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

Consolidated Financial Statements –Statutory Basis

September 30, 2016

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

Consolidated Balance Sheets - Statutory Basis

(Amounts in Thousands of Dominican Pesos)

	At September 30, 2016	At December 31, 2015
ASSETS		
Available funds (notes 3, 4, 35, 36 and 37)	79,301,194	61,803,490
Investments (notes 3, 6, 15, 35, 36, 37 and 39)		
Other investments in debt instruments	48,460,599	41,034,286
Interests receivable	542,047	772,448
Allowance for investments	(242,812)	(213,614)
	48,759,834	41,593,120
Loans portfolio (notes 3, 7, 15, 35, 36, 37 and 39)		
Current	252,406,662	265,355,710
Restructured	3,094,040	2,214,828
Past due	2,917,725	1,950,479
In legal collection	1,163,525	1,661,165
Interests receivable	4,503,081	3,972,745
Allowance for loans	(6,451,161)	(5,768,204)
	257,633,872	269,386,723
Debtors by acceptances (notes 3, 8 and 35)	577,747	592,467
Accounts receivable (notes 3, 9, 10, 35, 37 and 39)		
Commissions receivable	60,918	37,606
Accounts receivable	1,849,268	1,623,432
Insurance premiums receivable	2,086,001	1,520,327
Receivables from insurance and guarantees	6,927	7,310
	4,003,114	3,188,675
Assets received in loans settlements (notes 11, 15 and 39)		
Assets received in loans settlements	8,495,137	8,323,176
Allowance for assets received in loans settlements	(5,748,817)	(5,257,239)
	2,746,320	3,065,937
Investments in shares (notes 3, 12, 15, 36, 37 and 39)		
Investments in shares	968,706	938,040
Allowance for investments in shares	(22,319)	(25,935)
	946,387	912,105
Property, furniture and equipment (note 13)		
Property, furniture and equipment	15,389,160	13,292,020
Accumulated depreciation	(3,085,610)	(2,793,825)
	12,303,550	10,498,195
Properties under development intended for sale and for leasing	1,031,860	1,083,361
Other assets (notes 3, 14 and 35)		
Deferred charges	3,773,757	2,640,743
Intangibles	204,806	114,057
Other assets	3,814,577	3,375,297
Accumulated amortization	(124,850)	(84,090)
	7,668,290	6,046,007
TOTAL ASSETS	**414,972,168**	**398,170,080**
Contingent accounts (notes 24 and 28)	**698,715,347**	**715,175,260**
Memorandum accounts (note 29)	**1,341,928,909**	**1,333,979,229**

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

Simón Lizardo Mézquita
General Administrator

Henry V. Polanco Portes
Comptroller

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

Consolidated Balance Sheets - Statutory Basis

(Amounts in Thousands of Dominican Pesos)

	At September 30, 2016	At December 31, 2015
LIABILITIES AND EQUITY		
LIABILITIES		
Customers' deposits (notes 3, 16, 35, 36 and 37)		
Checking	50,311,883	43,336,602
Savings	97,535,634	91,174,757
Time	41,448,878	46,067,779
Interests payable	279,100	-
	189,575,495	180,579,138
Deposits from domestic and foreign financial institutions (notes 3, 17, 35 and 36)		
From domestic financial institutions	8,674,880	20,553,511
From foreign financial institutions	15,478	15,130
Interests payable	3,581	-
	8,693,939	20,568,641
Borrowed funds (notes 3, 18, 35 and 36)		
From domestic financial institutions	2,496,781	1,800,000
From foreign financial institutions	29,783,162	34,939,490
Interests payable	212,183	150,323
	32,492,126	36,889,813
Outstanding acceptances (notes 3, 8 and 35)	577,747	592,467
Outstanding securities (notes 19, 35, 36, 37 and 39)		
Securities	117,687,021	96,293,554
Creditors for insurance and bank guarantees (notes 3 and 25)	556,214	884,051
Insurance premium deposits	535,738	161,171
Other liabilities (notes 3, 15, 20, 28, 35 and 39)	9,611,201	9,902,797
Technical reserves (note 22)		
Mathematical and technical life insurance reserves	142,607	140,019
Reserves for unearned insurance premiums	2,778,226	2,524,397
	2,920,833	2,664,416
Subordinated debts (notes 3, 21, 35 and 36)		
Subordinated debts	23,621,414	23,349,985
Interest payable	399,974	406,065
	24,021,388	23,756,050
TOTAL LIABILITIES	386,671,702	372,292,098
NET EQUITY OF THE OWNER IN THE PARENT COMPANY (notes 26 and 30)		
Paid-in capital	10,000,000	8,300,000
Other equity reserves	12,719,187	12,719,187
Revaluation surplus	733,385	733,385
Net income for the period	4,688,949	3,976,274
	28,141,521	25,728,846
Minority interest	158,945	149,136
TOTAL EQUITY	28,300,466	25,877,982
TOTAL LIABILITIES AND EQUITY	**414,972,168**	**398,170,080**
Contingent accounts (notes 24 and 28)	**698,715,347**	**715,175,260**
Memorandum account (note 29)	**1,341,928,909**	**1,333,979,229**

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

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

Consolidated Income Statements - Statutory Basis

(Amounts in Thousands of Dominican Pesos)

	Nine month periods ended At September 30, 2016	2015
Financial income (notes 6, 7, 30 and 37)		
Interests and commissions on loans	25,232,085	21,270,301
Interests on investments	4,308,828	3,131,305
Profits from sales of securities	1,324,235	1,512,957
Insurance premiums net of returns and cancellations	4,470,911	4,568,529
	35,336,059	30,483,092
Financial expenses (notes 16, 17, 18, 19, 21 and 30)		
Interests on deposits	9,656,703	8,116,105
Interests and commissions on borrowed funds	804,483	511,780
Loss on sale of investments and securities	147,639	271,344
Reinsurance expense	1,554,384	1,807,110
Insurance claims and contractual obligations	1,711,483	1,462,390
Expenses related to technical adjustment to reserves	74,228	153,087
Expenses related to acquisition, conservation and collection of insurance premiums	452,144	406,753
	14,401,064	12,728,569
Gross financial margin	20,934,995	17,754,523
Allowance for loan losses (note 15)	1,312,991	1,013,547
Allowance for investments (note 15)	1,086	-
	1,314,077	1,013,547
Net financial margin	19,620,918	16,740,976
Foreign exchange gain (loss) (note 31)	(270,373)	(23,504)
Other operating income (notes 32 and 37)		
Credit card fees	1,041,450	592,406
Service fees	2,903,369	2,485,691
Foreign exchange commissions	1,493,273	1,422,352
Miscellaneous income	1,391,227	1,501,894
	6,829,319	6,002,343
Other operating expenses (notes 32 and 37)		
Commissions for services	237,407	211,900
Miscellaneous expenses	1,409,123	1,065,404
	1,646,530	1,277,304
Gross operating income	24,533,334	21,442,511
Operating expenses (notes 15, 28, 34 and 38)		
Salaries and personnel compensation	10,998,006	9,766,765
Professional fees	1,686,479	1,267,488
Depreciation and amortization	729,445	574,956
Other provisions	1,165,449	1,033,172
Other expenses	5,150,499	4,385,065
	19,729,878	17,027,446
Net operating income	4,803,456	4,415,065

(Continues)

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

Consolidated Income Statements - Statutory Basis, continued

(Amounts in Thousands of Dominican Pesos)

	Nine month periods ended At September 30, 2016	2015
Other income (expenses) (note 33)		
Other income	1,283,593	1,194,085
Other expenses	(872,703)	(474,746)
	410,890	719,339
Income before income tax	5,214,346	5,134,404
Income tax (note 23)	(503,174)	(456,591)
Net income for the period	**4,711,172**	**4,677,813**
ATTRIBUTABLE TO:		
Owners of the controlling entity (Parent Company)	4,688,949	4,651,420
Minority interest	22,223	26,393
	4,711,172	**4,677,813**

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

Simón Lizardo Mézquita
General Administrator

Henry V. Polanco Portes
Comptroller

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

Consolidated Statements of Equity - Statutory Basis

Nine Month Periods Ended at September 30, 2016 and 2015

(Amounts in Thousands of Dominican Pesos)

	Paid-in Capital	Other Equity Reserves	Revaluation Surplus	Retained Earning from Prior Periods	Net Income for The Period	Total	Minority Interest	Total Net Equity
Balances at January 1st 2015	5,500,000	12,941,903	744,525	-	4,573,908	23,760,336	121,546	23,881,882
Transfer to retained earnings	-	-	-	4,573,908	(4,573,908)	-	-	-
Cash dividends paid to minority interest							(12,658)	(12,658)
Dividends paid to the Dominican Republic Government (note 26):								
Common shares	2,800,000	(2,357,788)	-	(442,212)	-	-		-
Cash				(1,500,000)		(1,500,000)		(1,500,000)
Amortization of National Treasury Vouchers Law 99-01	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Interest payment of National Treasury Vouchers Law 99-01				(3,750)		(3,750)		(3,750)
Dividends payment amortization of National Treasury Bond law 121-05				(1,500,000)		(1,500,000)		(1,500,000)
Debt amortization of the Dominican Republic Government	-	-	-	(979,865)	-	(979,865)	-	(979,865)
Net income for the period	-	-	-	-	4,651,420	4,651,420	26,393	4,677,813
Balances at September 30, 2015	**8,300,000**	**10,584,115**	**744,525**	**73,081**	**4,651,420**	**24,353,141**	**135,281**	**24,488,422**
Balances at January 1st, 2016	**8,300,000**	**12,719,187**	**733,385**	**-**	**3,976,274**	**25,728,846**	**149,136**	**25,877,982**
Transfer to retained earnings	-	-	-	3,976,274	(3,976,274)	-	-	-
Cash dividends paid to minority interest	-	-	-	-	-	-	(12,414)	(12,414)
Dividends paid to the Dominican Republic Government (note 26):								
Common shares	1,700,000	-	-	(1,700,000)	-	-	-	-
Amortization of National Treasury Vouchers Law 99-01	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Interest payment of National Treasury Vouchers Law 99-01	-	-	-	(3,000)	-	(3,000)	-	(3,000)
Debt amortization of the Dominican Republic Government	-	-	-	(2,198,274)	-	(2,198,274)	-	(2,198,274)
Net income for the period	-	-	-	-	4,688,949	4,688,949	22,223	4,711,172
Balances at September 30, 2016	**10,000,000**	**12,719,187**	**733,385**	**-**	**4,688,949**	**28,141,521**	**158,945**	**28,300,466**

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

Simón Lizardo Mézquita
General Administrator

Henry V. Polanco Portes
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 Dominican Pesos)

	Nine month periods ended At September 30, 2016	2015
CASH FROM OPERATING ACTIVITIES		
Interest and commissions collected on loans	22,503,475	19,285,785
Other financial income collected	5,712,825	4,468,007
Other operating income collected	6,829,319	6,002,343
Insurance premium collected	4,279,804	4,545,722
Increase in insurance and guarantees	(2,151,793)	(2,138,771)
Interests paid on deposits	(9,354,714)	(7,876,858)
Interests and commissions paid on borrowed funds	(742,623)	(447,744)
General and administrative expenses paid	(17,861,233)	(15,481,219)
Other operating expenses paid	(1,646,530)	(1,277,304)
Income taxes paid	(503,174)	(440,966)
Insurance claims and contractual obligations	(1,711,483)	(1,462,390)
Miscellaneous payments of operating activities	(2,461,585)	(2,102,885)
Net cash provided by operating activities	2,892,288	3,073,720
CASH FROM INVESTMENT ACTIVITIES		
Increase in investments	(7,407,851)	(21,248,775)
Loans granted	(208,663,755)	(120,695,522)
Loans collected	219,011,333	102,772,844
Interbank funds granted	(16,040,000)	(7,580,000)
Interbank funds collected	16,040,000	7,580,000
Decrease in properties under development intended for sale and leasing	51,501	31,600
Acquisition of property, furniture and equipment	(2,307,876)	(2,443,765)
Proceeds from sale of property, furniture and equipment	14,158	43,915
Proceeds from sale of assets received in loan settlements	128,223	136,319
Net cash provided by (used in) investment activities	825,733	(41,403,384)
CASH FROM FINANCING ACTIVITIES		
Deposits received	2,599,017,783	1,776,312,837
Deposits paid	(2,580,785,342)	(1,740,894,510)
Borrowed funds received	34,699,143	37,022,470
Borrowed funds paid	(39,158,690)	(40,722,997)
Dividends paid and other payments to shareholders	(12,414)	(1,512,658)
Net cash provided by financing activities	13,779,683	30,205,142
NET INCREASE (DECREASE) IN CASH	17,497,704	(8,124,522)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	61,803,490	73,716,746
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**79,301,194**	**65,592,224**

(Continues)

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

Consolidated Statements of Cash Flows - Statutory Basis, continued

(Amounts in Thousands of Dominican Pesos)

	Nine month periods ended At September 30, 2016	2015
Reconciliation between the net income for the period and the net cash provided by operating activities		
Net income for the period	4,711,172	4,677,813
Adjustments to reconcile net income for the period to net cash used in operating activities		
Provisions for risky assets and contingencies	2,479,526	2,046,719
Technical reserves increase	74,228	153,087
Release of provisions for risky assets and contingencies	(585,665)	(429,834)
Depreciation and amortization	722,399	573,665
Loss (gain) on sale of property, furniture and equipment	3,500	(11,003)
Gain on sale of assets received in loans settlements	(42,600)	(29,221)
Share equity in other companies	(7,921)	(78,357)
Currency exchange rate fluctuations, net	268,868	334,376
Amortization of debt issuance cost and discount subordinated	25,399	4,891
Net change in assets and liabilities:		
Interests receivable	(2,501,209)	(1,889,427)
Debtors by acceptances	14,720	(388,068)
Commissions receivable	(23,312)	(926)
Accounts receivable	(225,836)	(682,625)
Premiums receivable	(565,674)	(867,789)
Receivables from reinsurance and guarantees	383	2,344
Deferred charges	(1,133,014)	(751,283)
Intangibles	(90,749)	(13,190)
Other assets	(495,983)	(461,060)
Interests payable	338,450	298,392
Outstanding acceptances	(14,720)	388,068
Creditors of insurance and bank guarantees	(327,837)	(54,713)
Insurance premium deposits	374,567	844,982
Other liabilities	(288,593)	(720,582)
Technical reserves	182,189	127,461
Total adjustments	(1,818,884)	(1,604,093)
Net cash provided by operating activities	**2,892,288**	**3,073,720**

These consolidated financial statements - statutory basis are to be read in conjuction with their accompanying

Simón Lizardo Mézquita
General Administrator

Henry V. Polanco Portes
Comptroller

1 Entity

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

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

A detail of the principal officers is as follows:

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

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

(Continues)

(In Thousands of Dominican Pesos)

As of September 30, 2016 and December 31, 2015, a detail of the Bank's offices, automatic teller machines (ATMs) and post offices is as follows:

	2016			2015		
Location	Offices (*)	ATMs	Post Offices	Offices (*)	ATMs	Post Offices
Metropolitan area	100	311	-	94	283	-
Provinces	170	334	10	184	281	10
	270	**645**	**10**	**278**	**564**	**10**

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

The Bank signed service agreements with multiple merchants located in different parts of the country called banking subagent, through which the population is facilitated with access to financial services. As of September 30, 2016 and December 31, 2015, the network of subagents was 1,247 (483 in the metropolitan area and 764 in the provinces) and 1,005 (288 in the metropolitan area and 717 in the provinces) businesses authorized, respectively.

2 Summary of significant accounting policies

2.1 Accounting basis of the consolidated financial statements

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

The accompanying consolidated financial statements - statutory basis are prepared on the historical cost basis, except for certain land and buildings that were revaluated to carry out them at their market value at December 31, 2004.

(Continues)

Subsidiaries include: insurance companies, pension fund managers, administrator of health plans and a security exchange, which financial information have been prepared in accordance with the accounting practices established by the Superintendence of Insurance, the Superintendence of Pensions, the Superintendence of Health and Labor Risks and 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 of these subsidiaries that are incorporated in the consolidated financial statements have been prepared following those accounting basis.

