State (corresponds to US$24)	1,041	7.50%	2014 until 2021
Bonds Law 58-13	Dominican State	5,114,993	12.50% up to 18.50%	2018 until 2028
Bonds Law 152-14	Dominican State	11,414,251	9.65% up to 12.00%	2019 until 2029
Financial Certificate	Banco Agrícola de la República Dominicana	1,585,000	6.00% up to 7.00%	2014 until 2015
Financial Certificate	Asociación Popular de Ahorros y Préstamos	145,797	6.30% up to 10.90%	2014 until 2015
Corporate bonds	Parallax Valores, Puesto de Bolsa, S. A.	75,151	10.00% up to 10.90%	2014 until 2018
Corporate bonds	Ege Haina (corresponds to US$13,719)	599,699	5.40% up to 7.00%	2014 until 2020
Financial Certificate	Corporación Dominicana Electricidad (corresponds to US$2,877)	125,755	7.00%	2023
Financial Certificate	Compañía de Electricidad de Puerto Plata (corresponds to US$5,725)	250,250	6.00%	2018 until 2019
Financial Certificate	Asociación Peravia de Ahorros y Préstamos	47,177	7.75%	2014 and 2015
Financial Certificate	Asociación Cibao de Ahorros y Préstamos	17,201	6.00%	2014
Financial Certificate	Asociación La Nacional de Ahorros y Préstamos	24,931	4.50%	2014 and 2015
Financial Certificate	Asociación La Vega Real de			

(Continues)

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	Ahorros y Préstamos	64,006	6.50% up to 7.50%	2014
Financial Certificate	Asociación Maguana de Ahorros y Préstamos	14,536	6.50% up to 7.00%	2014 and 2015
Financial Certificate	Asociación Romana de Ahorros y Préstamos	48,758	7.50%	2014 and 2015
Financial Certificate	Asociación Duarte de Ahorros y Préstamos	4,792	7.00%	2014
Financial Certificate	Asociación Mocana de Ahorros y Préstamos	61,808	7.00% up to 7.50%	2014 and 2015
Financial Certificate	Banco Múltiple Caribe, S. A. (includes US$163)	105,621	2.00% up to 10.00%	2014 and 2015
Financial Certificate	Motor Crédito, S. A.	10,340	7.50	2014
Financial Certificate	Banco Múltiple Promérica República Dominicana, S. A .	68,542	7.75% up to 8.50%	2014 and 2015
Financial Certificate	Banco BDI	6,000	8.00%	2014
Financial Certificate	Banco Centroamericano de Integración Económica	100,000	12.00%	2014
Financial Certificate	Corporación de Crédito América, S. A.	416	9.50%	2014
Financial Certificate	Banco Múltiple de las Américas, S. A.	76,183	6.00% up to 8.50%	2014 and 2015
Financial Certificate	Dominican State	5,187	2.50% and 5.00%	Past due
Financial Certificate	Asociación Bonao de Ahorros y Préstamos	28,129	5.00% up to 6.00%	2014 and 2015
Financial Certificate	Cooperativa Banreservas	14,000	6.60%	2015
Corporate bonds	Alpha Sociedad en Valores, S. A. (includes US$1,502)	216,075	3.00% up to 8.00%	2014
Restricted securities available				
Financial Certificate	Central Bank of the Dominican Republic	35,512	13.00%	2015
Bonds Law 131-11	Dominican State	552,022	14% up to 15.95%	2018 until 2021
Mortgage notes	Banco BHD-León	201	6.75%	2014
Financial Certificate	Asociación Popular de Ahorros y Préstamos	3,000	4.10%	2014
Guaranteed Profitability	Asociaciones de Ahorros y Préstamos	603,486		
Financial Certificate	Foreclosed financial institution	98,315	-	-
Bonds	United States Treasury, (corresponds to US$689)	30,098	13.16%	2024
		45,218,708		
	Interest receivable, (includes US$74)	1,008,345		
		46,227,053		
	Allowance for investment (includes US$411)	(210,602)		
		46,016,451		

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December 31, 2013				
Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
Financial certificates, overnight, letters and interest-bearing deposits	Central Bank of the Dominican Republic	22,724,619	4.55% up to 17%	2014 to 2020
Bonds Law 121-05	Dominican State, note 26	1,500,000	2.00% plus inflation	2015
Financial Certificate	Citibank N. A. (corresponds to US$5,513)	235,261	4.00% and 4.25%	2014 and 2015
Bonds Law 366-09	Dominican State includes (US$503)	1,807,657	7.75% up to 16.00%	2015 until 2020
Bonds Law 175-12	Dominican State (includes US$1,117)	47,684	13.50% up to 16.00%	2023
Bonds Law 361-11	Dominican State	602,581	15.00% up to 16.95%	2019 until 2022
Bonds Law 193-11	Dominican State	430,891	2.00% up to 8.00%	2014 until 2017
Bonds Law 99-01	Dominican State	450,000	1.00%	2019
Bonds Law 58-13	Dominican State	10,189,723	12.5% up to 18.50%	2018 until 2028
Financial Certificate	Banco Agrícola de la República Dominicana	700,000	6.00%	2014
Financial Certificate	Banco Nacional de Fomento Vivienda y Producción	548,763	2.00% and 8.50%	2014 until 2017
Financial Certificate	Asociación Popular de Ahorros y Préstamos	177,910	5.94%	2014
Corporate bonds	Parallax Valores, Puesto de Bolsa, S. A.	227,483	7.75% up to 12.25%	2014 until 2018
Corporate bonds	Ege Haina (corresponds to US$2,506)	106,931	6.00% up to 7.00%	2014 until 2016
Financial Certificate	Asociación Peravia de Ahorros y Préstamos	44,511	7.75%	2014
Financial Certificate	Asociación Cibao de Ahorros y Préstamos	16,447	6.00%	2014
Financial Certificate	Asociación La Nacional de Ahorros y Préstamos	23,914	6.82%	2014
Financial Certificate	Asociación La Vega Real de Ahorros y Préstamos	60,639	7.38%	2014
Financial Certificate	Asociación Maguana de Ahorros y Préstamos	4,536	6.50%	2014
Financial Certificate	Asociación Romana de Ahorros y Préstamos	64,758	7.50%	2014
Financial Certificate	Asociación Duarte de Ahorros y Préstamos	4,576	7.00%	2014
Financial Certificate	Asociación Mocana de Ahorros y Préstamos	58,519	7.32%	2014
Financial Certificate	Banco Múltiple Caribe, S. A., (corresponds to US$160)	98,879	3.75% up to 7.19%	2014
Financial Certificate	Banco Centroamericano de Integración Económica	100,000	12.00%	2014
Financial Certificate	Banco Múltiple León, S. A.	74,402	5.54% up to 9.60%	2014
Financial Certificate	Banco Múltiple Promérica República Dominicana, S. A.	120,310	8.04% up to 10.12%	2014

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Financial Certificate	Banesco Banco Múltiple, S. A.	64,511	7.08%	2014
Financial Certificate	Corporación Crédito América, S. A.	387	9.50%	2014
Financial Certificate	Motor Crédito, S. A. Banco de Ahorro y Crédito	23,000	6.50%	2014
Financial Certificate	Banco Múltiple Santa Cruz, S. A.	9,100	8.31%	2014
Financial Certificate	Banco Múltiple de las Américas, S. A.	48,800	7.73%	2014
Financial Certificate	Dominican State	5,187	2.50% and 5.00%	Past due
Financial Certificate	Asociación Bonao de Ahorros y Préstamos	26,978	5.17%	2014
Financial Certificate	Cooperativa Banreservas	14,000	6.20%	2014
Corporate bonds	Industrias Nacionales, S. A.	21,436	7%	2016
Corporate bonds	Cervecería Nacional Dominicana, S. A.	5,000	13%	2016
Restricted securities available				
Financial Certificate	Central Bank of the Dominican Republic	150,023	13.00%	2015
Bonds Law 131-11	Dominican State	2,533,025	14.00% up to 15.95%	2014 to 2021
Mortgage notes	Banco Múltiple BHD, S. A.	201	6.65%	2014
Financial Certificate	Asociación Popular de Ahorros y Préstamos	3,000	6.00%	2014
Guaranteed Profitability	Asociaciones de Ahorros y Préstamos	500,900		
Financial Certificate	Foreclosed financial institution	176,154	-	-
Bonds	United States Treasury, (corresponds to US$684)	29,174	1.61%	
		44,031,870		
	Interest receivable, (includes US$3)	1,599,675		
		45,631,545		
	Allowance for investment (includes US$198)	(153,240)		
		45,478,305		

(Continues)

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7 Loan portfolio

a) Following is an analysis of the loan portfolio by type of loan as of September 30, 2014 and December 31, 2013:

		2014			2013		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Commercial loans							
Advances on demand accounts	RD$	-	3,616	3,616	-	16,031	16,031
Loans (includes US$1,513,312 and US$1,837,229 in 2014 and 2013)		76,108,217	80,032,050	156,140,267	87,172,497	67,670,753	154,843,250
Discounted invoices		-	1,175	1,175	-	1,406	1,406
Discounted Documents			2,903	2,903			
Financial leases (corresponds to US$717 in 2013)		-	28,250	28,250	30,602	37,771	68,373
Letters of credit, (includes US$130,158 and US$23,791 in 2014 and 2013)		-	5,689,366	5,689,366	-	1,015,229	1,015,229
Advances on export notes, (includes US$33 in 2014)		-	1,448	1,448	-	-	-
assets received on foreclosure of loans			1,400	1,400			
Other credits		-	9,391	9,391	-	527	527
		76,108,217	85,769,599	161,877,816	87,203,099	68,741,717	155,944,816
Consumer credit							
Personal credit cards, (includes US$9,552 and US$8, 412 in 2014 and 2013)		-	3,183,117	3,183,117	-	2,646,242	2,646,242
Consumer loans includes US$3,372 and US$2,702 in 2014 and 2013)		-	29,665,459	29,665,459	-	19,476,305	19,476,305
		-	32,848,576	32,848,576	-	22,122,547	22,122,547