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

2.1.a *Differences between banking regulations and International Financial Reporting Standards (IFRS)*

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

i) The allowance for loan portfolios corresponds to the amount determined based on a risks assessment carried out by the Bank, the level of reserves required for the classification assigned to each loan (for commercial loans denominated as major debtors), the number of 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, payment history and collateral levels which are only considered to determine the provisions, following the guidelines of the Instruction for the Asset Evaluation (REA), the Instructions for the Asset Evaluation Process in Permanent Regimes and related circulars, as well as some specific exemptions to certain loans that promote specific sectors of the economy.

   In accordance with IFRS, loan portfolios are assessed by separating individual and collective loans. Individual loan analysis is evaluated on a loan-by-loan basis.

   In the case of loans that are collectively evaluated to determine whether impairment exist, the estimate of the contractual cash flows of the group of assets, analysis of historical losses and Management's opinions on whether the current economic situation and loans conditions may change the actual level of the inherent historical losses are considered. A provision is recognized, if objective evidence exist that there has been an impairment loss, which would result in the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate and not take into consideration any waiver.

(Continues)

ii) Banking regulations require financial institutions to establish allowances for assets received in loans settlements, according to the following criteria: moveable goods are reserved over a two year period, on a straight line basis, starting six months following the foreclosure (at 1/18th monthly.); real estate is reserved over a three year period, on a straight-line basis counted as of the first anniversary of its recording in the Bank's books (at 1/24th monthly). IFRS require that these assets be reserved only in the event of impairment.

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

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

v) The Superintendence of Banks of the Dominican Republic requires that reserves held on loans at the moment of executing their collateral, be transferred to the assets received in loan settlements. IFRS only require 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 those required or authorized by the Superintendence of Bank.

vii) In accordance with banking regulations, income from renewal of credit cards, letters of credit, card operations and outstanding acceptances are immediately recognized. In accordance with IFRS, these are deferred and recognized as income over the term of the credit cards, letters of credit and outstanding acceptances.

viii) The Superintendence of Banks of the Dominican Republic require leasehold improvements and computer software must be previously authorized by the Superintendence of Banks in order to be recognized as property, furniture and equipment and intangible assets, respectively, and classify them as other assets until such approval is obtained. The Superintendence of Banks indicates the amount that could be capitalized and the maximum amortization period during which the deferral is allowed. IFRS require that these items be recognized as property, furniture and equipment and intangible assets as long as they generate future economic benefits.

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

ix) The Superintendence of Banks of the Dominican Republic has established that short-term highly liquid investments that are easily convertible to cash be classified as investments. IFRS require that this type of investments with original maturities of three months or less be classified as cash equivalent.

x) The Superintendence of Banks of the Dominican Republic require that financial institutions classify investments into four categories, which are: trading, available-for-sale investments, held-to-maturity investments, and other investments in debt securities. Also, the Superintendence allows classifying in one of the first three categories only those investments listed in an active market. Investments held for trading and available-for-sale should be measured at fair value, and investments held to maturity and other investments in debt securities at amortized cost. IFRS do not prescribe the category of other investments in debt securities and the classification will depend on management's intentions.

The investment portfolio is classified according to the risk categories determined by the Superintendence of Banks that require specific provisions, following the instructions of the Assets Evaluation Regulation, the Instructions for Credit Evaluations, Investments and Contingent Operations of the Public Sector, the instructive for the Asset Evaluation Process in Permanent Regimes and Specific Provisions. IFRS require determining allowances based on the assessment of the existent risks on the basis of an incurred loss model instead of an expected loss model.

xi) The Bank assesses the useful life of property, furniture and equipment at the time of acquisition, and recognizes in memorandum accounts those fixed assets that are fully depreciated. IFRS require that the residual value and the useful life of an asset be reviewed at least at each financial year-end, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.

xii) The Superintendence of Banks, allowed multiple service banks the revaluation of its properties as of December 31, 2004 and has not required updating these values after that date. IFRS state that these updates must be performed whenever such assets have significant value changes.

xiii) The Superintendence of Banks require that cash flows corresponding to loans portfolio and customers' deposits, be classified as investing and financing activities, respectively. IFRS require that the cash flows from these transactions be recognized as part of operating activities.

xiv) The Superintendence of Banks of the Dominican Republic require banks to recognize a provision for contingent operations, which includes, among others, granted guarantees, non-negotiable letters of credit issued, and unused amounts of lines of credit of automatic use, based on a classification of risk category following the REA. IFRS require recognizing a provision when there is a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable amount can be estimated.

(Continues)

xv) In accordance with the practices established by the Superintendence of Banks, other operating income, such as credit cards commissions are immediately recognized as income, rather than in the period in which it expects to provide the service as required under the IFRS.

xvi) The Superintendence of Banks allowed the Bank to recognize the actuarial liability related to the Pension and Retirement Funds and those paid directly by the Bank over a nine year-period beginning in 2011. IFRS establishes that pension plan obligations must be recognized initially in full and periodically updated in subsequent periods and the effects to be recognized either in profit or loss or other comprehensive income.

xvii) Banking regulations require that investment in stocks be valued at the lower of fair value or cost. If a security market does not exist, they are valued at cost less impairment, assessing the quality and solvency of the issuer, using the instructions of the Assets Evaluation Regulation and the Instructive for the Assessment Evaluation Process in Permanent Regimes. In accordance with IFRS it must be determined if there is control or significant influence. If control exists, the consolidated financial statements must be prepared. If it is determined that there is significant influence, investments must be recognized under the equity method and those that do not comply with the two above characteristics are carried at fair value with changes either in profit or loss or in other comprehensive income, depending of the classification.

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

xix) The Superintendence of Banks does not allow the release of provision for assets received in loans settlements without its prior authorization. In the case of the sale of assets that are provisioned, if the sale occurs at a higher value than its book value, a gain cannot be recognized as required by the IFRS, but instead the provision released could be transferred to other regulatory provisions or request authorization from the Superintendence of Banks to recognize them as income.

xx) 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 set in the Accounting Manual for Financial Institutions without being homogenized with the accounting practices followed by the Bank. Under IFRS, entities included in the consolidation should follow the same accounting policies.

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xxi) The Superintendence of Banks, authorized 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 IFRS require these write offs immediately when loans are determined to be unrecoverable.

xxii) IFRS require that, if the Bank realizes operations related to other comprehensive income, statement of income and comprehensive income must be presented or a separate statement of other comprehensive showing the nature and amount of line items for other comprehensive income during the reporting period. The Superintendence of Banks of the Dominican Republic does not include this requirement in their preparation of financial statements - statutory basis.

xxiii) The Superintendence of Banks granted its non-objection so the Bank recognizes immediately as income, discounts received from the acquisition of the loan portfolio from other financial institutions. IFRS require that these discounts be deffered and recognized as an adjustment in the effective interest rate during the term of the acquired portfolio.

2.1.b *Differences between the accounting practices issued and allowed by the Superintendence of Insurance and Superintendence of Health and Labor Risk (SISALRIL) and the IFRS.*

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

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

In accordance with IFRS, income from insurance contracts, both general and short-term life insurance, are recognized proportionately over the term of the policy.

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

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

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

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ii) In accordance with IFRS, investments are classified into four categories: financial assets at fair value with changes through profit and loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets. Under IFRS these investments must be recognized initially at fair value and subsequent to their initial recognition, are measured at amortized cost and, fair value with changes in profit or loss or at fair value with changes in equity depending on its initial classification. The accounting practices followed by the Bank initially recognizes investments at fair value and subsequently measured at amortized cost.

iii) The Superintendence of Insurance, establishes that insurance premiums receivable that are considered uncollectible by the Bank are reversed against income. In accordance with IFRS, premiums receivable should be assessed regularly and a provision should be created for amounts deemed uncollectible. This provision should be recognized through a charge to operating expenses of the year.

iv) The Superintence of Insurance does not require the recognition of specific reserves for claims incurred but not reported at the statement of financial position date. IFRS require to create a provision for those probable and quantifiable losses and that these be recognized through a charge to operations of the year in which the damage occurred.

v) According to the accounting practices of the Superintendence of Insurance, the Bank accounts for salvage in accounts memorandum, and should not be recognized in the accounting records until disposal. IFRS sets out that at the balance sheet date of the consolidated financial statements, such assets shall be measured at fair value less any cost of sale and recognized as other assets against a deduction of the cost of the claims that gave rise to the salvages in the accounting period in which the Bank obtained the rights over the salvages and recoveries.

vi) In accordance with the accounting practices of the Superintendence of Insurance, savings components of life insurance contracts are not accounted separately in the balance sheet. IFRS require to account separately for the deposit components and recognize the premium paid by the life insurance policy as a financial liability.

vii) Service components that form part of the insurance contract are recognized as revenue together with the written premium income are not separated. The IFRS require to separate from an insurance contract, those service components for which the Bank does not retain any insurance risk. Such component should be recognized as a liability, and any commission collected on the intermediation of services shall be deferred as income over the term of the policy that originated such commission.

viii) Additional costs incurred in the process of acquisition and issuance of insurance contracts are recognized as expenses when they occur, except commissions to agents, which are amortized in proportion to the premium that originated it following the percentages established by the Superintendence of Insurance. In accordance with IFRS, these costs must be deferred and recognized as expense using the straight line method over the life of the related insurance contract.

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ix) The accounting practices of the Superintendence of Insurance, sets forth the classification of property, plant and equipment of the use of the asset. IFRS require that property, plant and equipment which intended use is to obtain revenues from leasing shall be classified as investment property. The recognition and presentation of investment property differs from the assets that are being used in in the operations of the Bank.

x) The IFRS require to perform a liability adequacy test. This test is basically a calculation based on a statistical methodology that determines if provisions recognized by the Bank are 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 Superintendence of Insurance and the Superintendence of Health and Labor Risk requires that short-term investments, highly liquid investments and investments easily convertible to cash be presented as investments. However, IFRS require that such investments be presented as cash equivalents.

xii) The IFRS require an entity to separate embedded derivative from the host contract and accounted for as a derivative if economic characteristic and risks of the embedded derivative are not closely related to the economic characteristic and risks of the host contract. Accounting practices established by the Superintendence of Insurance and the Superintendence of Health and Labor Risk of the Dominican Republic do not provide for guidance on accounting of derivatives.

xiii) There are certain differences in presentation and disclosures of the financial statements according to the accounting practices established by the Superintendence of Insurance and the Superintendence of Health and Labor Risk of the Dominican Republic and financial statements prepared in accordance with IFRS.

xiv) The Superintendence of Insurance and the Superintendence of Health and Labor Risk allows that significant revenues and expenses that affect the consolidated financial statements of prior years, be recognized in retained earnings without restate the previous reported amounts of the consolidated financial statements. The IFRS require that these transactions be recognized retroactively correcting the previously reported financial statements, including the presentation of the statements of financial position for the most recent three years.

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

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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 allowance for risky assets, depreciation and amortization of long-term assets, impairment of long-term assets and contingencies. Actual results may differ from such estimates.

2.3 Consolidation

The consolidated financial statements - statutory basis include the figures of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, and subsidiaries owned either directly or indirectly in more than 50%, which are: Tenedora Banreservas, S. A. and subsidiaries, which include Seguros Banreservas, S. A., Reservas Asistencia, S. A. S., Reservas Inmobiliaria, S. A. and subsidiary, Administradora de Fondos de Pensiones Reservas, S. A., Inversiones & Reservas, S. A., Fiduciaria Reservas, S. A., Seguridad y Protección Intitucional, S. A., Inversiones Finanprimas SB, S. A. S. and Sociedad Administradora de Fondos de Inversión Reservas, S. A.. Additionally, Administradora de Riesgo de Salud Reservas, Inc., a non-profit entity whose net assets are included as other liabilities.

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

The Superintendence of Banks 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 following subsidiaries are:

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

(Continues)

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Indirectly subsidiaries:

Administradora de Fondos de de Pensiones Reservas, S. A.	Dominican Republic	98.50
Seguros Banreservas, S. A.	Dominican Republic	97.91
Reservas Inmobiliaria, S. A.	Dominican Republic	99.99
Operadora de Zonas Francas Villa Esperanza, S. A.	Dominican Republic	99.99
Inversiones & Reservas, S. A.	Dominican Republic	100.00
Reserva Asistencia, S. A. S.	Dominican Republic	100.00
Fiduciaria Reservas, S. A.	Dominican Republic	100.00
Seguridad y Protección Institucional, S. A.	Dominican Republic	100.00
Inversiones Finanprimas SB, S. A. S.	Dominican Republic	100.00
Sociedad Administradora de Fondos de Inversión Reservas, S. A.	Dominican Republic	100.00

All intra-group balances and transactions among companies included in the consolidated financial statements - statutory basis, were eliminated on consolidation.

The Superintendence of Banks of the Dominican Republic authorized the Bank to not eliminate in the consolidation the allowance for investment in subsidiaries.

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

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

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

A non-for profit organization engaged in the management of health insurance plans, established by the National Council of Social Security, in accordance with Law No. 87-01 and its complementary regulations.

Tenedora Banreservas, S. A. and Subsidiaries

The Parent Company of the following subsidiaries:

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

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

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

Entity engaged in the administration of pension funds of third parties, or plans and pension funds of companies or associations that are entrusted for administration on the basis of specific contracts, in accordance with Law 87-01 that created the Dominican system of the Social Security and the complementary regulations of 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), as provided by Law 87-01. The Administradora is regulated by the Superintendence of Pensions of the Dominican Republic.

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

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

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

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

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

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

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

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(f) Seguridad y Protección Institucional, S. A.

Incorporated under the laws of the Dominican Republic, its main purpose is to provide private security and cash services transportation.

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

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

(h) Sociedad Administradora de Fondos de Inversión Reservas, S. A.

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

2.4 Loan portfolio

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

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

The Bank assigns to commercial loans that have been restructured an initial classification no lower than “C” independently of their capability and payment behavior and country risk; this can be changed subsequently to a lower risk category based on satisfactory payment behavior. The Bank 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 changed based on payment behavior, which must remain in that category depending on the evolution of payments, but in no event can be classified lower than “B.”

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

The Bank suspends the accrual of interest on loans when past due for more than 90 days and 60 days for credit cards. (See note 2.5.3).

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

2.5.1 Allowance for loans portfolio

(Continues)

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The determination of the allowance for loan losses on loan portfolio, is based on criteria established in Assets Evaluation Regulation, issued by the Monetary Board in its First Resolution dated December 29, 2004, complementary instructional circulars and observations made by the Superintendence of Banks (basis for determining the allowances) and the Instructive for the Assessment Process of Assets in Permanent Regimes issued by the Superintendence of Banks on March 7, 2008.

According to such regulation, the estimate of loan loss reserves on the loan portfolio depends on the type of loan, which can be classified as: major commercial debtors, minor commercial debtors, consumer and mortgage loans. The estimation of the allowance for loan losses for major commercial debtors is based on a detailed quarterly review of each debtor's solvency, payment history and country risk performed by the Bank for 100 % of its major commercial debtors (subject to review by the Superintendence of Banks), using specific percentages based on debtor classification, except for loans to the Dominican Republic Government institutions and other public institutions that are classified as established by the Instructive for Loan Evaluation, Investments and Contingent Operations of the Public Sector. As established by the first Resolution of the Monetary Board dated July 9, 2015.

Major commercial debtors are classified considering the categorized analysis of each debtor according to their solvency as established in the Assets Evaluation Regulation, and thus evaluating other factors such as liquidity ratios, profitability, leverage, market analysis, historical payment behavior, country risk and alignment. Collaterals, as a safety factor in the recovery of credit operations are considered as a secondary element and are not considered in the debtor's classification, although they are included in the calculation coverage for the required allowances in the case of commercial debtors (major and minor commercial debtors).

Major commercial debtors are those whose total approved loans in the financial system, are equal to or greater than RD$25 million, both individually and consolidated in the system.

The regulation requires creating a provision for the positive exchange differences on foreign currency loans with more than 90 days overdue, considering as a risk exposure 20 % of the amount past due on collateralized loans classified as D and E, for more than 90 days past due.

The Superintendence of Banks granted an extension to all financial institutions to require a provision for the positive difference in foreign exchange currency loans, only for those loans classified as D and E with more than 90 days past due, until the Assets Evaluation Regulation is amended.

For consumer, mortgage loans and minor commercial debtors, the allowance is determined based on the days in arrears. Loan collaterals are not taken into account when determining the debtor's classification, except in the case of minor commercial debtors.

Write-offs on loans consist of operations by which the uncollectible loans are removed from the balance sheet, and are recognized only in memorandum accounts. When the financial institution

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does not have the total loan allowance, it should establish the amount before performing the write-off, in order to not affect the level of allowance required for other loans. A loan may be written off, with or without a collateral, from the day in which the loan enters in a non-performing loan category, excluding related party loans with collaterals that can only be written-off when the Bank can show that the legal procedures for recovery have been exhausted and the officers or managers directly related have been released of their duties. Loans written-off remain in memorandum accounts until the reasons that led to the write-off are not overcome.

Excesses in provision for loan portfolio cannot be released without prior authorization from the Superintendence of Banks, excluding the provisions for interest receivable with more than 90 days.

Collaterals securing loan operations are classified according to the Assets Evaluation Regulation and the modifications through the first Resolution of the Monetary Board dated July 9, 2015, based on its multiple uses and ease of realization. Each type of collateral is considered as a secondary element in the calculation of provisions coverage, based on a permissible amount established. Acceptable collateral will be accepted based on the discount percentages established in this Regulation at its market value. Collaterals are classified as follows:

Multi-use collateral ("garantías polivalentes")

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. These collaterals are considered at 50 % to 100 % of its appraised value for the purpose of estimating the risk coverage, depending on the type of collateral.

Specific use collateral ("garantías no polivalentes")

Represents collateral secured by assets difficult to convert to cash or monetize. Generally, these assets are of specific use. Such collaterals are taken into account only 30 % to 50 % of its value for the purpose of estimating the risk coverage provided by such assets, depending on the type of collateral.

Each classification of collateral is taken into account in calculating the amount of loan coverage based on schedule 8 (Table 8) the percentages established in the Asset Evaluation Regulation.

Collaterals are measured at fair value, that is, at their net realizable value through appraisals or certificates prepared by independent professionals, not older than 12 months for personal property, excluding securities, and a term not exceeding 18 months for real estate.

(Continues)

(In Thousands of Dominican Pesos)

Other considerations

At September 30, 2016 and December 31, 2015, the Bank has Superintendence of Banks' non-objection for accounting and reporting purposes, specifically, some loans awarded to specific sectors of the Dominican Republic economy, such as contractors from priority construction works of the Dominican Republic State, road network development, loans granted to some power generator institutions and other operations linked to the sector and loan portfolio acquired from a local financial institution.

2.5.2 Allowance for loans portfolio of the public sector

At September 30, 2016 and December 31, 2015, the Bank evaluated the portfolio of major commercial debtors of the public sector, following the Instructional Guidelines for the Evaluation of Investment Loans and Contingent Operations of the Public Sector and related circulars. Provisions for public sector loans that have the guarantee of the same or of actual flows forth in the Law on General Budget of the state are classified as "A", and have a provisional requirement of a "0%", according to the First Resolution of the Monetary Board dated July 9, 2015. Loans granted to some strategic entities of the Dominican Republic electricity sector, were classified as "A" and a "0%" of provision, as stated in the ADM/1028/15 Memorandum issued by the Superintendence of Banks in September 10, 2015.

2.5.3 Allowance for interest receivable

The allowance for current interest receivable is determined using specific percentages according to the classification granted to the loan portfolio. The allowance for interest receivable on consumer loans and mortgages, is based on specific percentages of each type of loan, depending on the age of the balances set out in the based on days in arrears using parameters established in the Assets Evaluation Regulation.

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

2.5.4 Allowance for other assets

Banking Regulations for Assets Evaluation establishes a maximum term of three years, starting after the expiration of 120-days period following foreclosure, to create an allowance for assets received in loans settlements. A reserve should be established as follows:

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

(Continues)

The corresponding allowance to the loan portfolio debtors, which guarantees have been awarded to the bank, must be transferred to allowances for losses on assets received in loans settlement. The allowance on assets received in loans settlement that have been sold cannot be released without prior authorization of the Superintendence of Banks; however, they can be transferred to other risky assets without prior authorization.

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

2.5.5 Allowance for contingencies

The allowance for contingent operations, which includes surety bonds, endorsements, non-negotiated letters of credit, lines of credit and unused credit cards, among others, and which are recognized as other liabilities are determined in conjunction with the rest of the obligations of the debtors' loan portfolio, based on the risk classification of the debtor and the deductible eligible collateral for the purposes of calculating the allowance. The nature and amounts of contingencies are described in note 28 to 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.

2.6.2 Defined benefits plan

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

The Bank's contribution to the plan is 5.40 % of the monthly salaries paid to officers and employees, plus 2.5 % of the gross profits of the Bank and extraordinary contributions, as established in the statutes of the Pension Plan approved by the Board of Directors of the Bank. In December 31, 2010, the Superintendence of Banks allowed that the liability for the defined benefit pension plan be recognized prospectively over a nine year period beginning in December 2011.

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

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

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

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2.6.3 Defined contribution plan

The Bank makes contributions to the mandatory pension plan, after the implementation of the Social Security Law No. 87-01, prior to May 9, 2001, by which was created the Social Security System of the Dominican Republic. This system operates under an individual capitalization scheme and requires that individual contributions made by the employer and employee must be managed by the 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, the amount of their contributions and of the employer 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 (preaviso y cesantía) to employees whose contracts have been terminated without just cause. The Bank recognizes as expenses the amounts paid for this concept at the time of the termination of employment contracts.

2.7 Outstanding securities and subordinated debts

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

The Bank has subordinated debts relating to financing obtained in US dollars (US$) by issuing debt securities denominated "Subordinated Debt Notes," issued in the United States of America, and subordinated debt bonds in Dominican pesos issued in the Dominican Republic's market. The subordinated debt is initially recognized at fair value, net of transaction costs incurred, which are amortized on the straight-line method over the term of the debt. Financial expenses resulting from interest, commissions, exchange differences and other financial charges arising from the aforementioned obligations are recognized and charged to profit or loss in the period in which they are incurred.

2.8 Valuation of different types of investments

2.8.1 Investments in securities and allowances

Investments are measured at cost less the required allowances.

The instructions for Classification, Valuation and Measurement of Investments in Debt Instruments requires financial institutions to classify investments in: trading, held to maturity, available-for-sale and other investment in debt instruments.

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

Available-for-sale investments: Includes investments held intentionally to achieve a reasonable return for their temporary surplus or investments that the entity is willing to sell at any time, and are quoted in an active or organized market. Available-for-sale investments are initially recognized at fair value and the changes in the fair value are recognized in equity.

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

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

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

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

Other considerations:

At September 30, 2016 and December 31, 2015, the bank has a waiver from the Superintendence of Banks to value with risk category A and 0% provision, investments held by the Bank in debt instruments of the Dominican electric sector.

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

(Continues)

(In Thousands of Dominican Pesos)

2.8.2 Investments in shares and allowances

Investments in shares are carried out at the lower of cost and market value. If no market exists, they are recognized at cost less impairment, in which is evaluated the quality and solvency of the issuer by using the instructions of the Assets Evaluation Regulation and the Instructive for the Asset Assessment Process in Permanent Regimes, except for investments in affiliates which are recognized using the equity method, following the Superintendence of Bank's authorization.

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

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

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

2.9.1 Basis of recognition

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

2.9.2 Depreciation

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

Depreciation percentages are as follows:

Description	Estimated Lives (Years)
Buildings	40
Furniture and office equipment	8
Transportation equipment	4
Computer equipment	5
ATMs	10
Leasehold improvements	5

2.10 Valuation of assets received in loan settlements

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

a) the value agreed upon payment in kind or the awarded price in a public auction;

(Continues)

b) the market value at the date assets are received;

c) the 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 when the Bank receives the prepaid services.

2.12 Assets and liabilities in foreign currency

The amounts in the consolidated financial statements - statutory basis are presented in Dominican pesos (RD$). Assets and liabilities in foreign 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 at the date of the transaction. Resulting gains or losses of the translation of assets and liabilities in foreign currency are recognized under "Income (expense) from net foreign exchange rate" in the accompanying consolidated income statements - statutory basis.

At September 30, 2016 and December 31, 2015, the exchange rates used for the translation of the US dollar balances to Dominican pesos was RD$46.2892 and RD$45.4691, respectively.

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

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

(Continues)

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

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

Income on sale of investments in debt instruments

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

Other income and other operating expenses

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

Other income and expenses

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

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

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 insurance company that cover 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.

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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)

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

Income from monthly administrative commission is received from 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.

Income from the complementary annual commission of the Pension Fund T-I (Contribution), T-4 (Distribution) corresponds to 25 % until May 31, 2015 and from June 1st. to 15 % and for the Fund T-5 corresponds to a 5 % of the excess of yield portfolio of the weighted average rate of the previous month for all terms of fixed-term certificates of deposits, indefinite certificates of deposit and time certificates issued by commercial and multiple services banks. The Superintendence of Pensions reports the rate to the AFP according to the information provided by the Central Bank of the Dominican Republic.

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

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

The Health Insurance Administrator (ARS) recognizes revenues for services, resulting from basic, complementary, prepaid medicine, voluntary and independent plans on a straight-line basis, i.e., the uniform distribution of the amount of income during the validity period of the coverage of the policy.

2.13.5 Revenues from real estate

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

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

2.13.6 Revenues from brokerage services

Revenues from brokerage services are recognized on the accrual basis, that is, when the services have been offered to the customers and collection is probable.

2.13.7 Fiduciary fees

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

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

2.14 Provisions

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

2.15 Income tax

According to its Organic Law, Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, is exempt from income tax payment; however, the Bank calculates and voluntarely pays income tax following some guidelines and special criteria of the Tax Code, considering that the final beneficiary is also the Dominican Republic Government. Furthermore, the Bank considers the tax effects in transactions during the year they are included in profit or loss for tax purposes.

In accordance with Law No. 8-90 and Resolution No. 19-02 A of the National Council of free zones, the subsidiary Operadora de Zonas Francas Villa Esperanza, S. A. is exempt from payment of import tax, customs duties, income tax, and other related taxes, for a period of 15 years until 2017. The remaining subsidiaries of the Bank are subject to payment of income tax,

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for which, the tax effects of the transactions are recognized in the year in which they occurred, regardless of when they are recognized for tax purposes.
Total expense resulting from income tax payment is recognized in the consolidated statement of income - statutory basis.

Deferred income tax is not recognized because the Bank's management cannot guarantee that items that originated them may be deductible in the future.
In the case of other companies included in consolidation, deferred taxes are recognized, using the balance sheet, for the expected tax consequences of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the period when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

2.16 Financial Instruments

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

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

Short-term financial instruments

The carrying amounts of short-term financial instruments, for both assets and liabilities, are similar to its book value as reflected in the Bank's consolidated balance sheet - statutory basis, because of the relatively short-term period of time between the origination of the instruments and their subsequent realization. This category includes: cash on hand and in banks, certificate of deposits in other banks, bank acceptances, customer's liability acceptances, accrued interest receivable, outstanding acceptances and accrued interest payable.

Investment in securities

The fair values of investments in debt and equity securities are estimated based on the adjusted book value net of impairment, which are are determined according to the guidelines issued by

(Continues)

the Superintendence of Banks, since there is no active security market in the Dominican Republic that can provide market values.

Outstanding securities

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

Loan portfolio

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

Interest on financial assets and liabilities

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

2.17 Derecognition of financial assets

Financial assets are derecognized when the Bank loses control and or all contractual rights of the 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 if events or changes in circumstances indicate that the carrying amounts of these assets will be recovered from operations.

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

(Continues)

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

2.21 Distribution of dividends

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

2.22 Revaluation surplus

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

2.23 Mathematical and technical reserves - life insurance and collective insurance

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

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

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,

(Continues)

(In Thousands of Dominican Pesos)

provided premiums are collected on a monthly basis	5 %
Personal accidents when the premium is collected in monthly terms	40 %
Survivorship and disability	5 %

2.24 Reserves for unearned insurance premiums, commissions on unearned reinsurance premiums and unearned commissions on reinsurance premiums ceded

As provided by Law No. 146-02 of the Superintendence of Insurance, unearned premium reserves, commissions on unearned premiums and unearned commissions 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 for settlement or payment at the date of the financial statements are recognized as specific reserves.

2.26 Amortization of non-proportional contracts - catastrophic premiums

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

2.27 Incurred but not reported claims (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 Bank.
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 returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risk and rewards that are different to other segments in other economic environment.

(Continues)

(In Thousands of Dominican Pesos)

3 Transactions in foreign currency and exchange exposure

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

	2016		2015	
	Amounts in Foreign Currency US$	Total in RD$	Amounts in Foreign Currency US$	Total en RD$
Assets				
Available funds	883,061	40,876,185	625,595	28,445,253
Investments	343,347	15,893,271	347,897	15,818,570
Loans portfolio, net	1,515,223	70,138,467	2,132,301	96,953,822
Debtors by acceptances	12,481	577,747	13,030	592,467
Accounts receivable - insurance premiums	10,516	486,777	15,514	705,392
Accounts receivable - others	1,461	67,619	1,059	48,158
Investment in shares, net	832	38,500	832	37,818
Other assets	1,419	65,673	3,723	169,280
Total assets	2,768,340	128,144,239	3,139,951	142,770,760
Liabilities				
Customers' deposits	1,702,054	78,786,726	1,771,012	80,526,296
Deposits from domestic and foreign financial institutions	93,744	4,339,304	342,352	15,566,441
Borrowed funds	650,420	30,107,428	771,579	35,082,986
Outstanding acceptances	12,481	577,747	13,030	592,467
Creditors for insurance and bank quaranteis	3,244	150,169	3,371	153,276
Other liabilities	15,951	738,340	27,127	1,233,451
Subordinated debts	301,633	13,962,366	306,552	13,938,657
Total liabilities	2,779,527	128,662,080	3,235,023	147,093,574
Net foreign large (short) exchange position	**(11,187)**	**(517,841)**	**(95,072)**	**(4,322,814)**

The exchange rates used to translate US dollars to Dominican Pesos was RD$46.2892 and RD$45.4691, respectively, at September 30, 2016 and December 31, 2015.

(In Thousands of Dominican Pesos)

4 Available funds

Available funds are summarized as follows:

		2016	2015
Cash on hand (a)	RD$	6,344,662	4,894,229
Central Bank of the Dominican Republic (b)		52,608,066	49,110,009
Domestic banks (c)		2,018,158	720,362
Foreign banks (d)		17,918,520	5,421,049
Other funds - in transit (e) (f)		411,511	1,657,729
Interest receivable (g)		277	112
	RD$	**79,301,194**	**61,803,490**

(a) Includes US$20,197 in 2016 and US$20,014 in 2015.

(b) Includes US$465,814 in 2016 and US$453,921 in 2015.

(c) Includes US$6,607 in 2016 and US$188 in 2015.

(d) Includes US$387,099 in 2016 and US$119,225 in 2015.

(e) Includes US$3,343 in 2016 and US$32,247 in 2015.

(f) Represents funds received from others banks pending to be collected at the Banks Clearing House.

(g) Includes US$1 in 2016

At September 30, 2016 and December 31, 2015, mandatory deposits (encage legal) requirements were RD$33,444,049 and US$352,736 and RD$28,879,012 and US$363,535, respectively. For this purpose, the Bank maintains cash in the Central Bank of the Dominican Republic and loans portfolio in productive sectors for amounts of RD$33,740,395 and RD$29,328,719 and US$465,504 and US$453,538, respectively.