(Continues)

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Mortgage loans						
Residential, (includes US$1,154 and US$1,166 in 2014 and 2013)	-	23,260,426	23,260,426	-	16,257,055	16,257,055
Constructions, improvements, repairs, expansion and others	-	745,824	745,824	-	459,341	459,341
	-	24,006,250	24,006,250	-	16,716,396	16,716,396
	76,108,217	142,624,425	218,732,642	87,203,099	107,580,660	194,783,759
Interests receivable, (includes US$15,681 and US$5,884 in 2014 and 2013)	532,449	1,291,160	1,823,609	148,768	970,652	1,119,420
Allowance for loan losses and interests receivable (includes US$27,280 and US$39,887 in 2014 and 2013)	(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779**

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

	2014			2013		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Current (i) (includes US$1,640,899 and US$1,806,533 in 2014 and 2013)	RD$ 76,108,208	140,229,919	216,338,127	87,203,099	102,034,706	189,237,805
Restructured (ii), (includes US$40,971 in 2013)	-	89,940	89,940	-	2,045,763	2,045,763
Past due						
31 to 90 days (iii), (includes US$1,876 and 5 in 2014 and 2013)	-	340,948	340,948	-	56,175	56,175
Over 90 days (iv), (includes US$6,897 and US$8,963 in 2014 and 2013)	9	1,114,746	1,114,755		1,248,947	1,248,947
Legal collection (v), (includes US$7,909 and US$17,545 in 2014 and 2013)	-	848,872	848,872	-	2,195,069	2,195,069
Interests receivable						
Current (i), (includes US$13,542and US$5,070 in 2014 and 2013)	532,448	861,748	1,394,196	148,768	771,156	919,924

(Continues)

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31 to 90 days (iii), (includes US$17 and US$77 in 2014 and 2013)	-	50,083	50,083	-	37,834	37,834
Over 90 days (iv), (includes US$2,014 and US$288 in 2014 and 2013)	1	353,346	353,347	-	80,746	80,746
Restructured (ii) (includes US$87 in 2013		1,596	1,596		12,994	12,994
Legal collection (v), (includes US$108 and US$362 in 2014 and 2013)	-	24,387	24,387	-	67,922	67,922
	76,640,666	143,915,585	220,556,251	87,351,867	108,551,312	195,903,179
Allowance for loans and interests receivable, (includes US$27,280 and US$39,887 in 2014 and 2013)	(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779**

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

(ii) Represents principal and interest receivable of loans, which are 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 originated credits in interest capitalization, past due commissions and other charges of the original loan.

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

(iv) Corresponds to the total principal and interest receivable that are past due in their 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 overdue. It also includes overdrafts on demand deposits accounts with more than three (3) days of unpaid balances.

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

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c) By category of collateral:

		2014			2013		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Multi use collateral (i)	RD$	-	60,972,117	60,972,117	5,957	53,251,211	53,257,168
Specific use collaterals (ii)		-	3,725,960	3,725,960	-	2,865,302	2,865,302
Without collateral (iii)		76,108,217	77,926,348	154,034,565	87,197,142	51,464,147	138,661,289
		76,108,217	142,624,425	218,732,642	87,203,099	107,580,660	194,783,759
Interest receivable		532,449	1,291,160	1,823,609	148,768	970,652	1,119,420
Allowance for losses and interest receivable		(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
	RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779.**

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

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

(Continues)

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(ii) Specific-use collaterals are real guarantees that due to their nature are considered of unique use and for that reason present characteristics that are difficult to sell due to their specialized origin. These collaterals are considered for coverage 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 September 30, 2014 and December 31, 2013 includes RD$76,108,217 and RD$87,197,142, of public sector loans, which were included in the Budget of Revenues and Public Expenses Law authorized by the Ministry of Finance and/or specific laws approving these loans.

d) By source of funds:

		2014			2013		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Own funds	RD$	76,108,217	142,419,235	218,527,452	87,203,099	107,182,653	194,385,752
Banco Nacional de Fomento de la Vivienda y la Producción		-	3,390	3,390	-	8,654	8,654
International Financial institutions		-	-	-	-		
Other local institutions		-	201,800	201,800	-	389,353	389,353
		76,108,217	142,624,425	218,732,642	87,203,099	107,580,660	194,783,759
Interest receivable		532,449	1,291,160	1,823,609	148,768	970,652	1,119,420
Allowance for loans losses and interest receivable		(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
	RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779**

(Continues)

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e) Term:

		2014			2013		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Short-term (up to one year)	RD$	41,167,454	48,066,119	89,233,573	42,512,416	42,469,616	84,982,032
Medium term (more than one year and up to three (3) years)		25,308,015	71,580,646	96,888,661	34,051,963	49,396,834	83,448,797
Long-term (more than three (3) years)		9,632,748	22,977,660	32,610,408	10,638,720	15,714,210	26,352,930
		76,108,217	142,624,425	218,732,642	87,203,099	107,580,660	194,783,759
Interest receivable		532,449	1,291,160	1,823,609	148,768	970,652	1,119,420
Allowance for loans losses and interest receivable		(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
	RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779**

f) By economic sector:

	2014			2013		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Government	RD$ 76,107,079	-	76,107,079	87,020,561	-	87,020,561
Financial sector	1,138	5,156,843	5,157,981	182,538	606,952	789,490
Non-financial sector:						
Agriculture, livestock and forestry	-	4,441,154	4,441,154	-	6,348,175	6,348,175
Fishing	-	996	996	-	689	689
Mining and quarries	-	396,981	396,981	-	372,069	372,069
Manufacturing industry	-	15,316,152	15,316,152	-	2,793,050	2,793,050
Electricity, gas and, water	-	1,446,774	1,446,774	-	2,338,917	2,338,917
Construction	-	13,723,075	13,723,075	-	11,618,128	11,618,128
Wholesale and retail business	-	35,505,872	35,505,872	-	43,205,344	43,205,344
Hotels and restaurants	-	3,445,431	3,445,431	-	1,201,844	1,201,844
Transport, warehousing and communication	-	713,925	713,925	-	286,583	286,583
Real estate, and leasing activities	-	26,921,467	26,921,467	-	16,355,790	16,355,790
Education	-	332,353	332,353	-	38,774	38,774

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Health and social services	-	2,360,535	2,360,535	-	281,225	281,225
Other non-specific activities	-	12,292	12,292	-	1,581	1,581
Private household with local services	-	32,850,575	32,850,575	-	22,131,539	22,131,539
	76,108,217	142,624,425	218,732,642	87,203,099	107,580,660	194,783,759
Interest receivable	532,449	1,291,160	1,823,609	148,768	970,652	1,119,420
Allowance for loan losses and interest receivable	(12,047)	(4,746,883)	(4,758,930)	(15,801)	(5,423,599)	(5,439,400)
RD$	**76,628,619**	**139,168,702**	**215,797,321**	**87,336,066**	**103,127,713**	**190,463,779**

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

As of September 30, 2014 and December 31, 2013, 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 a 0% provision requirement if the borrower is in the “A” risk category.

8 Customer acceptances

A summary of customer acceptances as of September 30, 2014 and December 31, 2013 is as follows:

	2014	.	2013	
Correspondent Bank	Amount in RD$	Maturity	Amount in RD$	Maturity
Wells Fargo Bank, corresponds to US$2,173 in 2014 and US$37 in 2013	**94,995**	2014	**1,593**	2014

(Continues)

(In thousands of Dominican Pesos)

9 Accounts receivable

As of September 30, 2014 and December 31, 2013 accounts receivable include:

		2014	2013
Commissions receivable (include US$237 and US$21 in 2014 and 2013)	RD$	27,108	11,576
Future contracts – foreign Exchange		26,766	3,270
Other receivables:			
Accounts receivable from employees		23,033	15,976
Recoverable expenses		1,522	146,593
Security deposits		36,078	23,715
Legal and operational deposits		2,014	2,014
Credit card claims		7,855	6,347
Accounts receivable from real estate and leasing (include US$323 and US$257 in 2014 and 2013)		11,795	3,581
Management funds		160,832	128,918
Accounts receivable – other (include US$12,258 and US$83 in 2014 and 2013) (a)		1,130,268	600,788
		1,400,163	931,202
	RD$	**1,427,271**	**942,778**

(a) At September 30 2014 and December 31, 2013, includes RD $247 million paid on behalf of several entities of the Central Government, an amount which will be recovered with payment of 15% of the net profits of the Bank, under Law 99-01 of April 5, 2001, which, according to the amendment of the Organic Law of the Bank, will be used to cover debts of the State and its agencies with the Bank.