5 Interbank funds

The movements of interbank funds received and granted during the years ended September 30, 2016 and December 31, 2015, are as follows:

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

	2016			
	Interbank Assets			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco Múltiple BHD León, S. A.	24	11,795,000	3	5.00 %
Banco BDI, S. A.	16	490,000	3	6.43 %
Banco Múltiple Caribe Internacional, S. A.	11	1,065,000	3	6.46 %
Citibank, N. A.	3	675,000	2	5.05 %
Banco Múltiple Promérica de la República Dominicana, S. A.	9	900,000	4	6.97 %
Banesco, Banco Múltiple, S. A.	3	265,000	2	6.41 %
Banco Múltiple Vimenca, S. A.	1	40,000	3	6.50 %
Banco Dominicano del Progreso, S. A.	1	100,000	2	6.50 %
Asociación La Nacional de Ahorros y Préstamos	4	410,000	3	6.66%
Banco de Ahorros y Créditos Providencial, S. A.	12	300,000	7	7.54 %
		16,040,000		

	2015			
	Interbank Assets			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco Múltiple BHD León, S. A.	17	7,025,000	3	5.70 %
Banco Múltiple Vimenca, S. A.	6	217,000	2	6.42 %
Banco BDI, S. A.	18	942,000	5	5.90 %
Banco Múltiple Caribe Internacional, S. A.	14	1,340,000	4	6.25 %
Citibank, N. A.	5	1,875,000	2	5.58 %
Asociación Popular de Ahorros y Préstamos	7	1,530,000	7	5.02 %

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Banco Múltiple Promérica de la República Dominicana, S. A.	5	370,000	4	6.42 %
Banesco, Banco Múltiple, S. A.	1	30,000	1	7.00 %
		13,329,000		

	2015 Interbank Liabilities			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco Múltiple BHD León, S. A	1	40,000	1	5.65 %
		40,000		

As of September 30, 2016 and December 31, 2015, the Bank negotiated interbank funds with different financial institutions; however, at September 30, 2016 and December 31, 2015, there are no balances in interbank funds.

6 Investments

A summary of investments is presented as follows:

At September 30, 2016

Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
Time deposits, overnight, letters and interest-bearing deposits	Central Bank of the Dominican Republic	4,826,869	9.00 % until 15.50 %	2017 until 2023
Bonds Law 99-01	Dominican Republic State	225,000	1.00 %	2016 until 2021
Bonds of Laws 366-09, 361-11,193-11, 58-13, 131-11, 548-14, 294-11, 151-14, 152-14 175-12, 331-15 and 48-10 (c)	Dominican Republic State (includes US$3,424)	21,197,491	2.50 % until 18.50 %	2016 until 2044
Agreement with the dominican electric sector debt (b)	Edesur Dominicana, S. A. (corresponds to US$126,467)	5,854,050	10.00 %	2020
	Empresa Distribuidora de Electricidad del Este, S. A. (corresponds to US$75,416)	3,490,932	10.00 %	2020

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
	Empresa Distribuidora de Electricidad del Norte, S. A. (corresponds to US$132,073)	6,113,549	10.00 %	2020
Corporate bonds	Empresa Generadora de Electricidad Haina, S. A. (Corresponds to US$1,367)	896,408	5.57 % until 12.00 %	2016 until 2029
Bonds	Consorcio Energético CEPM (Corresponds to US$2,109)	97,649	5.15 %	2025
Bonds	Compañía de Electricidad de Puerto Plata, S. A. (Corresponds to US$445)	20,582	6.00 %	2019
Corporate bonds	Parallax Valores, Puesto de Bolsa, S. A.	50,000	10.90 %	2018
Time deposits	Banco Agrícola de la República Dominicana	1,185,000	6.00 % until 7.00 %	2016
Time deposits	Asociación Popular de Ahorros y Préstamos	110,721	7.75 % until 8.00 %	2016
Time deposits	Asociación Peravia de Ahorros y Préstamos	80,980	8.50 %	2016 and 2017
Time deposits	Asociación Cibao de Ahorros y Préstamos	19,550	6.75 %	2016
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	74,515	6.00 % and 7.00%	2016
Time deposits	Asociación La Nacional de Ahorros y Préstamos	64,243	7.00 % and 10.25%	2016 and 2017
Time deposits	Asociación Maguana de Ahorros y Préstamos	19,536	7.50 %	2016 and 2017
Time deposits	Asociación Romana de Ahorros y Préstamos	36,079	6.00 % and 7.25 %	2016 and 2017
Time deposits	Asociación Duarte de Ahorros y Préstamos	5,553	8.00 %	2016
Time deposits	Asociación Mocana de Ahorros y Préstamos	29,163	7.00 % until 8.00 %	2016 and 2017
Time deposits	Asociación Bonao de Ahorros y Préstamos	24,193	7.50 %	2017
Time deposits	Banco Múltiple Caribe, S. A.	77,356	8.75 % until 9.00 %	2016
Time deposits	Banco Múltiple Promérica de la República Dominicana, S. A.	86,303	8.25 % until 9.80 %	2016
Time deposits	Motor Crédito, S. A. Banco de Ahorro y Crédito	22,292	9.50 % and 10.60 %	2016
Time deposits	Banco Múltiples de las Américas, S. A.	38,474	8.50 % until 9.00 %	2016 and 2017
Time deposits	Banco Múltiple BHD León, S. A.	23,805	8.25 %	2016
Time deposits	Banesco, Banco Múltiple, S. A.	201,792	9.25 % and 9.50 %	2016 and 2017

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
Time deposits	Banco ADOPEM, de Ahorro y Crédito	10,417	9.00 %	2016
Participation fee	AFI Universal	10,382	9.10 %	2016
Certificate of participation	Fideicomiso Inmobiliario VBC	78,002	12.00 %	2020
Restricted securities				
Bonds Laws 152-14, 548-14, 131-11 and 331-15	Dominican Republic State	2,570,765	9 .70 % until 15.98 %	2021 until 2029
Mortgage notes (a)	Banco Múltiple BHD León, S. A.	201	5.20 %	2017
Time deposits (a)	Asociación Popular de Ahorros y Préstamos	3,000	5.00 %	2016
Profitability guarantee	Asociaciones de Ahorros y Préstamos	883,131		
Bonds	United States Treasury, (corresponds to US$705)	32,616	13.16 %	2024
		48,460,599		
	Interest receivable, (includes US$1,532)	542,047		
		49,002,646		
	Allowance for investment (includes US$191)	(242,812)		
		48,759,834		

At December 31, 2015

Type of investment	Issuer	Amount in RD$	Interest Rate	Maturity
Time deposits, overnight, letters and interest-bearing deposits	Central Bank of the Dominican Republic	2,046,609	9.00 % until 22.00 %	2016 until 2022
Bonds Law 99-01	Dominican Republic State	300,000	1.00 %	2016 until 2021
Bonds of Laws 366-09 361-11,193-11, 58-13, 131-11, 297-10, 548-14 y 152-14 (c)	Dominican Republic State (includes US$2,528)	18,497,364	2.50 % until 18.50 %	2016 until 2045
Agreement with the dominican electric sector debt (b)	Edesur Dominicana, S. A. (corresponds to US$122,679)	5,578,089	10.00 %	2020
	Empresa Distribuidora de Electricidad del Este, S. A. (corresponds to US$81,328)	3,697,898	10.00 %	2020
	Empresa Distribuidora de Electricidad del Norte, S. A. (corresponds to US$135,140)	6,144,681	10.00 %	2020

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Corporate bonds	Empresa Generadora de Electricidad Haina, S. A. (Corresponds to US$1,246)	56,656	5.75 % and 7.00 %	2016 and 2025
Bonds	Consorcio Energético CEPM (Corresponds to US$2,791)	126,904	5.15 %	2025
Bonds	Compañía de Electriciad de Puerto Plata, S. A. (Corresponds to US$33)	1,514	6.00 %	2019
Corporate bonds	Parallax Valores, Puesto de Bolsa, S. A.	50,000	10.90 %	2018
Time deposits	Banco Agrícola de la República Dominicana	1,185,000	6.00 % until 7.00 %	2016
Time deposits	Asociación Popular de Ahorros y Préstamos	134,956	7.65 % until 8.00 %	2016
Time deposits	Asociación Peravia de Ahorros y Préstamos	92,011	8.50 % until 8.75 %	2016 until 2017
Time deposits	Asociación Cibao de Ahorros y Préstamos	18,619	6.75 %	2016
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	71,105	6.00 %	2016
Time deposits	Asociación La Nacional de Ahorros y Préstamos	13,555	5.00 %	2016
Time deposits	Asociación Maguana de Ahorros y Préstamos	14,536	7.00 %	2016
Time deposits	Asociación Romana de Ahorros y Préstamos	47,098	6.00 % and 7.00 %	2016
Time deposits	Asociación Duarte de Ahorros y Préstamos	25,579	7.00 % and 8.00 %	2016
Time deposits	Asociación Mocana de Ahorros y Préstamos	61,617	7.00 % until 8.00 %	2016
Time deposits	Asociación Bonao de Ahorros y Préstamos	23,228	6.00 %	2016
Time deposits	Banco Múltiple Caribe, S. A.	24,964	7.25 % until 10.25 %	2016
Time deposits	Banco Múltiple Promérica de la República Dominicana, S. A.	61,564	8.25 % until 9.75 %	2016
Time deposits	Motor Crédito, S. A. Banco de Ahorro y Crédito	11,447	9.75 %	2016
Time deposits	Banco Múltiples de las Américas, S. A.	36,455	8.50 % until 9.25 %	2016
Time deposits	Banco Múltiple BHD León, S. A.	22,362	6.55 %	2016
Time deposits	Banesco, Banco Múltiple, S. A.	126,196	11.60 %	2016
Discounts on invoices	Escogido Baseball Club, S. A.	11,307	14.00 %	2016
Restricted securities				
Bonds Laws 152-14, 548-14, 131-11 and 297-10	Dominican Republic State	1,745,372	10.38% until 15.95%	2021 until 2029

(Continues)

(In Thousands of Dominican Pesos)

Mortgage notes (a)	Banco Múltiple BHD León, S. A.	201	6.10 %	2016
Mortgage notes (a)	Asociación Popular de Ahorros y Préstamos	3,000	5.15 %	2016
Profitability guarantee	Asociaciones de Ahorros y Préstamos	772,644		
Bonds	United States Treasury, (corresponds to US$698)	31,755	13.16 %	2024
		41,034,286		
	Interest receivable, (includes US$1,636)	772,448		
		41,806,734		
	Allowance for investment (includes US$182)	(213,614)		
		41,593,120		

(a) Investments affected by lawsuits against the Bank.

(b) For purposes of calculating the solvency ratio, the Bank received the no objection from the Superintendence of Banks to grant regulatory treatment to these investments, similar to the current facilities awarded to the Central Government, i.e., classify as risk category "A," 0 % provision requirement and 0 % weighted.

(c) Includes securities for the amount of RD$2,893,700 which are considered for legal reserve (encaje legal) purposes, under the First Resolution of the Monetary Board of March 26, 2015.

7 Loans portfolio

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

		2016			2015		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Commercial loans:							
Advances on checking account	RD$	-	23,335	23,335	-	20,294	20,294
Loans (includes US$1,263,130 and US$1,815,608 in 2016 and 2015)		55,034,745	118,777,638	173,812,383	73,924,161	112,618,720	186,542,881
Discounted Notes		-	2,974	2,974	-	2,692	2,692
Discounts on invoices (includes US$250,294 and US$286,182 in 2016 and 2015)		-	11,634,883	11,634,883	-	13,038,611	13,038,611

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Financial leases	53,569	6,508	60,077	65,980	17,912	83,892
Letters of credit, (corresponds to US$1,870 and US$2,606 in 2016 and 2015)	-	86,555	86,555	-	118,517	118,517
Advances on export notes, (corresponds to US$752 and US$951 in 2016 and 2015)	-	34,817	34,817	-	43,257	43,257
Other loans	-	16,672	16,672	-	24,101	24,101
	55,088,314	130,583,382	185,671,696	73,990,141	125,884,104	199,874,245
Consumer credit:						
Credit cards, (includes US$16,944 and US$13,426 in 2016 and 2015)	-	6,417,373	6,417,373	-	5,166,852	5,166,852
Consumer loans includes US$1,606 and US$1,206 in 2016 and 2015)	-	34,437,204	34,437,204	-	34,304,698	34,304,698
	-	40,854,577	40,854,577	-	39,471,550	39,471,550
Mortgage loans:						
Residential purchases, (includes US$1,545 and US$1,533 in 2016 and 2015)	-	32,062,896	32,062,896	-	30,819,872	30,819,872
Constructions, improvements, repairs, expansion and others	-	992,783	992,783	-	1,016,515	1,016,515
	-	33,055,679	33,055,679	-	31,836,387	31,836,387
	55,088,314	204,493,638	259,581,952	73,990,141	197,192,041	271,182,182

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Interests receivable, (includes US$6,851 and US$39,907 in 2016 and 2015	1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan losses and interests receivable (includes US$27,769 and US$29,118 in 2016 and 2015)	-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
RD$	**56,681,388**	**200,952,484**	**257,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

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

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Commercial loans:						
Current (i) (includes US$1,468,355 and US$2,063,407 in 2016 and 2015)	RD$ 55,087,840	120,029,645	175,117,485	73,990,134	115,597,920	189,588,054
Restructured (ii), (includes US$35,593 US$16,818 in 2016 and 2015)	-	3,044,502	3,044,502	-	2,160,427	2,160,427
Past due:						
31 to 90 days (iii), (includes US$15 and US$101 in 2016 and 2015)	-	59,172	59,172	-	47,659	47,659
More than 90 days (iv), (includes US$2,578 and US$1,162 in 2016 and 2015)	474	941,651	942,125	7	649,202	649,209
Legal collection (v), (includes US$7,254 and US$22,019 in 2016 and 2015)	-	854,525	854,525	-	1,472,262	1,472,262
	55,088,314	124,929,495	180,017,809	73,990,141	119,927,470	193,917,611

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Microenterprise loans:						
Current (i) (includes US$2,236 and US$1,826 in 2016 and 2015)	-	5,372,112	5,372,112	-	5,756,125	5,756,125
Restructured (ii),	-	1,297	1,297	-	6,509	6,509
Past due:						
31 to 90 days (iii),	-	14,977	14,977	-	13,821	13,821
More than 90 days (iv)	-	213,097	213,097	-	167,317	167,317
Legal collection (v), (includes US$15 in 2016 and 2015)	-	37,536	37,536	-	12,862	12,862
	-	5,639,019	5,639,019	-	5,956,634	5,956,634
Microcredit:						
Current (i)	-	14,869	14,869	-	-	- .
Consumer loans:						
Current (i) (includes US$17,712 and US$14,144 in 2016 and 2015)	-	39,524,116	39,524,116	-	38,714,915	38,714,915
Restructured (ii)	-	7,930	7,930	-	13,266	13,266
Past due:						
31 to 90 days (iii), (includes US$1 in 2016 and 2015)	-	225,617	225,617	-	142,196	142,196
More than 90 days (iv), (includes US$733 and US$486 in 2016 and 2015)	-	1,031,214	1,031,214	-	570,949	570,949
Legal collection (v), (includes US$104 and US$1 in 2016 and 2015)	-	65,700	65,700	-	30,224	30,224
	-	40,854,577	40,854,577	-	39,471,550	39,471,550
Mortage loans:						
Current (i) (includes US$1,079 and US$1,461 in 2016 and 2015)	-	32,378,080	32,378,080	-	31,296,616	31,296,616
Restructured (ii)	-	40,311	40,311	-	34,626	34,626

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Past due:						
31 to 90 days (iii), (includes US$3 in 2015)	-	4,620	4,620	-	4,154	4,154
More than 90 days (iv), (includes US$466 and US$68 in 2016 and 2015)	-	426,903	426,903	-	355,174	355,174
Legal collection (v)	-	205,764	205,764	-	145,817	145,817
	-	33,055,678	33,055,678	-	31,836,387	31,836,387
Interests receivable:						
Current (i), (includes US$4,255 and US$37,049 in 2016 and 2015)	1,593,016	2,439,586	4,032,602	1,927,135	1,647,204	3,574,339
Restructured (ii) includes US$114 and US$146 in 2016 and 2015)	-	11,257	11,257	-	32,351	32,351
Past due:						
31 to 90 days (iii), (includes US$18 and US$39 in 2016 and 2015)	-	131,129	131,129	-	97,796	97,796
More than 90 days (iv), (includes US$2,330 and US$2,242 in 2016 and 2015)	58	284,608	284,666	-	224,265	224,265
Legal collection (v), (includes US$134 and US$431 in 2016 and 2015)	-	43,427	43,427	-	43,994	43,994
	1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan and interests receivable, (includes US$27,769 and US$29,118 in 2016 and 2015)	-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
RD$	**56,681,388**	**200,952,484**	**257,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

(i) Represents loans that are up to date in fulfilling the payment plan agreed or that do not show arrears over 30 days from the date on which they have become due and payable, except consumer loans relating to credit card, which will remain in force until 60 days after the date on which payments have become due and payable.

(ii) Represent principal and interest receivable on loans, that being current or past due, their conditions and payment terms have changed, resulting in a change of the interest rate and maturity of the original loan contract, as well as loans resulting from capitalization of interest, default commissions and other charges of a previous loan.

(iii) Correspond to principal installments and interest past due 31 to 90 days from the day in which the principal should have been paid.

(iv) Corresponds to the total principal and interest receivable that are past due in their principal payments for more than 90 days. Loans payable in installments are classified as overdue portfolio. Furthermore, includes overdrafts on demand with more than three days in arrears.

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

c) By type of collateral:

		2016			2015		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Multi use collateral (i)	RD$	53,569	77,992,155	78,045,724	65,980	70,151,332	70,217,312
Specific use collaterals (ii)		-	6,330,730	6,330,730	-	4,981,140	4,981,140
Without collateral (iii)		55,034,745	120,170,753	175,205,498	73,924,161	122,059,569	195,983,730
		55,088,314	204,493,638	259,581,952	73,990,141	197,192,041	271,182,182
Interest receivable		1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan losses and interest receivable		-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
	RD$	**56,681,388**	**200,952,484**	**257,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

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

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Type of Collateral	Percentage of Admittance
Debt securities issued or guaranteed by the Dominican State (Central Bank, Ministry of Finance)	100 %
Debt securities issued by financial intermediaries	95 %
Time deposits in domestic or foreign currency owned by the financial intermediary	100 %
Time deposits in domestic or foreign currency of other financial intermediaries	95 %
Sureties or guarantees, irrevocable letters of credit and letters of credit stand by	95 %
Plots or land	80 %
Plots or exclusive land for agricultural purposes	80 %
Residential buildings, property and apartments	80 %
Buildings and commercial space	80 %
Motor vehicles with less than five years of antiquity	50 %
Industries of multiple use	70 %
Warrants of inventory	90 %
Securities guaranteed by Trusts of public offering trusts of securities of the Central Bank and Ministry of Finance (a)	-
Security Trust certificates over guarantee trusts (a)	-
Trust accounts for payment sources	50 %
Other multi - use collateral	70 %

(a) The percentage of admissibility of fiduciary guarantees, as well as its classification on multi - use or specific use collateral are set according to the trust property.

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

Heavy vehicles	50 %
Hotels in operation	70 %
Hotel projects under construction	50 %
Industrial building	50 %
Free trade zone	60 %
Single-use industries	30 %
Other collaterals with no multi-use	30 %

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

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

d) By source of funds:

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Own funds	RD55,088,314	204,455,745	259,544,059	73,990,141	197,117,224	271,107,365
Other local institutions	-	37,893	37,893	-	74,817	74,817
	55,088,314	204,493,638	259,581,952	73,990,141	197,192,041	271,182,182
Interest receivable	1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan losses and interest receivable	-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
RD$	**56,681,388**	**200,952,484**	**247,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

e) By term:

	2016			2015		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Short-term (up to one year) RD$	42,646,234	90,843,738	133,489,972	41,232,691	89,759,270	130,991,961
Medium term (more than one year and up to three (3) years)	9,454,490	82,695,543	92,150,033	19,982,949	77,385,297	97,368,246
Long-term (more than three (3) years)	2,987,590	30,954,357	33,941,947	12,774,501	30,047,474	42,821,975
	55,088,314	204,493,638	259,581,952	73,990,141	197,192,041	271,182,182
Interest receivable	1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan losses and interest receivable	-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
RD$	**56,681,388**	**200,952,484**	**257,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

f) By economic sector:

		2016			2015		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Government	RD$	54,986,733	-	54,986,733	73,988,582	-	73,988,582
Financial sector		101,581	3,790,775	3,892,356	1,559	4,744,371	4,745,930
Non-financial sector							
Agriculture, livestock and forestry		-	3,364,785	3,364,785	-	3,322,682	3,322,682
Fishing		-	15,232	15,232	-	7,751	7,751
Mining and quarries		-	437,187	437,187	-	365,428	365,428
Manufacturing industry		-	10,982,550	10,982,550	-	14,152,564	14,152,564
Electricity gas and, water		-	5,310,466	5,310,466	-	4,605,381	4,605,381
Construction		-	38,946,484	38,946,484	-	37,384,100	37,384,100
Wholesale and retail business		-	40,298,365	40,298,365	-	39,261,810	39,261,810
Hotels and restaurants		-	11,626,066	11,626,066	-	6,700,685	6,700,685
Transport, warehousing and communication		-	1,590,020	1,590,020	-	1,573,199	1,573,199
Real estate, and leasing activities		-	6,531,902	6,531,902	-	5,821,264	5,821,264
Education		-	303,112	303,112	-	338,229	338,229
Health and social services		-	185,524	185,524	-	207,474	207,474
Other social and personal services activities		-	74,596,502	74,596,502	-	72,787,440	72,787,440
Private households with local services		-	6,514,668	6,514,668	-	5,919,663	5,919,663
		55,088,314	204,493,638	259,581,952	73,990,141	197,192,041	271,182,182
Interest receivable		1,593,074	2,910,007	4,503,081	1,927,135	2,045,610	3,972,745
Allowance for loan losses and interest receivable		-	(6,451,161)	(6,451,161)	-	(5,768,204)	(5,768,204)
	RD$	**56,681,388**	**200,952,484**	**257,633,872**	**75,917,276**	**193,469,447**	**269,386,723**

(Continues)

(In Thousands of Dominican Pesos)

As of September 30, 2016 and December 31, 2015, loans to the private sector include RD$32,841 and RD$29,049 million, which correspond to credit line operations with contractors and suppliers who are carrying out works to the Dominican Republic State with the guarantee of the government. These loans received the non-objection of the Superintendence of Banks to be classified in a risk category "A" with a provision of 1 % and accounted as loans from the private sector.

From December 2012, the Bank granted loans to public sector entities that were authorized by the Superintendence of Banks to be classified with 0 % of provision requirement if the borrower is in the "A" risk category, according to communication No. 0981 dated December 14, 2012 from the Superintendence of Banks.

On March 27, 2014, the Bank signed a transactional agreement with a domestic financial institution, in which the following was agreed:

- The domestic financial institution sold the Bank a loan portfolio classified by the Superintendence of Banks in the risk categories A, B and C, with a face value of RD$1,420,009. This portfolio was acquired with a discount of RD$355,002, that on December 31, 2014, was recorded as other liabilities and recognized in net income during the term thereof. Through circular ADM/2068/15, the Superintendence of Banks granted a non-objection so that the Bank would recognize as income during 2015, the outstanding amount pending to amortize for the total of RD$318, 636.
- According to communication 0379-14 dated June 17, 2014, the Superintendence of Banks awarded its non-objection to the Bank to classify into an A risk category with 0% of provision requirement, the loans received from the domestic financial institution for a period of two years, counted from the effective date of the portfolio transfer was June 11, 2014. Then through circulate ADM/1702/15 dated December 23, 2015; the period was extended until the month of June 2016.
- The domestic financial institution transferred to the Bank its loan portfolio, classified by the Superintendence of Banks in risk categories of D and E, with a face value of approximately RD$800,000. This portfolio is managed by the Bank, and commission is charged when the amounts are recovered.

8 Debtors by acceptances

A summary of customer acceptances as of September 30, 2016 and December 31, 2015 is as follows:

	2016	.	2015	
Correspondent Bank	Amount in RD$	Maturity Date	Amount in RD$	Maturity Date
Wells Fargo Bank, corresponds to US$955 in 2016 and US$1,568 in 2015	44,197	-	71,281	2016

(Continues)

(In Thousands of Dominican Pesos)

	2016		2015	
Correspondent Bank	Amount in RD$	Maturity Date	Amount in RD$	Maturity Date
Bank of America, corresponds to US$75 in 2016 and US$60 in 2015	3,472	2016	2,728	2016
Societe Generale, corresponds to US$8,502 in 2016 and US$11,040 in 2015	393,580	2017	501,957	2016
Deutsche Bank, corresponds to US$193 in 2015	-	-	8,795	2016
Bancoldex, corresponds to US$37 in 2016 and US$169 in 2015	1,697	2016	7,706	2016
Commerzbank, corresponds to US$2,438 in 2016	112,863	2017	-	-
BNP Paribas, corresponds to US$474 in 2016	21,938	2016	-	-
	577,747		592,467	

9 Accounts receivable

A of September 30, 2016 and December 31, 2015 accounts receivable include:

		2016	2015
Commissions receivable (includes US$64 in 2016 and US$ 49 in 2015)	RD$	60,918	37,606
Future contracts - foreign exchange (corresponds to US$1 in 2016)		54	-
Other receivables:			
Advances to suppliers		11,062	44,697
Accounts receivable from employees		523,105	479,885
Recoverable expenses		2,684	198
Security deposits		48,629	44,200
Judicial and administrative deposites		2,014	2,014
Credit card claims		39,713	26,668
Accounts receivable from real estate and leasing operations (includes US$61 in 2016 and US$70 in 2015)		15,520	12,746
Management funds		92,106	56,683
Discounted documents receivable		129,831	139,517

(Continues)

(In Thousands of Dominican Pesos)

Returned checks, (includes US$163 in 2016 and US$10 in 2015)		7,528	546
Accounts receivable - other, (includes US$1,172 in 2016 and US$930 in 2015) (a)		977,022	816,278
		1,849,268	1,623,432
	RD$	**1,910,186**	**1,661,038**

(a) At December 31, 2015 includes RD$118 million paid to several governmental entities on behalf of the Central Government, amount which will be recovered with the payment of 15 % of the Bank´s net profits, which under the Law No. 99-01 of April 5, 2001, amended the Organic Law of the Bank; will be used to cover debts of the Dominican Republic State and its agencies with the Bank.

10 Insurance premiums deposits

A summary of premiums receivable as of September 30, 2016 and December 31, 2015 is a follows:

		2016	2015
General insurances (includes US$10,516 in 2016 and US$15,514 in 2015)	RD$	1,970,246	1,468,663
Life insurance		115,755	51,664
	RD$	**2,086,001**	**1,520,327**

11 Assets received in loans settlements

A summary of assets received in loans settlements as of September 30, 2016 and December 31, 2015, is as follows:

		2016	2015
Furniture and equipment	RD$	489,292	487,654
Real estate		8,005,845	7,835,522
		8,495,137	8,323,176
Allowance for losses on assets received in loans settlements		(5,748,817)	(5,257,239)
	RD$	**2,746,320**	**3,065,937**

(Continues)

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Following is a description of assets received in loans settlements (by aging) as of September 30, 2016 and December 31, 2015:

		2016	
		Amount	Allowance
Up to 40 months:			
Furniture and equipment	RD$	488,605	(407,786)
Real estate		4,227,863	(1,562,362)
More than 40 months:			
Furniture and equipment		687	(687)
Real estate		3,777,982	(3,777,982)
Total	**RD$**	**8,495,137**	**(5,748,817)**

		2015	
		Amount	Allowance
Furniture and equipment	RD$	486,967	(163,689)
Real estate		4,136,723	(1,394,064)
More than 40 months:			
Furniture and equipment		687	(687)
Real estate		3,698,799	(3,698,799)
Total	**RD$**	**8,323,176**	**(5,257,239)**

12 Investments in shares

A summary of investments in shares is as follows:

September 30, 2016

Amount of Investment in RD$	Percentage of Shares	Type of Shares	Face Value RD$	Market Value RD$	Number of Outstanding Shares
Investments in associates:					
622,301	24.53%	Common	100	(a)	8,548,879
193,593	27.08%	Common	1,000	(a)	498,240
40,121	0.15%				
856,015					

(Continues)

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	Amount of Investment in RD$	Percentage of Shares	Type of Shares	Face Value RD$	Market Value RD$	Number of Outstanding Shares
Investments in other companies:						
	39,739	0 %	Common	259	1304	128,776
	15,605	10%	Common	100	(a)	69,221
	57,347 (b)					
	112,691					
	968,706					
	(22,319) (c)					
Total	**946,387**					

December 31, 2015

	Amount of Investment in RD$	Percentage of Shares	Type of Shares	Face Value RD$	Market Value RD$	Number of Outstanding Shares
Investments in associates:						
	617,385	24.53%	Common	100	(a)	4,866,613
	246,168	27.08%	Common	1,000	(a)	468,056
	863,553					
Investments in other companies:						
	39,035	0%	Common	258	1,179	128,776
	15,605	10%	Common	100	(a)	69,221
	19,847 (b)					
	74,487					
	938,040					
	(25,935) (c)					
Total	**912,105**					

(a) In the Dominican Republic there is no active market where the Bank can obtain the market value of these local investments; however, for investments in shares of companies that are listed in active markets and which book value at September 30, 2016 and December 31, 2015 amounted to RD$40 and RD$39 million, the market value was RD$168 and RD$152 million, respectively.

(b) Correspond to minor investments in several entities.

(c) Represents an allowance for investments in shares.

(Continues)

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As of September 30, 2016 and December 31, 2015, investments in shares include US$832 net of allowance for US$27 for both years.

A movement of the investment, dividends received and equity shares in net income of the associates at September 30, 2016 and December 31, 2015, is as follows:

		2016	2015
Investment balances at January 1st	RD$	863,553	746,940
Acquisition of shares		49,928	-
Equity share recognized		7,921	138,470
Dividends received in cash and shares		(65,387)	(21,857)
Investment balances at September 30	**RD$**	**856,015**	**863,553**

13 Properties, furniture and equipment

As of September 30, 2016 and December 31, 2015, a summary of property, furniture and equipment are as follows:

September 30, 2016

		Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Constructions and Acquisitions in Process	Total
Balance at January 1, 2016	RD$	1,386,565	4,695,310	3,881,819	176,768	3,151,558	13,292,020
Acquisitions		-	12,565	43,038	-	2,449,049	2,504,652
Retirements		-	-	(407,512)	-	-	(407,512)
Transfers		105,811	181,733	1,142,844	31,625	(1,462,013)	-
Balance at September 30, 2016		1,492,376	4,889,608	4,660,189	208,393	4,138,594	15,389,160
Accumulated Depreciation at January 1, 2016		-	(1,299,123)	(1,457,426)	(37,276)	-	(2,793,825)
Depreciation expenses		-	(97,630)	(563,100)	(20,909)	-	(681,639)
Retirements		-	-	389,854	-	-	389,854
Balance at September 30, 2016		-	(1,396,753)	(1,630,672)	(58,185)	-	(3,085,610)
Property, furniture and equipment at September 30, 2016	**RD$**	**1,492,376**	**3,492,855**	**3,029,517**	**150,208**	**4,138,594**	**12,303,550**

(Continues)

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December 31, 2015

		Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Constructions and Acquisitions in Process	Total
Balance at January 1, 2015	RD$	1,262,793	4,530,965	2,860,027	36,910	1,043,991	9,734,686
Acquisitions		70,340	40,679	27,513	-	3,537,322	3,675,854
Retirements		-	-	(114,408)	(4,112)	-	(118,520)
Transfers		53,432	123,666	1,108,687	143,970	(1,429,755)	-
Balance at December 31, 2015		1,386,565	4,695,310	3,881,819	176,768	3,151,558	13,292,020
Accumulated Depreciation at January 1, 2015		-	(1,175,967)	(926,498)	(11,107)	-	(2,113,572)
Depreciation expenses		-	(123,156)	(605,082)	(30,287)	-	(758,525)
Retirements		-	-	74,154	4,118	-	78,272
Balance at December 31, 2015		-	(1,299,123)	(1,457,426)	(37,276)	-	(2,793,825)
Property, furniture and equipment at December 31, 2015	**RD$**	**1,386,565**	**3,396,187**	**2,424,393**	**139,492**	**3,151,558**	**10,498,195**

(a) Corresponds mainly to acquisition of hardware, renovations and constructions of branches.