(Continues)

(In thousands of Dominican Pesos)

10 Premiums receivable

A summary of premiums receivable as of September 30, 2014 and December 31, 2013 is as follows:

		2014	2013
General insurances (includes US$ 28,372 and US$16,893 in 2014 and 2013)	RD$	1,909,499	1,041,498
Life insurance		202,952	62,598
	RD$	**2,112,451**	**1,104,096**

11 Assets received in loans settlements

A summary of assets received in loan settlements as of September 30, 2014 and December 31, 2013 is as follows:

		2014	2013
Furniture and equipment	RD$	492,773	17,677
Real estate		7,516,285	7,130,402
		8,009,058	7,148,079
Allowance for losses on assets received in loan settlements		(4,876,403)	(4,354,023)
	RD$	**3,132,655**	**2,794,056**

A description of assets received in loan settlements (by aging) as of September 30, 2014 and December 31, 2013 is as follows:

		2014	
		Amount	Allowance
Up to 40 months:			
Furniture and equipment	RD$	489,842	(64,164)
Real estate		5,133,940	(2,409,580)
Over 40 months:			
Generic		-	(17,383)
Furniture and equipment		2,931	(2,931)
Real estate		2,382,345	(2,382,345)
Total	**RD$**	**8,009,058**	**(4,876,403)**

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		2013	
		Amount	Allowance
Up to 40 months:			
Furniture and equipment	RD$	10,504	(6,894)
Real estate		5,184,939	(2,380,678)
Over 40 months:			
Generic		-	(13,815)
Furniture and equipment		7,173	(7,173)
Real estate		1,945,463	(1,945,463)
Total	**RD$**	**7,148,079**	**(4,354,023)**

12 Investments in shares

A summary of investments in shares in legal companies is as follows:

September 30, 2014					
Investment Amount in RD$	Percentage of Shares	Types of Shares	Face Value	Market Value	Number of Outstanding Shares
568,190	24.5%	Common	100	(a)	697,406
37,526	0.23%	Common	249	1,495	128,776
146,940	27%	Common	1,000	(a)	108,521
8,037	11%	Common	100	(a)	80,372
15,605	10%	Common	100	(a)	69,221
618	3%	Common	5	(a)	123,689
23,491				(b)	
800,407					
(21,275)		Allowance for investments in shares			
779,132					

(Continues)

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December 31, 2013					
Investment Amount in RD$	Percentage of Shares	Types of Shares	Face Value	Market Value	Number of Outstanding Shares
269,644	10%	Common	100	(a)	523,054
36,635	0.23%	Common	249	1,165	128,776
21,001	24%	Common	1,000	(a)	17,500
8,037	11%	Common	100	(a)	80,372
6,923	10%	Common	100	(a)	69,221
618	3%	Common	5	(a)	123,689
2,134	50%	Class A	250	(a)	200
3,200	50%	Class B	50	(a)	1,500
3,861				(b)	
352,053					
(22,424)		Allowance for investments in shares			
329,629					

(a) There is no active security market in the Dominican Republic where the Bank may obtain the market value of these local shares; nevertheless, for investment in shares of companies that trade in active markets and whose book value at September 30, 2014 and December 31, 2013 amounted to RD$37.5 and RD$36.6 million, respectively, the market value was RD$192.5 and RD$150.0 million, respectively.

(b) Correspond to minor investments in several entities.

Investments in shares includes US$831 and US$956, net of US$27 and US$28 of reserve as of September 30, 2014 and December 31, 2013, respectively.

13 Property, furniture and equipment

A summary of properties, furniture and equipment are as follows:

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		September 30, 2013					
		Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Constructions and Acquisitions in Process	Total
Balance at January 1, 2014	RD$	1,200,021	3,659,104	4,711,353	11,494	415,033	9,997,005
Acquisitions		31,060	803,387	174,075	-	844,754	1,853,276
Retirements		(3,758)	(16,912)	(196,432)	(7,382)	-	(224,484)
Transfers		-	29,926	329,204	11,785	(370,915)	-
Balance at September 30, 2014		1,227,323	4,475,505	5,018,200	15,897	888,872	11,625,797
Accumulated Depreciation at January 1, 2014		-	(1,189,668)	(2,881,175)	(7,706)	-	(4,078,549)
Depreciation expenses		-	(113,825)	(353,097)	(4,756)	-	(471,678)
Retirements		-	13,259	141,690	7,382	-	162,331
Reclassification		-	139,001	(139,001)	-	-	-
Balance at September 30, 2014		-	(1,151,233)	(3,231,583)	(5,080)	-	(4,387,896)
Property, furniture and equipment at September 30, 2014	**RD$**	**1,227,323**	**3,324,272**	**1,786,617**	**10,817**	**888,872**	**7,237,901**

		December 31, 2013					
		Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Constructions and Acquisitions in Process	Total
Balance at January 1, 2013	RD$	1,196,684	3,472,372	4,823,304	51,677	509,906	10,053,943
Acquisitions		-	48,751	23,870	-	676,568	749,189
Retirements		-	-	(290,333)	-	-	(290,333)
Write offs		-	-	(470,769)	(45,025)	-	(515,794)
Transfers		3,337	137,981	625,281	4,842	(771,441)	-
Balance at December 31, 2013		1,200,021	3,659,104	4,711,353	11,494	415,033	9,997,005
Accumulated Depreciation at January 1, 2013		-	(1,014,040)	(3,124,575)	(36,652)	-	(4,175,267)
Depreciation expenses		-	(175,628)	(409,084)	(16,079)	-	(600,791)
Retirements		-	-	242,712	-	-	242,712
Write offs		-	-	409,772	45,025	-	454,797
Balance at December 31, 2013		-	(1,189,668)	(2,881,175)	(7,706)	-	(4,078,549)
Property, furniture and equipment at December 31, 2013	**RD$**	**1,200,021**	**2,469,436**	**1,830,178**	**3,788**	**415,033**	**5,918,456**

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During 2014, the Bank conducted a review of the depreciation method given the recommendations of external consultants as well as to approach a method accepted by both local and international accounting practices.

As a result of this review, the Bank determined to change the depreciation method from a method similar to declining balances method of depreciation to the straight-line method. The straight-line method will result in a constant charge over the useful life of the asset if the residual value does not change.

The effect of these changes on expenses and expected depreciation, include current operating expenses and for the next five (5) years, respectively, is as follows:

Increase (decrease)	2014	2015	2016	2017	2018	2019
in depreciation expenses	**3,371**	**59,497**	**68,577**	**36,603**	**(20,938)**	**(45,823)**

14 Other Assets

Following is a summary of other assets as of September 30, 2014 and December 31, 2013:

		2014	2013
Deferred charges:			
Commissions to insurance agents on unearned premiums	RD$	184,008	175,422
Prepaid insurances		109,832	172,310
Non-deferred proportional reinsurance premium ceded (a)		158,134	300,242
Prepaid income tax		573,366	932,226
Credit from taxes on financial assets		-	231,147
Others prepaid payments		15,625	205,732
Interest and prepaid commissions		17,150	23,693
Other deferred charges		50,898	77,462
		1,109,013	2,118,234

(Continues)

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Intangibles assets:			
Other deferred charges (b)		229,883	175,718
Accumulated amortization		(173,022)	(127,863)
		56,861	47,855
Other assets:			
Stationery and other materials		118,005	117,494
Inventory-credit card		39,289	5,496
Library and artwork		23,366	23,099
Other miscellaneous assets		650,536	180,712
Items pending for allocation (c), (includes US$109 and US$91 in 2014 and 2013)		162,817	31,329
Balances among offices (c), (includes US$4 in 2013)		-	3,346
Others		67,539	56,687
		1,061,552	418,163
	RD$	**2,227,426**	**2,584,252**

(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 SB: ADM/0589/10 dated December 8, 2010.

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

15 Summary of allowances for assets subject to risk

A summary of the changes in allowances for assets subject to risk is shown below:

		September 30, 2014					
		Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balances at January 1st 2014	RD$	4,975,095	175,583	464,386	4,354,023	82,043	10,051,130
Constitution of reserves		602,180	12,000	410,492	210,682	4,500	1,239,854
Write-offs against reserves		(924,984)	-	(137,508)	-	-	(1,062,492)
Transfers from other reserves		(389,813)	43,499	21,674	311,698	12,942	-
Release of reserves		-	-	(290,672)	-	-	(290,672)
Effect of change							

(Continues)

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in exchange rates and others		27,836	263	776	-	876	29,751
Balance at September 30, 2014		4,290,314	231,345	469,148	4,876,403	100,361	9,967,571
Minimum reserves required at September 30, 2014 (c)		4,009,045	229,258	465,134	4,859,019	86,934	9,649,390
Excess (deficit) In the minimum reserves required September 30, 2014 (d)	**RD$**	**281,269**	**2,087**	**4,014**	**17,384**	**13,427**	**318,181**

		December 31, 2013					
		Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balances at January 1st 2013	RD$	4,849,779	182,481	399,409	3,624,696	147,165	9,203,530
Constitution of reserves		1,605,000	1,050	251,829	388,969	17,600	2,264,448
Write-offs against reserves		(1,165,706)	-	-	-	-	(1,165,706)
Transfers from other reserves		(399,521)	(8,000)	156,866	340,358	(89,703)	-
Release of reserves		-	-	(343,796)	-	-	(343,796)
Effect of change in exchange rates and others		85,543	52	78	-	6,981	92,654
Balance at December 31, 2013		4,975,095	175,583	464,386	4,354,023	82,043	10,051,130
Minimum reserves required at December 31, 2013 (c)		4,489,970	175,583	464,386	4,354,023	70,738	9,554,700
Excess (deficit) In the minimum reserves required December 31, 2013 (d)	**RD$**	**485,125**	**-**	**-**	**-**	**11,305**	**496,430**

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

(b) This provision is included in the line item of other liabilities in note 20 and the expense for constitution is included in the operating expense item in the accompanying consolidated income statements- statutory basis.

(c) Represents the amounts of allowance determined by a self-assessment as of September 30, 2014 and December 31, 2013 plus other adjustments made.

(d) In case that the provisions determined are lower than the provisions made, the Superintendence of Banks of the Dominican Republic does not allow the release of provisions without the prior authorization of the regulatory authorities.

(Continues)

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The Superintendence of Banks through Letter No. 0981 dated December 14, 2012, informed the Bank its no objection for loans 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%.