Land and buildings held by the Bank as of December 31, 2004, are recognized at fair value as determined by independent external appraisers at that date. The difference between the historical cost of land and buildings and their fair values at the valuation date amounted to RD$915,737, and is presented as revaluation surplus, net of cumulative depreciation in the accompanying consolidated financial statements - statutory basis.

14 Other assets

Following is a summary of other assets is as September 30, 2016 and December 31, 2015:

		2016	2015
Deferred charges:			
Commissions to insurance agents on unearned premiums	RD$	233,187	212,814
Prepaid insurances		119,640	178,830

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Non-deferred proportional reinsurance Premium ceded (a)	178,910	311,176
Prepaid income tax	1,639,983	1,456,867
Other prepaid payments, (includes US$4 in 2016)	1,337,596	344,925
Prepaid interest and commissions	33,030	11,559
Other deferred charges	231,411	124,572
	3,773,757	2,640,743
Intangibles assets:		
Software	202,606	111,857
Others	2,200	2,200
Accumulated amortization	(124,850)	(84,090)
	79,956	29,967
Other assets:		
Assets acquired for financial lease	727,060	727,060
Stationery and office supplies	113,300	165,723
Plastic credit card inventory	20,572	30,503
Libraries and artwork	24,300	24,300
Other miscellaneous assets (b)	2,124,836	2,077,197
Items pending for allocation (c), (includes US$1,415 and US$3,723 in 2016 and 2015)	768,073	252,861
Others	36,436	97,653
	3,814,577	3,375,297
RD$	**7,668,290**	**6,046,007**

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

(b) Corresponds to cash advances to acquire software and other related disbursements.

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

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15 Summary of allowances for risky assets

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

September 30, 2016

		Loans Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balances at January 1st 2016	RD$	5,432,913	238,516	336,324	5,257,239	194,790	11,459,782
Constitution of reserves		1,312,991	7,186	659,354	453,995	46,000	2,479,526
Write-offs against reserves		(544,445)	-	(152,949)	(22,896)	-	(720,290)
Transfers between reserves		(182,702)	18,674	154,447	60,479	(50,898)	-
Release of reserves		-	-	(585,665)	-	-	(585,665)
Effect of change in exchange rates and others		21,313	171	164	-	1,895	23,543
Balance at September 30, 2016		6,040,070	264,547	411,675	5,748,817	191,787	12,656,896
Minimum allowances required at September 30, 2016 (c)		5,950,193	266,067	400,011	5,804,230	182,767	12,603,268
Excess (deficit) in the minimum allowances required September 30, 2016 (d)	**RD$**	**89,877**	**(1,520)**	**11,664**	**(55,413)**	**9,020**	**53,628**

December 31, 2015

		Loans Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balances at January 1st 2015	RD$	4,998,331	234,782	458,714	4,803,987	134,109	10,629,923
Constitution of reserves		1,458,803	21,700	743,567	547,099	103,489	2,874,658
Write-offs against reserves		(1,194,762)	-	(224,959)	-	-	(1,419,721)
Transfers between reserves		134,271	(17,317)	19,183	(93,847)	(42,290)	-
Release of reserves		-	-	(666,437)	-	-	(666,437)
Effect of change in exchange rates and others		36,270	(649)	6,256	-	(518)	41,359

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		Loans Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balance at December 31, 2015		5,432,913	238,516	336,324	5,257,239	194,790	11,459,782
Minimum allowances required at December 31, 2015 (c)		5,332,400	238,516	328,585	5,257,239	144,758	11,301,498
Excess (deficit) in the minimum allowances required December 31, 2015 (d)	**RD$**	**100,513**	**-**	**7,739**	**-**	**50,032**	**158,284**

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

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

(c) Represents the amounts of allowance determined by a self-assessment as of September 30, 2016 and December 31, 2015 plus other adjustments made.

(d) In the case that the required provisions are lower than the provisions recorded, the Superintendence of Banks of the Dominican Republic does not allow the release of provisions without prior authorization from the regulatory authorities, except allowances for interest receivable over 90 days.

According to the provisions of the First Resolution of the Monetary Board dated December 23, 2015, the Bank must classify with risk "A" and 0% of provision and weighting of 0% for purposes of calculating the solvency ratio of the loans given to specific companies for the amount of US$295,800.

At December 31, 2015, loans to some power generator companies were classified as risk "A," and with a requirement for provision of 0%, as set forth in communication ADM/1028/15 issued by the Superintendence of Banks of the Dominican Republic in September 10, 2015. Also, the loans awarded for the development of the Dominican road sector, were classified as risk "A" with a 0 % requirement provision, as stated in Circular ADM/0093/14 dated February 26, 2014.

The Superintendence of Banks of the Dominican Republic granted to the Bank its non-objection to develop a financing program for contractors of priority works, both Central Government and non-financial decentralized and autonomous companies and public companies, accordingly so that such loans be classified with a risk category "A" and; therefore, constitute 1% of the provision. At December 31, 2015, the amount of loans under this program amounts to RD$29,049,000.

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16 Customers' deposits

Customers' deposits are summarized as follows:

a) By type

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Demand	50,311,883	0.53 %	-	-	50,311,883
Savings	60,285,903	1.40 %	37,249,731	0.92 %	97,535,634
Time	2,783	6.03 %	41,446,095	2.36 %	41,448,878
Interests	188,200	-	90,900	-	279,100
	110,788,769	**1.00 %**	**78,786,726**	**1.68 %**	**189,575,495**

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	43,336,602	0.56 %	-	-	43,336,602
Savings	56,713,432	1.32 %	34,461,325	0.93 %	91,174,757
Time	2,808	5.81 %	46,064,971	2.43 %	46,067,779
	100,052,842	**0.99 %**	**80,526,296**	**1.79 %**	**180,579,138**

b) By sector

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Non-financial Public sector	23,797,743	0.54 %	5,858,835	1.06 %	29,656,578
Non-financial Private sector	86,799,804	1.13 %	72,830,427	1.73%	159,630,231
Non-resident	3,022	0.53 %	6,564	1.71 %	9,586
Interests	188,200	-	90,900	-	279,100
	110,788,769	**1.00%**	**78,786,726**	**1.68%**	**189,575,495**

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December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Non-financial public sector	19,983,085	0.57 %	4,462,608	0.96 %	24,445,693
Non-financial private sector	80,042,879	1.10 %	76,035,590	1.83 %	156,078,469
Non-resident	26,878	0.58 %	28,098	2.14 %	54,976
	100,052,842	**0.99 %**	**80,526,296**	**1.79 %**	**180,579,138**

c) By maturity

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	110,597,934	1.00 %	40,190,581	1.04 %	150,788,515
16 to 30 days	392	5.83 %	4,498,337	2.91 %	4,498,729
31 to 60 days	321	5.59 %	6,417,510	2.17 %	6,417,831
61 to 90 days	332	5.75 %	5,204,133	2.76 %	5,204,465
91 to 180 days	576	6.70 %	11,152,661	2.37 %	11,153,237
181 to 360 days	-	-	7,583,035	1.90 %	7,583,035
More than 1 year	1,014	6.01 %	3,649,569	2.30 %	3,650,583
Interests	188,200	-	90,900	-	279,100
	110,788,769	**1.00 %**	**78,786,726**	**1.68 %**	**189,575,495**

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	100,050,161	0.99 %	36,603,523	1.05 %	136,653,684
16 to 30 days	63	6.52 %	4,643,904	2.05 %	4,643,967
31 to 60 days	943	6.03 %	6,303,910	1.91 %	6,304,853
61 to 90 days	283	4.33 %	4,119,127	2.57 %	4,119,410
91 to 180 days	378	5.83 %	15,951,140	2.88 %	15,951,518

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181 to 360 days	-	0.00 %	8,714,024	2.01 %	8,714,024
More than 1 year	1,014	6.01 %	4,190,668	2.46 %	4,191,682
	100,052,842	**0.99 %**	**80,526,296**	**1.79 %**	**180,579,138**

At September 30, 2016 and December 31, 2015, customer deposits include restricted amounts for the following concepts:

September 30, 2016

	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customers' deposits:					
Checking	66,509	569,073	19,383	-	654,965
Savings	793,496	495,671	501,538	159,589	1,950,293
Time	-	1,709	54,014	2,113,754	2,169,477
	860,005	**1,066,453**	**574,935**	**2,273,343**	**4,774,735**

December 31, 2015

	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customers' deposits:					
Checking	78,016	487,929	25,767	-	591,712
Savings	660,499	544,159	446,496	154,807	1,805,961
Time	-	1,629	153,977	2,892,616	3,048,222
	738,515	**1,033,717**	**626,240**	**3,047,423**	**5,445,895**

At September 30, 2016 and December 31, 2015, customer deposits include amounts from inactive accounts as detailed below:

September 30, 2016

		From 3 to 10 Years	More than 10 Years	Total
Customers' deposits:				
Checking	RD$	65,178	1,331	66,509
Savings		779,744	13,752	793,496

(Continues)

(In Thousands of Dominican Pesos)

	RD$	**844,922**	**15,083**	**860,005**

December 31, 2015

		From 3 to 10 Years	More than 10 Years	Total
Customers' deposits:				
Checking	RD$	75,484	2,532	78,016
Savings		632,630	27,869	660,499
	RD$	**708,114**	**30,401**	**738,515**

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, 2016

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Demand	3,766,437	0.53 %	-	-	3,766,437
Savings	587,179	1.40%	1,400,182	0.92 %	1,987,361
Time	103	3.68 %	2,936,457	2.53 %	2,936,560
Interests	916	-	2,665	-	3,581
	4,354,635	**0.65 %**	**4,339,304**	**2.01 %**	**8,693,939**

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	4,473,792	0.56 %	-	-	4,473,792
Savings	528,326	1.32 %	10,621,850	0.93 %	11,150,176

(Continues)

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Time	82	3.50 %	4,944,591	1.43 %	4,944,673
	5,002,200	0.64 %	15,566,441	1.09 %	20,568,641

b) By maturity date

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	4,353,616	0.65 %	1,849,820	1.35 %	6,203,436
16 to 30 days	-	-	1,907,468	2.51 %	1,907,468
31 to 60 days	50	3.10 %	91,030	2.53 %	91,080
61 to 90 days	30	3.25 %	46,605	2.62 %	46,635
91 to 180 days	21	5.45 %	250,127	2.31 %	250,148
181 to 1 year	-	-	85,454	2.15 %	85,454
More than 1 year	2	5.63 %	106,135	2.96 %	106,137
Interests	916	-	2,665	-	3,581
	4,354,635	0.65 %	4,339,304	2.01 %	8,693,939

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	5,002,118	0.64 %	10,640,215	0.93 %	15,642,333
16 to 30 days	-	0.00 %	3,070,716	1.11 %	3,070,716
31 to 60 days	50	0.00 %	46,930	1.83 %	46,980
61 to 90 days	-	3.55 %	19,191	1.71 %	19,191
91 to 180 days	30	3.25 %	1,422,988	1.81 %	1,423,018
181 to 1 year	-	0.00 %	255,231	2.53 %	255,231
More than 1 year	2	5.63 %	111,170	2.91 %	111,172
	5,002,200	0.64 %	15,566,441	1.09 %	20,568,641

At September 30, 2016 and December 31, 2015, the Bank held funds in escrow due to third parties' foreclosures, inactive accounts, inoperative accounts and accounts from deceased customers in domestic financial institutions for RD$154,529 and RD$119,008, respectively.

The estatus of the inactive and/or dormant accounts of the deposits in domestic financial institutions, is as follows:

(Continues)

(In Thousands of Dominican Pesos)

		2016	2015
Three to ten year term	**RD$**	**297**	**283**

18 Borrowed funds

A summary of borrowed funds is as follow:

September 30, 2016

Borrower	Type	Collateral	Rate	Maturity	Balance
a) Domestic financial institutions:					
Banco Popular Dominicano (includes US$2,506)	Line of credit	Secured	4.00 % until 10.00 %	2019	1,446,781
The Bank of Nova Scotia	Line of credit	Secured	10.04 %	2016	300,000
Banco Múltiple BHD León, S. A.	Line of credit	Secured	10.00%	2017	500,000
Asociación Popular de Ahorros y Préstamos	Line of credit	Secured	10.50 %	2016	250,000
					2,496,781
b) Foreign financial institutions:					
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to US$131,000)	Line of credit	Unsecured	1.60 % until 1.99 %	2016	6,063,885
Citibank, (corresponds to US$129,000)	Line of credit	Unsecured	1.60 % until 1.80 %	2016	5,971,307
Eximbank, Republic of China - Taiwán, (corresponds to US$415)	Loan	Unsecured	0.50 % until 1.50 %	2016 until 2017	19,206
Wells Fargo Bank, (corresponds to US$80,000)	Loan	Unsecured	1.60 % until 2.20 %	2016	3,703,136
Mercantil Commerce Bank, (corresponds to US$35,000)	Loan	Unsecured	1.90 % until 2.60 %	2016	1,620,122
Bac Florida Bank (corresponds to US$5,000)	Loan	Unsecured	1.80 %	2016	231,446
U. S. Century (corresponds to US$10,000)	Loan	Unsecured	1.90 %	2016	462,892

(Continues)

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

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Deutsche Bank (corresponds to US$104,000)	Loan	Unsecured	1.90 %	2016	4,814,077
Banco Interamericano de Desarrollo (BID), (corresponds to US$130,000)	Loan	Unsecured	3.08 %	2016 until 2018	6,017,596
Sumitomo Mitsui Banking C. (corresponds to US$19,000)	Loan	Unsecured	2.09 %	2016	879,495
					29,783,162
c) Interest payable, (includes US$4,499)					212,183
				RD$	32,492,126

December 31, 2015

Borrower	Type	Collateral	Rate	Maturity	Balance
a) Domestic financial institutions:					
Banco Popular Dominicano	Line of credit	Secured	9.50 % and 10.00 %	2019	1,250,000
The Bank of Nova Scotia	Line of credit	Secured	9.50 %	2016	300,000
Asociación Popular de Ahorros y Préstamos	Line of credit	Secured	10.50 %	2016	250,000
					1,800,000
b) Foreign financial institutions:					
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to US$200,000)	Line of credit	Unsecured	1.60% until 1.99 %	2016	9,093,820
Citibank, (corresponds to US$138,000)	Line of credit	Unsecured	1.60 % until 1.80 %	2016	6,274,735
The Export Import Bank of Korea, (corresponds to US$431)	Loan	Unsecured	2.40 %	2016	19,608
Eximbank, Republic of China - Taiwán, (corresponds to US$377)	Loan	Unsecured	0.50 % until 1.50 %	2016 until 2017	17,116
Agencia Francesa de Desarrollo, (corresponds to US$6,667)	Loan	Unsecured	4.40 %	2016	303,127
Wells Fargo Bank, (corresponds to US$161,448)	Loan	Unsecured	1.60 % until 2.20 %	2016	7,340,914
Mercantil Commerce Bank,			1.90 % until		

(Continues)

(In Thousands of Dominican Pesos)

(corresponds to US$50,000)	Loan	Unsecured	2.60 %	2016	2,273,455
Bank of America (corresponds to US$54,000)	Loan	Unsecured	1.90 %	2016	2,455,332
U. S. Century (corresponds to US$7,500)	Loan	Unsecured	1.80 %	2016	341,018
Deutsche Bank (corresponds to US$150,000)	Loan	Unsecured	1.90 %	2016	6,820,365
					34,939,490
c) Interest payable, (includes US$3,156)					150,323
					RD$ 36,889,813

19 Outstanding securities

A summary of outstanding securities, is as follow:

a) By type

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate
Time certificates	**117,687,021**	**7.59 %**

December 31, 2015

Time certificates	**96,293,554**	**7.76 %**

b) By sector

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate
Non-financial public sector	23,569,495	7.40 %

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Non-financial private sector	72,178,310	7.14 %
Financial sector	21,939,206	9.21 %
No-resident	10	5.00 %
	117,687,021	**7.59 %**

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate
Non-financial public sector	12,035,542	8.10 %
Non-financial private sector	58,100,931	6.67 %
Financial sector	26,157,037	9.79 %
No-resident	44	1.50 %
	96,293,554	**7.76 %**

c) By maturity date

September 30, 2016

	Local Currency RD$	Annual Weighted Average Rate
0 to 15 days	8,694,574	7.93 %
16 to 30 days	12,275,825	7.58 %
31 to 60 days	17,438,602	7.74 %
61 to 90 days	12,846,114	7.18 %
91 to 180 days	40,217,194	8.02 %
181 to 1 year	17,058,891	6.75 %
More than 1 year	9,155,821	7.30 %
	117,687,021	**7.59 %**

December 31, 2015

	Local Currency RD$	Annual Weighted Average Rate
0 to 15 days	5,274,779	7.08 %

(Continues)

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

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16 to 30 days	11,525,621	7.99 %
31 to 60 days	16,931,886	7.87 %
61 to 90 days	14,292,958	8.08 %
91 to 180 days	24,125,557	8.49 %
181 to 1 year	14,182,746	6.47 %
More than 1 year	9,960,007	7.22 %
	96,293,554	**7.76 %**

At September 30, 2016 and December 31, 2015, outstanding securities include restricted amounts, as follows:

September 30, 2016

		Deceased Clients	Security Deposits	Total
Oustanding securities:				
- Time certificates	**RD$**	**280,214**	**6,549,552**	**6,829,766**

December 31, 2015

		Deceased Clients	Security Deposits	Total
Oustanding securities:				
- Time certificates	**RD$**	**254,773**	**5,583,625**	**5,838,398**

20 Other liabilities

A description of other liabilities is as of September 30, 2016 and December 31, 2015:

		2016	2015
Demand obligations (includes US$495 in 2016 and US$4,772 in 2015) (a)	RD$	1,059,855	1,485,132
Term obligations, (includes US$10,822 in 2016 and US$14,425 in 2015) (b)		961,937	1,291,454
Unclaimed third party balances (includes US$241 in 2016 and US$261 in 2015)		108,415	72,784
Exchange exposure on forward contracts (corresponds to US$2 in 2016)		104	-
Sundry creditors:			
Commissions payable		95,015	93,388

(Continues)

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

Notes to the Consolidated Financial Statements - Statutory Basis

(In Thousands of Dominican Pesos)

Accounts payable to suppliers (includes US$172 in 2016 and US$259 in 2015)	271,900	500,363
Withheld tax payable	114,461	120,022
Retained payable insurance premium (includes US$145 in 2016 and US$163 in 2015)	517,883	394,648
Other sundry creditors (c)	688,486	1,006,390
Reserves for contingent operations (includes US$ 2,361 in 2016 and US$2,999 in 2015) (d)	191,787	194,790
Other provisions:		
Income tax	665,764	411,260
Provision for litigation	99,513	95,621
Bonus and other employee's benefits	2,126,347	2,171,724
Systemic Risk Prevention Program	163,352	127,977
Contingency Fund	81,702	84,718
Accrued expenses payable	5,337	52,469
Credit card and electronic transactions	-	53,372
Extraordinary contributions to Pension Plan	40,388	20,194
Others reserves (includes US$35 in 2016 and US$50 in 2015)	924,874	300,363
Items pending for allocation, (includes 780 in 2016 and US$2,970 in 2015) (e)	199,120	332,943
Administration fund of the Public Sector	140,359	219,750
Commissions to agents on premiums pending payment, (includes US$898 in 2016 and US$1,191 in 2015)	172,405	151,368
Tax on outstanding premium	221,663	211,621
Withholding taxes to reinsurers	6,667	11,108
Payments received in advance (includes US$37 in 2015)	93,818	112,667
Others	660,049	386,671
RD$	**9,611,201**	**9,902,797**

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

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

(c) At December 31, 2015 includes RD$268,746, which relates to liabilities with dealers of vehicles as a result of financings awarded by the Bank in the vehicle fair.

(Continues)

(In Thousands of Dominican Pesos)

(d) Corresponds to reserves to cover contingent operations as required by the Superintendence of Banks of the Dominican Republic. (see note 15)

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

21 Subordinated debts

A summary of subordinated debts, is as follows:

September 30. 2016

Type	Amount in RD$	Effective Interest Rate	Type of Currency	Term
Subordinated debts (corresponds to US$300,000 nominal value) (a)	13,886,760	7.12%	Dollars	10 years
Subordinated debts nominal value) (b)	9,999,000	9.22%	Pesos	10 years
Debt issuance costs (c)	(177,939)	-	-	-
Discounts on the issuance of the debt (corresponds to US$1,867) (d)	(86,407)	-	-	-
	23,621,414	-	-	-
Interests payable (includes US$3,500)	399,974	-	-	-
	24,021,388	-	-	-

December 31, 2015

Type	Amount in RD$	Effective Interest Rate	Type of Currency	Term
Subordinated debts (Corresponds to US$300,000 nominal value) (a)	13,640,730	7.12%	Dollars	10 years

(Continues)

(In Thousands of Dominican Pesos)

Subordinated debts nominal value) (b)	9,999,000	9.99%	-	-
Debt issuance costs (c)	(197,142)	-	-	-
Discounts on the issuance of the debt (corresponds to US$2,198) (d)	(92,603)	-	-	-
	23,349,985	-	-	-
Interests payable (includes US$8,750)	406,065	-	-	-
	23,756,050	-	-	-

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:

- Interest 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

b) Corresponds to bonds issued in the market of the Dominican Republic by the Bank on December 29, 2014, for a nominal value of RD$10,000,000. The amount placed corresponds to two issuances offered simultaneously of RD$5,000 million each, with a maturity of 10 years until December 29, 2024, and a floating interest rate equivalent to the weighted interest average rate (TIPPP) of multiple banks, published by the Central Bank of the Dominican Republic plus a fixed margin of 2.75 %. The effective rate at the time of placement was 9.66 %, reviewable every six months. These bonds have no collateral and in the case of dissolution or liquidation of the Bank, the payment of the bonds is subject to all the Bank's obligations.

Subordinated debts may be used to compute part of the secondary principal for the purposes of determining the Bank's technical capital.

(Continues)

(In Thousands of Dominican Pesos)

c) Relates to costs incurred when issuing bonds, which are deferred and amortized over the straight-line basis during the term of the bonds.

d) Relates to discounts awarded for the issue of bonds, which are amortized over the straight-line basis during the term of the bonds.

22 Technical reserves

The Subsidiaries Seguros Banreservas S. A. and ARS Banreservas, Inc. maintain ongoing specific mathematical risk reserves to meet commitments arising from the current insurance policies, which amounted to RD$2,920,833 and RD$ 2,664,416 at September 30, 2016 and December 31, 2015, respectively.

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

September 30, 2016

		Mathematical Reserves	Specific Reserves and Ongoing Risk	Total
Balance at January 1st, 2016	RD$	140,019	2,524,397	2,664,416
More: Reserve increase		93,317	2,430,028	2,523,346
Less: Decrease of reserve		(90,729)	(2,176,199)	(2,266,929)
Balance at September 30, 2016	**RD$**	**142,607**	**2,778,226**	**2,920,833**

December 31, 2015

		Mathematical Reserves	Specific Reserves and Ongoing Risk	Total
Balance at January 1st, 2015	RD$	99,472	2,293,355	2,392,827
More: Reserve increase		134,881	2,417,447	2,552,328
Less: Decrease of reserve		(94,334)	(2,186,405)	(2,280,739)
Balance at December 31, 2015	**RD$**	**140,019**	**2,524,397**	**2,664,416**

23 Income tax

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

(Continues)

(In Thousands of Dominican Pesos)

individually and separately. Consolidated companies determine their net taxable income based on accounting practices to comply with existing legislation.

Income tax expense for the nine month periods ended as of September 30, 2016 and 2015, is composed of the following

		2016	2015
Current income tax	RD$	470,414	392,552
Deferred		(22,062)	-
Tax expense for participation (i)		54,822	64,039
	RD$	**503,174**	**456,591**

(i) Correspond to withholding tax on participation from other subsidiaries of Tenedora Banreservas, S. A.

24 Responsibilities

In addition to the obligation balances of insured risks retained, the subsidiaries Seguros Banreservas, S. A. and ARS Banreservas, Inc. at September 30, 2016 and December 31, 2015 for RD$679,948,001 and RD$701,085,309, respectively, memorandum accounts are recognized for salvages warehouse amounting to RD$7,134 and RD$13,718 for 2016 and 2015.

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

		2016	2015
Responsibilities for insurance businesses and bonds taken directly	RD$	679,948,001	701,085,309
Surrendered and retracted insurance responsibilities		(471,913,278)	(447,106,148)
	RD$	**208,034,723**	**253,979,161**

25 Reinsurance

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

The reinsurers that support the insurance business are the following:

(Continues)

(In Thousands of Dominican Pesos)

At September 30, 2016			At December 31, 2015		
Reinsurer	Type of Contract	Shares (%)	Reinsurer	Type of Contract	Shares (%)
Switzerland	Surplus	12.5	Switzerland	Surplus	15
	Quota share	65/100		Quota share	65/100
Korean GC	Surplus	5.0/6.0	Korean GC	Surplus	5.0/6.0
	Quota share	10.00		Quota share	10.00
Trans.RE Mallen	Surplus	25/15	Trans.RE Mallen	Surplus	17/15
	Quota share	15		Quota share	10/8
Hannover XL	Quota share	70/5	Hannover XL	Quota share	70/8/5
	Surplus	5		Surplus	4/08
Thompson Health	Surplus	22/2	Thompson Health	Surplus	22.5/2
	Quota share	5		Quota share	2/5
Nacional Borg	Quota share	5.0	Nacional Borg	Quota share	8
Everest-BMS	Surplus	30/35	Everest-JLT	Surplus	30/20/35
	Quota share	40/25		Quota share	25/34
General Re,	Surplus	35/10	General Re,	Surplus	35/10
Axis	Quota share	3.00	Axis	Quota share	3.00
-	-	-	Barents-JLT	Surplus	1.5/5
Navigators-BMS	Surplus	3.0	Navigators	Surplus	10/7
	Quota share	8		Quota share	8/6
Arch Re.	Quota share	80/15	Arch Re.	Quota share	80/15
Awac-BMS	Surplus	2/3	Awac-JLT	Surplus	1.0
Siruis-BMS	Surplus	3.5/5.0	Siruis-JLT	Surplus	3.5/5.0

26 Equity

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

	Common shares			
	Authorized		Issued	
	Quantity	Amount in RD$	Quantity	Amount in RD$
Balance at September 30, 2016	10,000	10,000,000	10,000	10,000,000
Balance at December 31, 2015	8,300	8,300,000	8,300	8,300,000

At September 30, 2016, the capital contributions of the Bank have arising as follows:

The Bank's equity contributions are as follows:

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

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

(Continues)

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

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

e) In accordance with the Law No. 543-14 of December 5, 2014, RD$2,000,000 by reinvesting dividends to be charged to earnings generated in 2013.

f) RD$2,800,000, by reinvesting dividends to earnings generated in 2014, in accordance with the Law No. 543-14 of December 5, 2014.

g) RD$1,700,000, by reinvesting dividends to earnings generated in 2015, in accordance with the Law No. 543-14 of December 5, 2014.

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

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

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

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

By the eleventh Resolution of the Ordinary Session dated February 9, 2016, the Board of Directors approved the distribution of dividends, taking into account the guidelines for the distribution of dividends to shareholders set forth in resolution 7-2002, issued by the Superintendence of Banks on March 8, 2002, and in accordance with the provisions of Law No. 99-01 on the distribution of dividends from the Bank. The total amount of dividends to be distributed was RD$3,976,274 as detailed below:

i) RD$1,700,000 for payment of dividends in shares
ii) RD$75,000 to amortize National Treasury vouchers law 99-01
iii) RD$3,000 to offset interest of the National Treasury vouchers law 99-01
iv) RD$2,198,274 to offset debts of the Dominican Republic State with the Bank law 99-01.

By the eleventh Resolution of the Ordinary Session dated January 22, 2015, the Board of Directors approved the distribution of dividends, taking into account the guidelines for the distribution of dividends to shareholders set forth in resolution 7-2002, issued by the

(Continues)

Superintendence of Banks on March 8, 2002, and in accordance with the provisions of Law No. 99-01 on the distribution of dividends from the Bank. The total amount of dividends to be distributed was RD$7,030,785, as detailed below:

i) RD$99,088 (net amount of the transference of the net income of 2014 for RD$2,456,876, plus RD$2,357,788, capitalized as a stock dividend).
ii) RD$2,800,000 for payment of dividends in shares
iii) RD$1,500,000 cash dividends to be paid to the Dominican Republic State
iv) RD$1,500,000 to amortize National Treasury vouchers law 121-05
v) RD$75,000 to amortize National Treasury vouchers law 99-01
vi) RD$3,750 to offset interest of the National Treasury vouchers
vii) RD$1,052,947 to offset debts of the Dominican Republic State with the Bank law 99-01.

Increase in authorized and paid-in capital

On December 5, 2014, by Law No. 543-14 was amended Article 4 of the Law No. 6133 of December 17, 1962, Organic Law of the Bank. This amendment established the following:

- Increase the authorized and paid-in capital of the Bank from RD$3,500,000, equivalent to 3,500 common shares to RD$5,500,000, equivalent to 5,500 common shares at December 31, 2014. This capital increase was carried out through the distribution of dividends in 2013.

- With the projected earnings for the years 2014 and 2015, increase the authorized and paid-in capital of the Bank to a maximum amount of RD$10,000,000, equivalent to 100,000 common shares. In this regard, during the year ended December 31, 2015, the Bank's paid-in capital was increased from RD$5,500,000 equivalent to 5,500 common shares to RD$8,300,000, equivalent to 8,300 common shares and september 30, 2016 the Bank's paid-in capital was increased from RD$8,300,000 equivalent to 8,300 common shares to RD$10,000,000, equivalent to 10,000 common shares.

Other equity reserves

In accordance with the Bank's organic law, the Bank must segregate 35% of its annual net income to equity reserves. As of December 31, 2015 the Bank segregated equity reserves for the amount of RD$2,135,072. During the year ended December 31, 2015, the Bank transferred from other equity reserves to paid-in capital the amount of RD$2,357,788.

Through Circular SB/0682 dated December 31, 2010, the Superintendence of Banks issued its non- objection for the application within the fiscal year of the segregation of 35% of total net earnings as other equity reserves, provided the Bank is in compliance with the guidelines for distribution of profits as set forth by the supervisory body.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Revaluation surplus

In 2004, the Bank revalued its land and buildings required for the development of its operations to its estimated fair market value determined by independent appraisers, as allowed by the Prudential Rules of Capital Adequacy. The effect of the revaluation was RD$915,737. The Bank, in accordance with the rules established, considered this amount as secondary capital, prior authorization of the Superintendence of Banks of the Dominican Republic.