As of September 30, 2014 and December 31, 2013, the Bank evaluated the portfolio of major commercial debtors of the public sector, to determine whether the term public loan is understood as defined and established by Law 6-06 on Public Loans, or for the remaining of the loan portfolio included in the public sector following the guidelines of the Instructive for Loan Evaluation, Investments and Contingent Operations of the Public Sector and related documents. Loans payable to some important entities of the Dominican electricity sector were classified as risk rated "A" and were provisioned at 1%, as established through letter ADM/0089/12 issued by the Superintendence of Banks of the Dominican Republic, dated February 8th 2012. In the same manner, in the circular ADM/0093/14 dated February 26, 2014, loans to the Dominican road sector are classified as risk "A" with a provision requirement of 0%.

16 Customers deposits

Customer's deposits are detailed as follows:

a) By type

	September 30, 2014				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Average Annual Rate	Total RD$
Demand	52,202,228	0.37%	-	-	52,202,228
Savings	53,541,692	1.49%	26,208,999	0.92%	79,750,691
Time	2,806	6.13%	39,405,845	3.40%	39,408,651
Interests	177,500	-	66,398	-	243,898
	105,924,226	**0.94%**	**65,681,242**	**2.41%**	**171,605,468**

(Continues)

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	December 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Demand	48,043,752	0.59%	-	-	48,043,752
Savings	41,731,460	1.30%	26,073,681	1.05%	67,805,141
Time	2,816	6.15%	43,951,892	3.18%	43,954,708
Interests	116	-	14	-	130
	89,778,144	**0.92%**	**70,025,587**	**2.39%**	**159,803,731**

b) By sector

	September 30, 2014				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Non-financial Public sector	41,084,641	0.62%	5,487,301	1.17%	46,571,942
Non-financial Private sector	64,629,629	1.14%	60,110,387	2.52%	124,740,016
Non-resident	32,456	0.48%	17,156	1.41%	49,612
Interests	177,500	-	66,398	-	243,898
	105,924,226	**0.94%**	**65,681,242**	**2.41%**	**171,605,468**

	December 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Non-financial Public sector	29,405,425	0.59%	3,391,793	1.38%	32,797,218
Non-financial Private sector	60,355,075	1.08%	65,332,074	2.44%	125,687,149
Non-resident	17,528	0.61%	1,301,706	1.38%	1,319,234
Interests	116	-	14	-	130
	89,778,144	**0.92%**	**70,025,587**	**2.39%**	**159,803,731**

(Continues)

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(ii) By maturity date

	September 30, 2014				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 15 days	105,744,320	0.94%	31,000,655	2.06%	136,744,975
16 to 30 days	252	4.96%	2,809,565	2.29%	2,809,817
31 to 60 days	305	6.80%	4,489,009	2.45%	4,489,314
61 to 90 days	240	6.42%	5,850,043	2.60%	5,850,283
91 to 180 days	584	6.85%	7,567,164	2.87%	7,567,748
181 to 360 days	-	-	8,865,654	2.50%	8,865,654
More than 1 year	1,025	3.90%	5,032,754	3.51%	5,033,779
Interests	177,500	-	66,398	-	243,898
	105,924,226	**0.94%**	**65,681,242**	**2.41%**	**171,605,468**

	December 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 15 days	89,775,442	0.92%	28,381,081	1.14%	118,156,523
16 to 30 days	146	6.59%	8,922,455	4.38%	8,922,601
31 to 60 days	609	6.82%	4,184,707	2.39%	4,185,316
61 to 90 days	630	5.22%	3,668,801	2.50%	3,669,431
91 to 180 days	295	6.80%	9,614,911	3.11%	9,615,206
181 to 360 days	-	0.00%	9,196,388	2.79%	9,196,388
More than 1 year	1,022	6.01%	6,057,244	3.44%	6,058,266
	89,778,144	**0.92%**	**70,025,587**	**2.39%**	**159,803,731**

(Continues)

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At September 30, 2014 and December 31, 2013, customer deposits include restricted amounts for the following concepts:

	September 30, 2014				
	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customer Deposits:					
Demand	56,534	441,188	26,455	-	524,177
Savings	746,344	98,429	305,810	171,576	1,322,159
Time	-	1,658	47,772	4,068,631	4,118,061
	802,878	**541,275**	**380,037**	**4,240,207**	**5,964,397**

	December 31, 2013				
	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customer Deposits:					
Demand	72,113	492,423	22,339	-	586,875
Savings	809,909	146,455	243,916	172,601	1,372,881
Time	-	1,655	75,744	3,381,328	3,458,727
	882,022	**640,533**	**341,999**	**3,553,929**	**5,418,483**

At September 30, 2014 and December 31, 2013, customer deposits include amounts from inactive accounts as detailed below:

		September 30, 2014		
		From 3 to 10 years	More than 10 years	Total
Customer Deposits:				
Demand	RD$	53,665	2,868	56,533
Savings		723,286	23,058	746,344
	RD$	**776,951**	**25,926**	**802,877**

(Continues)

(In thousands of Dominican Pesos)

		December 31, 2013		
		From 3 to 10 years	More than 10 years	Total
Customer Deposits:				
Demand	RD$	69,505	2,608	72,113
Savings		794,315	15,594	809,909
	RD$	**863,820**	**18,202**	**882,022**

17 Deposits from domestic and foreign financial institutions

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

a) By type and currency

	September 30, 2014				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Demand	3,734,304	0.37%	-	-	3,734,304
Savings	333,597	1.49%	1,452,115	0.92%	1,785,712
Time	83	4.10%	4,284,752	1.91%	4,284,835
Interests	797	-	3,593	-	4,390
	4,068,781	**0.46%**	**5,740,460**	**1.66%**	**9,809,241**

	December 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Demand	3,412,952	0.59%	-	-	3,412,952
Savings	162,006	1.30%	1,985,103	1.08%	2,147,109
Time	82	4.78%	5,051,147	1.83%	5,051,229
	3,575,040	**0.62%**	**7,036,250**	**1.61%**	**10,611,290**

(Continues)

(In thousands of Dominican Pesos)

b) By maturity date

	September 30, 2014				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 15 days	4,067,902	0.46%	1,791,636	0.57%	5,859,538
16 to 30 days	-	0.00%	484,302	1.53%	484,302
31 to 60 days	-	0.00%	64,918	1.95%	64,918
61 to 90 days	50	4.00%	106,560	2.22%	106,610
91 to 180 days	- 30	5.63%	1,080,801	1.98%	1,080,831
181to 1 year	-	0.00%	2,110,377	2.36%	2,110,377
More than 1 year	2	5.69%	98,273	3.00%	98,275
Interest	797	-	3,593	-	4,390
	4,068,781	**0.46%**	**5,740,460**	**1.66%**	**9,809,241**

	December 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 15 days	3,574,989	0.62%	2,198,574	1.07%	5,773,563
16 to 30 days	-	0.00%	3,560,764	1.70%	3,560,764
31 to 60 days	-	0.00%	37,231	2.12%	37,231
61 to 90 days	50	3.70%	14,469	2.14%	14,519
91 to 180 days	-	0.00%	1,169,447	2.25%	1,169,447
181to 1 year	-	0.00%	43,378	2.93%	43,378
More than 1 year	1	5.50%	12,387	3.05%	12,388
	3,575,040	**0.62%**	**7,036,250**	**1.61%**	**10,611,290**

At September 30, 2014 and December 31, 2013, the Bank held escrow funds in foreign financial institutions for the amounts of RD$49,104 and RD$45,473, respectively, which are restricted by third parties seizures, inactive accounts, dormant accounts and deceased accounts.

At June 30, 2014 and December 31, 2013, the status of inactive and/or dormant deposit accounts of financial institutions in the country, is as follow:

		2014	2013
Three (3) to ten (10) year term	**RD$**	**356**	**355**

(Continues)

(In thousands of Dominican Pesos)

18 Borrowed funds

A summary of borrowed funds is as follow:

September 30, 2014					
Borrower	Type	Collateral	Rate	Maturity	Balance
a) Domestic financial institutions:					
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.50%	Default	RD$ 1,863
Asociación Popular de Ahorros y Préstamos	Credit line	Secured	9.35%	2015	250,000
Banco Popular Dominicano	Credit line	Secured	8.50% up to 8.55%	2014 to 2015	1,400,000
					1,651,863
b) Foreign financial institutions:					
Bladex Panamá, corresponds to US$90,000	Credit line	Unsecured	1.50% up to 1.80%	2014	3,933,999
Citibank, corresponds to US$30,000	Credit line	Unsecured	1.80%	2014	1,311,333
The Export Import Bank of Korea, Corresponds to US$1,294	Loan	Unsecured	2.50%	2014 to 2015	56,548
Eximbank, Republic of China - Taiwán, corresponds to US$381	Loan	Unsecured	1.13 up to 1.16%	2014 to 2017	16,665
Agencia Francesa de Desarrollo, corresponds to US$13,333	Loan	Unsecured	4.30%	2018	582,815
Wells Fargo Bank, corresponds to US$88,904	Loan	Unsecured	1.23% up to 2.70%	2014	3,886,094
Mercantil Commerce Bank, corresponds to US$21,000	Loan	Unsecured	1.45%	2014	917,933
Bank of America corresponds to US$25,000	Loan	Unsecured	1.34%	2014	1,092,777
U. S. Century corresponds to US$5,000	Loan	Unsecured	1.84%	2014	218,555
Deutsche Bank corresponds to US$25,000	Loan	Unsecured	1.46%	2014	1,092,778
Banco Interamericano de Desarrollo corresponds to US$25,120	Loan	Unsecured	1.84%	2014	1,098,016
					14,207,513
c) Others					19,715
d) Interest payable, includes US$1,191					52,072
					RD$ 15,931,163

(Continues)

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December 31, 2013					
Borrower	Type	Collateral	Rate	Maturity	Balance
a) Domestic financial institutions:					
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.50%	2012	RD$ 7,982
b) Foreign financial institutions:					
Bladex Panamá, corresponds to US$150,000	Credit line	Unsecured	1.5% up to 1.8%	2014	6,400,845
Citibank, corresponds to US$109,834	Credit line	Unsecured	1.2% up to 1.8%	2014	4,686,881
The Export Import Bank of Korea, corresponds to US$2,156	Loan	Unsecured	2.5%	2015 to 2016	92,007
Eximbank, Republic of China - Taiwán, corresponds to US$505	Loan	Unsecured	0.50% 1.17%	2014 to 2017	21,549
Agencia Francesa de Desarrollo, corresponds to US$20,000	Loan	Unsecured	4.3%	2018	853,446
Standard Chartered Bank, corresponds to US$31,550	Loan	Unsecured	1.34% up to 1.64%	2014	1,346,311
Wells Fargo Bank, corresponds to US$127,873	Loan	Unsecured	1.24% up to 2.70%	2014	5,456,655
Mercantil Commerce Bank, corresponds to US$21,000	Loan	Unsecured	1.46%	2014	896,118
Bank of America corresponds to US$9,000	Loan	Unsecured	1.34%	2014	384,051
U. S. Century corresponds to US$5,000	Loan	Unsecured	1.84%	2014	213,362
Deutsche Bank corresponds to US$25,000	Loan	Unsecured	1.46%	2014	1,066,807
Banco del Comercio del Exterior corresponds to US$10,000	Loan	Unsecured	1.84%	2014	426,723
Nordea Bank Finland, PLC corresponds to US$5,342	Loan	Unsecured	1.84%	2016	227,974
					22,072,729
c) Others					19,715
d) Interest payable, includes US$1,794					76,542
					RD$ 22,176,968

(Continues)

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19 Outstanding securities

A summary of outstanding securities, is as follow:

a) By type

	September 30, 2014	
	Local Currency RD$	Weighted Average Annual Rate
Financial certificates	**86,484,788**	**6.31%**

	December 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
Financial certificates	**73,693,548**	**6.82%**

b) By sector

	September 30, 2014	
	Local Currency RD$	Weighted Average Annual Rate
Non-financial public sector	16,413,292	5.75%
Non-financial private sector	44,674,514	5.92%
Financial sector	25,396,982	7.34%
	86,484,788	**6.31%**

(Continues)

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	December 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
Non-financial public sector	10,009,861	6.24%
Non-financial private sector	39,852,934	5.84%
Financial sector	23,830,753	8.71%
	73,693,548	**6.82%**

c) By maturity date

	September 30, 2014	
	Local Currency RD$	Weighted Average Annual Rate
0 to 15 days	8,613,100	6.43%
16 to 30 days	6,237,789	6.31%
31 to 60 days	13,720,363	6.21%
61 to 90 days	18,950,470	6.61%
91 to 180 days	19,083,782	6.04 %
181 to 1 year	11,926,502	5.90%
More than 1 year	7,952,782	6.91%
	86,484,788	**6.31%**

(Continues)

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	December 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
0 to 15 days	10,023,501	7.27%
16 to 30 days	7,858,265	6.56%
31 to 60 days	11,786,792	7.01%
61 to 90 days	12,215,740	7.24%
91 to 180 days	13,151,315	6.59%
181 to 1 year	10,653,312	5.96%
More than 1 year	8,004,623	7.18%
	73,693,548	**6.82%**

At September 30, 2014 and December 31, 2013, outstanding securities include restricted amounts, as follows:

		September 30, 2014		
		Deceased Clients	Security Deposits	Total
Outstanding securities:				
Financial certificates	RD$	246,770	5,024,058	5,270,828

		December 31, 2013		
		Deceased Clients	Security Deposits	Total
Outstanding securities:				
Financial certificates	RD$	113,898	4,994,377	5,108,275

(Continues)

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20 Other liabilities

A description of other liabilities as of September 30, 2014 and December 31, 2013, is as follows:

		2014	2013
Demand obligations (includes US$699 in 2014 and US$809 in 2013) (a)	RD$	883,985	882,368
Term obligations, (includes US$9,780 in 2014 and US$6,772 in 2013) (b)		580,384	384,450
Unclaimed third party balances (includes US$880 in 2014 and US$979 in 2013)		201,097	177,587
Exchange exposure on forward contracts (includes US$59 in 2014)		2,557	-
Sundry creditors:			
Commissions payable		65,113	48,196
Accounts payable to suppliers		158,278	16,051
Withholding tax payable of third parties		93,901	61,982
Other sundry creditors		873,188	984,480
Reserves for contingent operations, (including US$1,163 in 2014 and US$1,136 in 2013) (c)		100,361	82,043
Other reserves:			
Income tax		-	86,841
Provision for litigation		105,789	104,433
Bonus and other employee's benefits		1,534,909	2,114,750
Systemic Risk Prevention Program		102,476	104,608
Contingency fund		35,698	88,620
Accrued expenses payable		11,503	82,227
Credit card and electronic transactions		-	82,965
Defined benefit obligations:			
Extraordinary contributions to Pension Plan		653	482,691
Others reserves (includes US$8 in 2014 and US$6 in 2013)		1,451,396	545,377
Items pending for allocation, (includes US$438 in 2014 and US$337 in 2013) (d)		612,972	274,442
Administration funds of the Public Sector		117,563	186,900
Commissions to agents for outstanding premiums		84,607	132,307
Tax on outstanding premium		121,526	165,356
Withholding taxes to reinsurers		5,594	32,597
Payments received in advance (includes US$95 in 2014)		99,758	95,488
Others (includes US$1,900 in 2013)		491,843	187,058
	RD$	**7,735,151**	**7,403,817**

(Continues)

(In thousands of Dominican Pesos)

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

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

(c) Corresponds to provisions for contingent operations required by the Superintendence of Banks of the Dominican Republic. (See note 15).

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

21 Subordinated liabilities

A summary of the subordinated liabilities, is as follows:

	September 30, 2014			
Type	Amount in RD$	Effective Interest Rate	Type of Currency	Term
Subordinated debts (correspond to US$300,000 nominal value) (a)	13,113,330	7.12%	Dollars	10 years
Debt issuance costs (b)	(144,777)			
Discounts on the issuance of the debt (corresponds to US$2,300) (b)	(100,554)			
	12,867,999			
Interests payable (correspond to US$3,500)	152,989			
	13,020,988			

(Continues)

(In thousands of Dominican Pesos)

	December 31, 2013			
Type	Amount in RD$	Effective Interest Rate	Type of Currency	Term
Subordinated debts (correspond to US$300,000 nominal value) (a)	12,801,690	7.12%	Dollars	10 years
Debt issuance costs (b)	(157,807)			
Discounts on the issuance of the debt (corresponds to US$2,443) (b)	(104,263)			
	12,539,620			
Interests payable (correspond to US$8,750)	373,383			
	12,913,003			

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

Additionally, the bonds have the following characteristics:

- Interests are payable semi-annually on February and August 1st, of each year.
- The bonds will not be redeemed prior to their maturity date.
- The bonds are unsecured.
- In the event of bankruptcy, liquidation or dissolution of the Bank under Dominican laws, the payment of the bonds shall be subject to all existing and future obligations denominated as "*Senior Obligations*," which include all other liabilities of the Bank.
- The subordinated debt may be used to compute as part of Tier II capital for the purpose of determining the regulatory capital of the Bank.

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

c) Relates to discounts granted in the issuance of bonds, which are amortized using the straight-line method over the life of the bonds.

(Continues)

(In thousands of Dominican Pesos)

22 Technical reserves

The subsidiaries, Seguros Banreservas, S. A. and ARS Banreservas, S. A., maintain ongoing specific mathematical risk reserves set up to meet commitments that derive from the current insurance policies that amounted to RD$2,324,451 and RD$1,994,335 at September 30, 2014 and December 31, 2013, respectively.

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

		2014		
		Mathematical Reserves	Specific Reserves and Ongoing Risk	Total
Balance at January 1st, 2014	RD$	21,543	1,972,792	1,994,335
Add: Reserve increase		88,500	1,852,254	1,940,754
Less: Reserve decrease		(34,369)	(1,576,269)	(1,610,638)
Balance at September 30, 2014	**RD$**	**75,674**	**2,248,777**	**2,324,451**

		2013		
		Mathematical Reserves	Specific Reserves and Ongoing Risk	Total
Balance at January 1st, 2013	RD$	80,828	1,602,817	1,683,645
Add: Reserve increase		42,376	1,917,773	1,960,149
Less: Reserve decrease		(101,661)	(1,547,798)	(1,649,459)
Balance at December 31, 2013	**RD$**	**21,543**	**1,972,792**	**1,994,335**

23 Income tax

The consolidated companies declare and pay income separately and on an individual basis. The consolidated entities calculate income tax based on its accounting practices to comply with current legal requirements.

Income tax expense for the six month periods ended as of September 30, 2014 and 2013 is compose of the following:

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

		2014	2013
Current tax	RD$	1,314,295	822,018
Dividends withholding expenses (i)		77,632	-
	RD$	**1,391,927**	**822,018**

(i) Consist of dividend withholdings on payments received from other subsidiaries of Tenedora Banreservas, S. A.

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

The Bank promised to make a tax payment in the amount of RD$619,417,738, which could be deducted from the Bank's future income tax commitments, for a period of 15 years beginning in fiscal year 2014. This deduction shall be in proportion of 6.67% per annum.

24 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$647,223,230 and RD$549,480,798, respectively at September 30, 2014 and December 31, 2013, have memorandum balances for salvage warehouse amounting to RD$8,744 and RD$11,690, for 2014 and 2013.

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

		2014	2013
Responsibility assumed on insurance policies	RD$	647,223,230	549,480,798
Responsibility assigned on insurance policies		(355,513,353)	(291,256,442)
	RD$	**291,709,877**	**258,224,356**

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

25 Reinsurance

Is the transfer of all or part of the risk it has assumed to another insurer or reinsurer, the original or primary insurer is called the ceding insurer and the second the reinsurer.

The reinsurers that support the companies are the following:

At September 30, 2014			At December 31, 2013		
Reinsurer	Type of Contract	Shares (%)	Reinsurer	Type of Contract	Shares (%)
Switzerland	Surplus	20.00	Switzerland	Surplus	20.00
	Quota share	65/100		Quota share	65/100
Korean GC	Surplus	6.5/3.00	Korean GC	Surplus	6.5/1.50
	Quota share	10.00		Quota share	10.00
Trans. RE	Surplus	12.00			
	Quota share	15.00	Trans. RE Mallen	Surplus	5.40
				Quota share	15.00
Hannover XL	Quota share	10.00	Hannover XL	Quota share	15.00
Venezuela	Quota share	10/15	Venezuela	Quota share	10/15
Thompson Health	Surplus	16.5	Thompson Health	Surplus	13.60
	Quota share	5.0			
Nacional Borg	Quota share	10.00	Nacional Borg	Quota share	5.00
Everest-JLT	Surplus	30/20/35	Everest-JLT	Surplus	30/6
General Re,	Surplus	35/10	General Re,	Surplus	35/05
Axis	Surplus	5.0	Axis	Quota share	
	Quota share	5.00	Navigators	Surplus	12.00
Barents- JLT	Surplus	8.00			
Navigators- JLT	Surplus	10/7		Quota share	6.00
	Quota share	6.00	Arch Re.	Quota share	80.00
Arch Re.	Quota share	80.00			
			Awc-JLT	Surplus	3.00/1.7
Awc-JLT	Surplus	2.07/7.0	Sirius-JLT	Surplus	4.00
Siruis-JLT	Surplus	2.5/4.0			

26 Equity

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

	Common Shares			
	Authorized		Issued	
	Quantity	RD$	Quantity	RD$
Balance as of September 30, 2014 and December 31, 2013	3,500	3,500,000	3,500	3,500,000

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

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The Bank's equity contribution is as follows:

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

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

c) In accordance to the Law No. 99-05 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 with the Law No. 121-05 of April 7, 2005, the Dominican Republic Government issued RD$1,500,000 bonds in favor of the Bank.

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

50% - For amortization of not less than 5% of Certified bonds issued by the National Treasurer on behalf of the Dominican Republic Government, plus interest. The resulting surplus will cover the debt of the Dominican Government and its agencies, as approved by the Board of Directors, upon previous notice to the Executive Branch.

35% - For transfer to the reserves equity accounts.

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

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

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

i) RD$777,551 transferred to equity reserve.
ii) RD$75,000 for the amortization of National Treasury vouchers.
iii) RD$5,250 to offset interests of the National Treasury vouchers.
iv) RD$333,236 to offset debts of the State of Dominican Republic.
v) RD$1,030,537 to be delivered to the State of Dominican Republic.

(Continues)

According to the Eighteenth Ordinary Resolution dated January 14, 2014, the Board of Directors approved the distribution of earnings for the year 2013 and previous years retained earnings in the amount of RD$6,676,055,680, in the following manner:

vi) RD$1,766,341 transferred to equity reserve.
vii) RD$2,000,000 issue of common stock.
viii) RD$75,000 for the amortization of National Treasury vouchers.
ix) RD$4,500 to offset interests of the National Treasury vouchers.
x) RD$757,003 to offset debts of the State of Dominican Republic.
xi) RD$1,300,000 to be delivered to the State of Dominican Republic.
xii) RD$773,211 sale of foreclosed assets to the State of Dominican Republic.

Other equity reserves

In accordance with the Bank's Organic Law, the Bank must segregate 35% of its yearly net profit to equity reserves. As of December 31, 2013 the Bank segregated equity reserves in the amount of RD$1,766,341.

Through Circular 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 they are in compliance to the guidelines for distribution of profits as set forth by the supervisory body.

According to the Second Resolution issued by the Monetary Board on May 15, 2014, were it authorizes a paid-in capital increase of RD$2,000,000 charged to the net income for the year 2013 and RD$4,500,000 charge to the years 2014 and 2015, once approved by the Director´s Board and verified by the Superintendence of Banks of the Dominican Republic.

Revaluation surplus

In order to carry out its operation, the Bank revalued its land and buildings to their estimated market valued 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 is presented net of the accumulated depreciation in the consolidated balance sheet – statutory basis. The Bank classified this amount as secondary capital, with the prior authorization from the Superintendence of Banks of the Dominican Republic.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Notes to the Consolidated Financial Statements - Statutory Basis

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27 Segment Information

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

At September 30, 2014

Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage of Direct and Indirect Voting Rights
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD$	3,500,000	100%
Related services	Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	RD$	1,551,434	97.74%
				5,051,434	
	Consolidation adjustments			(1,551,434)	
				3,500,000	

At December 31, 2013

Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage of Direct and Indirect Voting Rights
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD$	3,500,000	100%
Related services	Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	RD$	1,551,434	97.74%
Services	Peaje Dominicano, S. A. S.	Dominican Republic	RD$	12,000	100%
				5,063,434	
	Consolidation adjustments			(1,563,434)	
				3,500,000	

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

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

		At September 30, 2014		Nine month ended at September 30, 2013		
Company		Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	RD$	325,930,257	303,691,914	28,410,950	23,264,819	5,146,131
Tenedora Banreservas, S. A. and Subsidiaries		11,193,642	7,734,721	5,761,275	5,055,991	705,284
ARS Reservas, Inc.		270,988	81,261	378,184	340,481	37,703
		337,394,887	311,507,896	34,550,409	28,661,291	5,889,118
Consolidation adjustments		(6,247,091)	(2,716,606)	(1,320,966)	(599,706)	(721,260)
	RD$	**331,147,796**	**308,791,290**	**33,229,443**	**28,061,585**	**5,167,858**

		At December 31, 2013		Nine month ended at September 30, 2013		
Company		Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	RD$	307,236,345	287,585,939	22,991,877	19,579,256	3,412,621
Tenedora Banreservas, S. A. and Subsidiaries		7,872,966	4,291,473	4,736,851	4,014,632	722,219
ARS Reservas, Inc.		212,222	60,198	336,168	323,256	12,912
Peaje Dominicano, S. A. S.		6,388	3,378	16,478	17,355	(877)
		315,327,921	291,940,988	28,081,374	23,934,499	4,146,875
Consolidation adjustments		(5,679,438)	(2,066,183)	(780,117)	(192,945)	(587,172)
	RD$	**309,648,483**	**289,874,805**	**27,301,257**	**23,741,554**	**3,559,703**

(Continues)

(In thousands of Dominican Pesos)

28 Commitments and contingencies

In the normal course of business, the Bank enters into different commitments and incurs certain contingent liabilities that do not appear in the enclosed financial statements. The most important balances of these commitments and contingent liabilities include:

		2014	2013
Collaterals granted:			
Endorsements	RD$	1,652,401	1,369,199
Other collaterals granted		213,584	196,638
Non-negotiable letters of credit issued		280,507	177,817
Credit lines of automatic use		6,888,549	4,824,869
	RD$	**9,035,041**	**6,568,523**

At September 30, 2014 and December 31, 2013, the Bank had reserves for possible losses from these operations in the amounts of RD$100,361 and RD$82,043, respectively.

At September 30, 2014 and December 31, 2013, the Insurance subsidiary and the Health Insurance Administrator (ARS) had contingent liabilities for retained risk estimated as follows:

		2014	2013
General risk	RD$	615,447,205	523,228,145
Individual life insurance		5,937,774	2,946,964
Collective life insurance		25,838,251	23,305,689
	RD$	**647,223,230**	**549,480,798**

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

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

The Bank has subscribed lease contracts of buildings where some of its administrative offices, branches, business centers and ATM´s are located. For the periods of nine month ended September 30, 2014 and 2013, expenses for this concept amounted to approximately RD$272,779 and RD$214,662, respectively, which are registered in other operating expenses in the accompanying consolidated income statements - statutory basis.

(Continues)

(b) Superintendence of Bank fees

The Monetary Board of the Dominican Republic requires 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 nine month periods ended September 30, 2014 and 2013 was of approximately RD$447,989 and RD$311,258, respectively and is registered in other operating expenses in the accompanying consolidated income statements - statutory basis.

(c) Contingent 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% of quarterly 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 nine month periods ended September 30, 2014 and 2013, was of approximately RD$138,495 and RD$218,748, respectively, and are registered in other operating expenses in the accompanying consolidated income statements - statutory basis.

(d) Fund for banking consolidation

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

Expenses for this concept for the nine month periods ended September 30, 2014 and 2013, was of approximately RD$318,432 and RD$300,632 respectively and are registered in the line item other operating expenses in the accompanying income non-consolidated statements -statutory basis.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

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(e) Credit card licenses

MasterCard credit cards

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

Visa credit cards

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

(f) Lawsuits

As of September 30, 2014 and December 31, 2013, 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 September 30, 2014 and December 31, 2013, the amount reserved to face these demands is of RD$105,789 and RD$104,433 respectively, and is registered in other liabilities in the accompanying consolidated balance sheets - statutory basis.

In the normal course of operations, the subsidiary company Banreservas Seguros, S. A. has various commitments and contingent liabilities resulting from claims, lawsuits and other legal proceedings seeking damages covered by insurance policies. The Company has established reserves that it considers necessary to cover these claims and demands based on its experience in this field.

(g) Claims for loss

The insurance subsidiary Banreservas, S. A. has received insurance claims for losses that arise from normal course of business, which have occurred at September 30, 2014 and December 31, 2013. The Bank operational processing of these claims had not been completed at the time of preparation of the financial statements. The Bank's management expects that the end result of this process will not be material in relation to the financial position of the Bank as the reinsurers assume the main risk.

(Continues)

(In thousands of Dominican Pesos)

29 Memorandum accounts

Memorandum accounts for funds under management, including the balance of memorandum accounts in September 30, 2014 and December 31, 2013 respectively, which are presented in the Memorandum accounts presented in the Bank's consolidated balance sheet, consist of:

		2014	2013
Funds under management:			
PROMIPYME resources	RD$	1,372,461	1,032,843
PROMIPYME - PROCREA		347	356
SEH - PETROCARIBE resources		209	209
PROMICENTRAL		502,298	847,233
PROMIPYME - Fonper Funds		151,417	347,343
PROMIPYME - PRESAAC loans		1,605	2,437
MI PRIMER PROGRESO loans		16,602	17,463
MI PRODEMICRO loans		80,078	52,323
Bank Solidarity		1,136,862	1,006,880
		3,261,879	3,307,087
Funds managed by the subsidiary Administradora de Fondos de Pensiones Reservas:			
Mandatory individual capitalization plan (T-1 Pension Fund)		37,077,889	31,144,213
Pension fund of officers and employees of Banco de Reservas de la República Dominicana (T-4 Pension Fund)		8,447,851	7,177,897
Social solidary fund (T-5 Pension Fund)		15,306,029	12,888,670
		60,831,769	51,210,780
Other memorandum accounts:			
Unused loans granted		47,412,292	35,343,463
Assets and securities held in custody		5,631,257	5,708,485
Collaterals received		304,144,321	260,425,711
Other memorandum accounts		79,374,921	71,046,874
Deferred interests		396,196	441,389
Pending balance		1,977	1,977
Values in collection		185,682	167,531
		437,146,646	373,135,430
	RD$	**501,240,294**	**427,653,297**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

30 Financial income and expenses

A summary of financial income and expenses is as follows:

		Nine-month periods ended at September 30, 2014	2013
Financial income:			
Loan portfolio:			
Commercial	RD$	12,547,136	10,567,928
Consumer		3,643,864	2,575,599
Mortgage		1,562,976	1,196,950
		17,753,976	14,340,477
From investments:			
Other debt securities		3,953,664	4,006,957
Gain from investment		2,347,245	1,204,973
Insurance premiums net of returns and cancellations:			
Premiums written		3,801,065	3,103,940
Earnings for technical adjustment to reserves		-	10,286.
Total	**RD$**	**27,855,950**	**22,666,633**
Financial expenses:			
Deposits			
Customer deposits		1,647,076	1,733,312
Securities held by the public		4,262,914	3,402,416
Subordinated liabilities		771,587	654,238.
		6,681,577	5,789,966
Borrowings:			
Borrowed funds		314,892	276,101
Investments:			
Loss on investments		433,365	137,453

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

Reinsurance:			
Reinsurance expense		1,650,449	1,446,122
Contractual losses and obligations		1,198,070	981,289
		2,848,519	2,427,411
Expenses related to technical adjustment to reserves		143,856	-
Acquisition expense, conservation and premium collection:			
Commission and other acquisition cost of the insurance company		364,996	343,049
Total	**RD$**	**10,787,205**	**8,973,980**

31 Income (expenses) for exchange differences

A summary of the main income and expenses due to exchange differences recognized during the nine month periods ended at September 30, 2014 and 2013, is as follows:

		2014	2013
Income due to foreign exchange:			
Loan portfolio	RD$	2,017,356	3,003,599
Investments		56,864	78,636
Available funds		825,456	1,149,115
Accounts receivable		1,501	556,562
Non-financial investments		995	5,118
Other assets		6,795	480
Other exchange differences		315,973	904,182
Sub-total		3,224,940	5,697,692

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Notes to the Consolidated Financial Statements - Statutory Basis

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Expenses due to foreign exchange:			
Customer deposits		(2,149,174)	(3,528,107)
Borrowed funds		(538,032)	(781,325)
Financial obligations		(24,058)	(70,973)
Subordinated debt		(139,056)	(237,953)
Loan portfolio		(370,491)	(777,955)
Investments		(3,348)	(12,350)
Available funds		(92,904)	(224,882)
Accounts receivable		(188)	(109,502)
Other assets		(53)	(120)
Non-financial investments		(103)	(366)
Other liabilities		(2,417)	(4,038)
Sub-total		(3,319,824)	(5,747,571)
	RD$	**(94,884)**	**(49,879)**

32 Other operating income (expenses)

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

		2014	2013
Other operating income:			
Credit card fees	RD$	441,084	460,163
Commissions on service:			
Draws and transfers		107,177	93,388
Certification of checks and sale of bank checks		12,354	9,733
Collections		3,270	3,140
Other commissions collected		1,470,554	1,287,979
Letters of credit		27,956	16,532
Collaterals granted		12,562	23,377
		1,633,873	1,434,149

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Notes to the Consolidated Financial Statements - Statutory Basis

(In thousands of Dominican Pesos)

Commission for exchange:			
Gains on foreign exchange in cash		748,751	509,859
Other operational income:			
Available funds		10,518	10,237
Other miscellaneous operational income:			
Claims for medical services		365,256	329,191
Other services and contingencies		1,029,646	1,136,983
		1,405,420	1,476,411
Total other operational income		**4,229,128**	**3,880,582**
Other operating expenses:			
Commissions on services:			
Correspondent services		25,948	154,635
Other services		355,414	-
		381,362	154,635
Sundry expenses:			
Commission for exchange		4,769	1,606
Other operating expenses		68,447	59,490
Commissions and sale of property		109,445	4,105
Claims for medical services		316,208	295,203
		498,869	360,404
Total other operating expenses	**RD$**	**880,231**	**515,039**

33 Other income (expenses)

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

		2014	2013
Other income:			
Recovery of assets write-offs	RD$	250,761	122,114
Decrease of reserves for risky assets		290,681	237,421
Sale of assets		281,511	51,949
Non-financial investments		80,034	5,286
Leases of property		41,953	19,430
Others		189,225	328,128
		1,134,165	764,328

(Continues)

(In thousands of Dominican Pesos)

Other expenses:			
Losses in shares in other companies		2,958	-
Expenses from assets received in loan settlements		60,123	18,278
Sale of assets		39,355	25,403
Accounts receivable		96	99
Other expenses:			
Penalties for breach		136	265
Donations		122,593	110,837
Losses from thefts, assaults and frauds		32,210	85,775
Others		355,128	198,005
		612,599	438,662
Other net income	**RD$**	**521,566**	**325,666**

34 Personnel compensation and social benefits

A summary of personnel compensations and social benefits is shown below:

		Nine-month periods ended at September 30, 2014	2013
Salaries, wages and benefits to employees	RD$	5,147,422	3,940,867
Social security		399,529	330,634
Contributions to the Pension Plan		719,213	644,257
Other expenses related to the personnel		1,896,501	1,624,497
	RD$	**8,162,665**	**6,540,255**

At September 30, 2014 and 2013, the personnel compensation and social benefits included approximately RD$1,242,351 and RD$511,656 respectively, which correspond to executive management, who are qualified as director and above.

As of September 30, 2014 and 2013, the Bank has 9,920 and 9,045, employees respectively.

(Continues)

(In thousands of Dominican Pesos)

35 Risk assessment

A summary of assets and liabilities subject to the interest rates risk as of September 30, 2014 and December 31, 2013 are shown below:

Interest rate risk

		September 30, 2014		December 31, 2014	
		Local Currency	Foreign Currency	Local Currency	Foreign Currency
Assets sensitive to interest rate	RD$	165,354,565	80,472,111	136,722,435	91,434,833
Liabilities sensitive to interest rate		(195,489,533)	(98,233,390)	(167,440,558)	(111,415,156)
Net position	**RD$**	**(30,134,968)**	**(17,761,279)**	**(30,718,123)**	**(19,980,323)**
Interest exposure	**RD$**	**385,049**	**696,106**	**979,231**	**1,099,014**

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 according to their maturity date as of September 30, 2014 and December 31, 2013 is shown below:

		September 30, 2014					
		Up to 30 Days	31 to 90 Days	91 Days to 1 year	1 to 5 Years	More than 5 years	Total
Assets:							
Available funds	RD$	51,956,508	-	-	-	-	51,956,508
Investments		5,950,516	582,679	9,988,007	17,189,625	12,516,226	46,227,053
Loan portfolio		46,851,684	15,653,120	60,544,620	58,863,162	38,643,665	220,556,251
Acceptances receivable		79,361	15,634	-	-	-	94,995
Accounts receivable		3,483,614	-	-	-	63,186	3,546,800
Investment in shares		-	-	-	-	800,407	800,407
Other assets (i)		162,817	797,403	-	-	101,332	1,061,552
Total assets	**RD$**	**108,484,500**	**17,048,836**	**70,532,627**	**76,052,787**	**52,124,816**	**324,243,566**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, MULTISERVICE BANK AND SUBSIDIARIES

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(In thousands of Dominican Pesos)

Liabilities							
Customer deposits	RD$	137,931,442	10,410,135	16,555,833	4,843,316	1,864,742	171,605,468
Deposits from domestic and foreign financial institutions		6,301,880	1,196,066	2,191,180	-	120,115	9,809,241
Borrowed funds		3,959,935	4,439,435	5,022,940	1,758,853	750,000	15,931,163
Outstanding Acceptances		79,361	15,634	-	-	-	94,995
Outstanding Securities		15,028,636	32,716,914	30,786,457	7,952,781	-	86,484,788
Other liabilities (ii)		3,095,496	2,557	753,618	328,981	3,554,499	7,735,151
Subordinated Liabilities		-	-	152,989	-	12,867,999	13,020,988
Total liabilities	**RD$**	**166,396,750**	**48,780,741**	**55,463,017**	**14,883,931**	**19,157,355**	**304,681,794**

		December 31, 2013					
		Up to 30 Days	31 to 90 Days	91 Days to 1 year	1 to 5 Years	More than 5 years	Total
Assets:							
Available funds	RD$	59,683,710	-	-	-	-	59,683,710
Investments		4,455,838	2,499,429	5,489,397	20,366,034	12,820,847	45,631,545
Loan portfolio		52,621,094	9,911,240	41,456,565	54,272,595	37,641,685	195,903,179
Acceptances receivable		1,593	-	-	-	-	1,593
Accounts receivable		1,695,051	-	325,649	-	35,291	2,055,991
Investment in shares		-	-	-	-	352,053	352,053
Other assets (i)		34,676	270,375	-	-	46,368	351,419
Total assets	**RD$**	**118,491,962**	**12,681,044**	**47,271,611**	**74,638,629**	**50,896,244**	**303,979,490**
Liabilities							
Customer deposits	RD$	127,106,645	7,858,097	18,780,723	6,058,266	-	159,803,731
Deposits from domestic and foreign financial institutions		9,334,329	51,750	1,212,825	12,386	-	10,611,290
Borrowed funds		1,506,464	11,534,431	7,807,249	1,328,824	-	22,176,968
Outstanding Acceptances		1,593	-	-	-	-	1,593
Outstanding Securities		18,081,987	24,425,338	23,181,601	8,004,622	-	73,693,548
Other liabilities (ii)		2,486,653	-	1,046,073	380,036	3,491,055	7,403,817
Subordinated Liabilities		-	373,383	-	-	12,539,620	12,913,003
Total liabilities	**RD$**	**158,517,671**	**44,242,999**	**52,028,471**	**15,784,134**	**16,030,675**	**286,603,950**

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

(Continues)

(In thousands of Dominican Pesos)

(ii) Consist of transactions that represent an obligation of payment for the Bank.

The liquidity ratios of the Bank at September 30, 2014 and December 31, 2013, are as follows:

	At September 30, 2014		At December 31, 2013	
	Local Currency	Foreign Currency	Local Currency	Foreign Currency
Liquidity ratio:				
15 days adjusted	105.77%	152.65%	121.52%	181.79%
30 days adjusted	96.85%	336.56%	101.98%	377.81%
60 days adjusted	83.51%	298.97%	84.09%	243.85%
90 days adjusted	81.39%	240.05%	81.37%	188.94%
Position:				
15 days adjusted	1,137,698	145,916	4,183,132	233,255
30 days adjusted	(868,302)	708,054	546,168	1,008,917
60 days adjusted	(6,139,972)	678,759	(6,304,776)	823,451
90 days adjusted	(8,367,298)	704,084	(8,864,917)	696,228
Global (months)	(0.67)	(61.21)	(1.04)	(56.78)

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 September 30, 2014 and December 31, 2013, the Bank had local currency coverage of 96.85 % and 101.98 % respectively, and foreign currency coverage of 336.56% and 377.81%, respectively. For a period of 90 days it is required 70% of the maturity for the adjusted liabilities. At September 30, 2014 and December 31, 2013, this ratio showed in local currency 81.39% and 81.37%, respectively, and 240.05% and 188.94%, respectively, in foreign currency. The consolidated global position of assets and liabilities in local and foreign currency at September 30, 2014 and December 31, 2013, mature in 0.67 and 1.04, and 61.21 and 56.78 months, respectively, before the liabilities.

36 Fair value of the financial instrument

A summary of the fair value of financial instruments at September 30, 2014 and December 31, 2013 is as follows:

		At September 30, 2014		At December 31, 2013	
		Book Value	Fair Value	Book Value	Fair Value
Financial assets					
Available funds	RD$	51,956,508	N/A	59,683,710	N/A
Investments, net (a)		46,016,451	N/A	45,478,305	N/A
Loan portfolio, net (a)		215,797,321	N/A	190,463,779	
Investments in shares, net (b)		779,132	N/A	329,629	N/A
	RD$	**314,549,412**		**295,955,423**	

(Continues)

(In thousands of Dominican Pesos)

Liabilities					
Customer deposits	RD$	171,605,468	N/A	159,803,731	N/A
Deposits in local and international financial institutions		9,809,241	N/A	10,611,290	N/A
Borrowed funds (a)		15,931,163	N/A	22,176,968	N/A
Outstanding securities (a)		86,484,788	N/A	73,693,548	N/A
Subordinated liabilities		13,020,988	11,909,833	12,913,003	11,909,833
	RD$	**296,851,648**	**11,909,833**	**279,198,540**	**11,909,833**

(N/A): Not available.

(a) The Bank has not made an analysis of the fair values of its loan portfolio, customer deposits, outstanding 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.

37 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 who is a related party of financial institutions.

Operations and significant balances with related parties in accordance with the criteria established by the Regulation regarding Credit Limits to Related Parties as of June 30, 2014 and December 31,2013 are as follows:

(Continues)

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	At September 30, 2014			
	Current Loans	Past due Loans	Total	Collaterals
Related through ownership	76,108,217	-	76,108,217	Unsecured
Related through management	8,471,077	95,742	8,566,819	3,550,374

	At December 31, 2013			
	Current Loans	Past due Loans	Total	Collaterals
Related through ownership	87,203,099	-	87,203,099	Unsecured
Related through management	6,354,358	64,039	6,418,397	2,182,319

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

As of September 30, 2014 and December 31, 2013, loans related to the management of the Bank includes RD$8,567 and RD$6,418 million, respectively, which were granted to employees at rates more favorable than those to unrelated parties in accordance with the policy for personnel incentives. Similarly, deposits with related parties maintain interest rates at different conditions from those of unrelated parties.

The most significant balances and transactions with related parties through ownership for the years ended at September 30, 2014 and December 31, 2013 include:

(Continues)

(In thousands of Dominican Pesos)

		Balances		Effects on Revenues (Expenses). Nine month periods ended at September 30,	
		September 30, 2014	December 31, 2013	2014	2013
Available funds	RD$	-	38,652,218	-	-
Loan portfolio		76,108,217	87,203,099	6,759,497	5,775,489
Demand deposits		67,291,810	30,749,625	221,871	231,485
Savings deposits		12,947,260	2,203,429	-	-
Other investment in debt instruments		19,139,228	41,598,606	1,499,284	1,923,505
Outstanding securities		18,425,086	11,353,157	(646,409)	(607,626)
Interest receivable		1,105,833	828,548	-	-
Accounts receivable		1,464	41,064	-	-
Other liabilities		361,262	264,768	-	-

38 Pension fund

The Bank makes contributions to the following pension plans:

a) A pension plan with defined benefits and other pension plan for the employees that are not covered by the 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 Bank's contributions to this plan amounts to 17.5% of the monthly salaries paid to officers and employees, plus 2.5% of the Bank´s gross profits. Additionally, the Bank may make extraordinary contributions based on the results of actuarial studies.

   The expenses recognized during the periods of nine month ended at September 30, 2014 and 2013 amounted to RD$719,213 and RD$644,257, respectively, including extraordinary contributions in the amount of RD$181,745 in both periods.

   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$242,3 million for a period of nine (9) years, to cover the actuarial deficit determined in accordance to the actuarial study carried out in 2007. For such effect, the Bank was required to submit to the SIB the Minutes of the Board of Directors that approved the transaction, a study with its recommendations concerning the financial position and viability over the next nine (9) years and the balance of the actuarial deficit included in the plan dated December 31, 2010. This information was provided to the Superintendence of Banks through letter ADM-1384-11 of March 14, 2011.

(Continues)

(In thousands of Dominican Pesos)

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

39 Non-monetary transactions

At September 30, 2014 and December 31, 2013, a detail of non-monetary transactions is as follows:

		2014	2013
Loan portfolio write-offs and interests receivable	RD$	924,984	1,051,448
Write-off of assets received in loan settlements		137,508	-
Assets received in lieu of payment		1,729,326	2,420,673
Transfer between allowances for risky assets:			
Loan portfolio		(389,813)	(460,938)
Investments		43,499	(8,000)
Interests receivable		21,674	104,026
Assets received in loan settlement		311,698	454,616
Contingencies		12,942	(89,703)
Release of reserves		290,672	
Sale of assets received in loan settlements with credit facilities		120,802	63,792
Amortization of national treasury bonds		75,000	75,000
Interests on national treasury bonds		4,500	5,250
Transfer of net income to other equity reserves		2,000,000	1,766,341
Transfer of accounts receivables to assets received on foreclosure of loans		-	-
Debt amortization of the Dominican Government		768,249	-
Dividends paid from transfer of repossessed assets		-	450,000
Transfer of invoice discounts to loan portfolio		-	10,744,881

(Continues)

40 Other disclosures

40.1 Implementation of future standards

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

41 Footnote disclosure 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 consolidated financial statements of financial institutions should include. As of December 31, 2013 the following notes are not included as they are not applicable:

- Earnings per share.
- Other disclosures
- Significant discontinued operations.
- Change in share ownership.
- Regular reclassification of significant liabilities.
- Gain or loss on sale of fixed assets or other assets in subsidiaries, branches or offices abroad
- Losses caused by disasters.
- Effects of change in market value over the book value of investments in securities
- Events occurring after the close of the year.

(Continues)