27 Segment Information

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

September 30, 2016

Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage of Voting Rights Direct and Indirect
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD$	10,000,000	100%
Related services	Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	RD$	1,551,434	97.74%
				11,551,434	
	Elimination consolidation adjustments			(1,551,434)	
				10,000,000	

December 31, 2015

Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage of Voting Rights Direct and Indirect
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD$	8,300,000	100%
Related services	Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	RD$	1,551,434	97.74%
				9,851,434	
	Elimination consolidation adjustments			(1,551,434)	
				8,300,000	

(In Thousands of Dominican Pesos)

Assets, liabilities, income, expenses and net income after eliminations that comprise the Bank, are as follows:

		At September 30, 2016		Nine month period ended at september 30, 2016		
Entity		Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	RD$	407,832,667	379,691,146	37,511,050	32,822,101	4,688,949
Tenedora Banreservas, S. A. and Subsidiaries		14,687,247	8,947,997	7,459,805	6,746,903	712,902
ARS Reservas, Inc.		401,116	108,310	499,746	473,891	25,855
		422,921,030	388,747,453	45,470,601	40,042,895	5,427,706
Elimination consolidation adjustments		(7,948,862)	(2,075,751)	(2,042,550)	(1,326,016)	(716,534)
	RD$	**414,972,168**	**386,671,702**	**43,428,051**	**38,716,879**	**4,711,172**

		At December 31, 2015		Nine month period ended at September 30, 2015		
Entity		Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	RD$	394,119,613	368,390,767	32,194,445	27,543,025	4,651,420
Tenedora Banreservas, S. A. and Subsidiaries		12,915,323	7,817,261	7,130,189	6,236,584	893,605
ARS Reservas, Inc.		363,854	98,205	422,072	377,804	44,268
		407,398,790	376,306,233	39,746,706	34,157,413	5,589,293
Elimination consolidation adjustments		(9,228,710)	(4,014,135)	(2,110,672)	1,199,192)	(911,480)
	RD$	**398,170,080**	**372,292,098**	**37,636,034**	**32,958,221**	**4,677,813**

28 Commitments and contingencies

(a) Contingent operations

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

(Continues)

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

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		2016	2015
Collaterals granted:			
Endorsements		RD2,795,950	1,652,141
Other collaterals granted		40,835	208,306
Non-negotiable letters of credit issued		970,092	825,087
Credit lines of automatic use		14,960,469	11,404,417
	RD$	**18,767,346**	**14,089,951**

At September 30, 2016 and December 31, 2015, the Bank has reserves for possible losses from these operations in the amounts of RD$191,787 y RD$194,790, respectively.

At September 30, 2016 and December 31, 2015, the Insurance subsidiary and the Health Insurance Administrator (ARS) had contingent liabilities for retained risk, estimated as follows:

		2016	2015
General risk	RD$	607,859,792	654,027,288
Individual life insurance		11,122,917	8,726,862
Collective life insurance		60,965,292	38,331,159
	RD$	**679,948,001**	**701,085,309**

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

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

The bank has lease contracts for the premises in which some of its administrative offices, branches, business centers and ATM´s are located. For the periods of nine month ended September 30, 2016 and 2015, expenses for this concept amounted to approximately RD$522,601 and RD$406,366, respectively, which are recognized in other operating expenses in the accompanying consolidated income statements-statutory basis.

(c) 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, 2016 and 2015 was of approximately

(Continues)

RD$547,563 and RD$484,270, respectively, and is recognized in other operating expenses in the accompanying consolidated income statements-statutory basis.

(d) Contingent fund

Article 64 of the Monetary and Financial Law No. 183-02 from November 21, 2002 and Regulations for the Contingency Fund adopted by the First Resolution issued by the Monetary Board on November 06, 2003, authorizes the Central Bank of the Dominican Republic to collect quarterly contributions from the financial entities for this contingency fund.
The quarterly contribution shall be 0.25 % from the total assets less the quarterly supervision fee charged by the Superintendence of Banks of the Dominican Republic. This contribution shall not exceed 1 % of the total deposits from the public.

Expenses for this concept for the nine month periods ended September 30, 2016 and 2015, was of approximately RD$210,511 and RD$183,842, respectively, and are recognized in other operating expenses in the accompanying consolidated income statements - statutory basis.

(e) Banking consolidation fund

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

Expenses for this concept for the nine month periods ended September 30, 2016 and 2015, was of approximately RD$420,913 and RD$358,474, respectively and are recognized in the line item other operating expenses in the accompanying consolidated income statements - statutory basis.

(f) Credit card licenses

MasterCard credit cards

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

(Continues)

Visa credit cards

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

(g) Lawsuits

As of September 30, 2016 and December 31, 2015, there are several lawsuits and claims originated in the normal course of the Bank's operations. The Bank believes together with its legal advisors that the resolution of these claims will not result in an adverse material effect. As of September 30, 2016 and December 31, 2015, the amount reserved to meet these claims increased to RD$99,513 and RD$95,621 respectively, and is recognized in other liabilities in the accompanying consolidated balance sheet - statutory basis

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

(h) Casualties' claims

The subsidiary Seguros Banreservas, S. A. has received insurance claims for catastrophes that arose in the normal course of business, which have occurred at December 31, 2015. The Bank initiated the operating processing of claims which to date has not been completed. The Bank's management expects that the ultimate effect of this process will not be significant in relation to the financial position of the Bank, and that the main risk be assumed by the reinsurers.

(i) Guaranteed minimum return

As of September 30, 2016 and December 31, 2015, the subsidiary Administradora de Fondos de Pensiones Reservas, S. A., has a minimum annual return commitment, guaranteed by law, which shall be equal to the weighted average return of the pension funds of individually capitalization less than 2.0 and 1.9 percentage points, respectively, as required by Article 103 of Law 87-01. If the return is below the weighted average calculated by the Superintendence of Pensions, the Admistradora would have a payment commitment with the fund.

(Continues)

(In Thousands of Dominican Pesos)

29 Memorandum accounts

Memorandum accounts for funds under management, including the balance of memorandum accounts in September 30, 2016 and December 31, 2015 respectively, which are presented in the Memorandum accounts presented in the Bank's consolidated balance sheet, consist of:

		2016	2015
Funds under management:			
PROMIPYME resources	RD$	2,335,636	2,066,320
PROMIDIGNA resources		-	33
PROMIPYME - PROCREA		303	335
SEH - PETROCARIBE resources		61	209
PROMICENTRAL		118,883	178,122
PROMIPYME - Fonper funds		54,525	52,084
PROMIPYME - PRESAAC loans		1,081	1,243
MI PRIMER PROGRESO loans		13,620	14,385
MI PRODEMICRO loans		253,958	186,098
Solidarity Bank		1,794,602	1,652,929
D and E loans from BNV		320,030	497,679
		4,892,699	4,649,437
Funds managed by the subsidiary Administradora de Fondos de Pensiones Reservas:			
Mandatory individual capitalization plan (Pension Fund T-1)		55,856,146	48,386,402
Pension fund of officers and employees of Banco de Reservas de la República Dominicana (Pension Fund T-4)		10,843,698	9,926,588
Social solidary fund (Pension Fund T-5)		22,408,939	19,624,716
		89,108,783	77,937,706
	RD$	**94,001,482**	**82,587,143**

30 Financial income and expenses

A summary of financial income and expenses is as follows:

	Nine month periods ended at September 30, 2016	2015
Financial income:		
Loans portfolio:		

(Continues)

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Commercial	RD$	16,698,010	13,685,500
Consumer		6,115,986	5,480,546
Mortgage		2,418,089	2,104,255
		25,232,085	21,270,301
Investments:			
Other debt securities		4,308,828	3,131,305
Gain on sale of investments		1,324,235	1,512,957
Insurance premiums net of returns and cancellations		4,470,911	4,568,529
Total	**RD$**	**35,336,059**	**30,483,092**
Financial expenses:			
On deposits:			
Customer deposits		(1,859,908)	(1,807,153)
Securities		(6,246,102)	(4,811,358)
Subordinated debts		(1,550,693)	(1,497,594)
		(9,656,703)	(8,116,105)
Financial:			
Borrowed funds		(804,483)	(511,780)
Investments:			
Amortization of premium from investments in debt securities		(147,013)	(270,387)
Loss on sale of investments		(626)	(957)
		(147,639)	(271,344)
Reinsurance			
Reinsurance cost		(1,554,384)	(1,807,110)
Contractual losses and obligations		(1,711,483)	1,462,390)
		(3,265,867)	(3,269,500)
Expenses for technical adjustment to reserves		(74,228)	(153,087)

(Continues)

(In Thousands of Dominican Pesos)

Acquisition expense, conservation and premium collection- Commission and other acquisition costs of the insurance company		(452,144)	(406,753)
Total	**RD$**	**(14,401,064)**	**(12,728,569)**

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, 2016 and 2015, is as follows:

		2016	2015
Income due to foreign exchange:			
Loan portfolio	RD$	10,710,581	3,231,302
Investments		856,731	9,243,276
Available funds		13,026,163	5,212,470
Accounts receivable		3,646	47,819
Forward contracts		4	-
Non-financial investments		1,618	986
Other assets		101,757	78,788
Adjustments for exchange rate differences		7,155,715	82,184
Sub-total		31,856,215	17,896,825
Expenses due to foreign exchange:			
Customer deposits		(4,878,553)	(16,606,445)
Borrowed funds		(1,359,011)	(838,560)
Financial obligations		(283,362)	(6,567)
Subordinated debts		(1,044,845)	(186,358)
Creditors and various provisions		(7,283)	-
Future foreign exchange rate forward contract		(5)	-
Other liabilities		(1,490,012)	(5,750)
Adjustments for exchange rate differences		(23,063,517)	(276,649)

(Continues)

(In Thousands of Dominican Pesos)

Sub-total		(32,126,588)	(17,920,329)
	RD$	**(270,373)**	**(23,504)**

32 Other operating income (expenses)

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

		2016	2015
Other operating income by:			
Credit card	RD$	1,041,450	592,406
Service fees:			
Drafts and wire transfers		134,278	110,841
Certification and sales of Bank's checks		20,402	18,839
Collections		25,417	16,295
Other commissions collected		2,650,063	2,272,707
Letters of credit		40,378	19,878
Collaterals granted		32,831	47,131
		2,903,369	2,485,691
Exchange commissions:			
Gains on foreign exchange		1,461,507	857,859
Premium for future foreign exchange contracts		31,766	564,493
		1,493,273	1,422,352
Income on available funds		57,659	174,537
Other miscellaneous operating income:			
Service fees:			
Claims for medical services		473,945	402,411
Other services and contingencies		859,623	924,946
		1,391,227	1,501,894
Total other operating income		6,829,319	6,002,343
Other operating expenses:			
Services Fees:			
Correspondents		(21,796)	(22,334)
Other services		(215,611)	(189,566)
		(237,407)	(211,900)
Miscellaneous expenses:			
Exchange commission		(17,588)	(105,959)
Other operating expenses		(903,742)	(602,788)

(Continues)

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Commissions and sale of property		(44,956)	(5,693)
Claims for medical services		(442,837)	(350,964)
		(1,409,123)	(1,065,404)
Total other operating expenses	RD$	(1,646,530)	(1,277,304)

33 Other income (expenses)

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

		2016	2015
Other income:			
Recovery of assets written off	RD$	289,512	357,976
Decrease of reserves for risky assets		585,665	429,834
Gain on sale of fixed assets		8,662	18,300
Gain on sales assets received in loans settlement		62,853	40,226
Non-financial investments		7,921	78,357
Leases of property		83,012	65,444
Other		245,968	203,948
		1,283,593	1,194,085
Other expenses:			
Loss in shares in other entities		-	(45)
Assets received in loan settlements		(54,515)	(43,423)
Loss on sale of fixed assets		(12,162)	(7,297)
Loss on sales of assets received in loans settlements		(20,253)	(11,005)
Other expenses:			
Accounts receivable		(308)	(417)
Penalty for breach		(365)	(152)
Donations		(70,885)	(170,231)
Losses from thefts, assaults and frauds		(19,029)	(25,923)
Others		(695,186)	(216,253)
		(872,703)	(474,746)
Other net income	**RD$**	**410,890**	**719,339**

(Continues)

(In Thousands of Dominican Pesos)

34 Compensation and social benefits

A summary of compensations and social benefits is as follows:

		Nine month periods ended at September 30, 2016	2015
Wages, salaries and benefits to employees	RD$	6,404,945	5,607,022
Social security		610,330	464,931
Contributions to the pension plan		822,781	768,896
Other personnel expenses		3,159,950	2,925,916
	RD$	**10,998,006**	**9,766,765**

At September 30, 2016 and 2015, the compensation and social benefits include approximately RD$1,313,486 and RD$1,260,395, respectively, that corresponds to the executive management of the Bank which are defined as directors and above.

As of September 30, 2016 and 2015, the Bank has 11,774 and 11,092 employees, respectively.

35 Risk assessment

A summary of assets and liabilities subject to the interest rates risk as of September 30, 2016 and December 31, 2015, are shown below:

Interest rate risk

		September 30, 2016		December 31, 2015	
		Local Currency	Foreign Currency	Local Currency	Foreign Currency
Assets sensitive to interest rate	RD$	196,447,626	89,103,463	178,104,236	101,107,636
Liabilities sensitive to interest rate		(242,601,189)	(126,940,136)	(213,112,372)	(145,035,557)
Net position	**RD$**	**(46,153,563)**	**(37,836,673)**	**35,008,136**	**(43,927,921)**
Interest exposure	**RD**	**109,631**	**870,706**	**61,553**	**928,207**

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

Liquidity risk

A detail of the maturity of assets and liabilities according to their maturity date as of September 30, 2016 and December 31, 2015 is as follows:

September 30, 2016

		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$	79,301,194	-	-	-	-	79,301,194
Investments		937,345	1,616,373	11,203,734	16,137,326	19,107,868	49,002,646
Loans portfolio		16,689,260	24,697,036	100,810,312	71,975,178	49,913,247	264,085,033
Debtors by acceptances		13,277	141,673	422,797	-	-	577,747
Accounts receivable		3,893,567	-	-	-	109,547	4,003,114
Investment in Shares		-	-	-	-	968,706	968,706
Other assets		1,495,133	2,246,437	-	-	73,007	3,814,577
Total assets	**RD$**	**102,329,776**	**28,701,519**	**112,436,843**	**88,112,504**	**70,172,375**	**401,753,017**
Liabilities							
Customer deposits	RD$	153,110,277	11,621,329	18,730,752	3,655,446	2,457,691	189,575,495
Deposits from domestic and foreign financial institutions		8,011,244	138,683	294,822	100,257	148,933	8,693,939
Borrowing funds		2,596,468	5,023,896	21,445,174	3,426,588	-	32,492,126
Outstanding acceptances		13,277	141,672	422,798	-	-	577,747
Outstanding securities		21,969,139	30,458,608	56,103,453	9,155,821	-	117,687,021
Other liabilities (ii)		2,736,549	104	3,122,406	259,703	3,492,439	9,611,201
Subordinated debts		-	399,974	-	-	23,621,414	24,021,388
Total liabilities	**RD$**	**188,436,954**	**47,784,266**	**100,119,405**	**16,597,815**	**29,720,477**	**382,658,917**

(Continues)

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December 31, 2015

		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$	61,803,490	-	-	-	-	61,803,490
Investments		1,247,795	1,158,895	4,186,001	17,817,253	17,396,790	41,806,734
Loans portfolio		52,932,091	13,923,279	77,783,856	67,499,689	63,016,012	275,154,927
Debtors by acceptances		142,633	143,249	306,585	-	-	592,467
Accounts receivable		2,454,405	133,369	123,072	438,305	39,524	3,188,675
Investment in Shares		-	-	-	-	938,040	938,040
Other assets		979,921	2,263,169	-	-	132,207	3,375,297
Total assets	**RD$**	**119,560,335**	**17,621,961**	**82,399,514**	**85,755,247**	**81,522,573**	**386,859,630**
Liabilities							
Customer deposits	RD$	139,017,052	10,416,154	24,557,653	4,190,607	2,397,672	180,579,138
Deposits from domestic and foreign financial institutions		18,613,220	66,171	1,678,249	111,170	99,831	20,568,641
Borrowing funds		2,280,250	14,733,980	18,074,582	1,801,001	-	36,889,813
Outstanding acceptances		142,633	143,249	306,585	-	-	592,467
Outstanding securities		19,581,284	31,408,340	35,343,923	9,960,007	-	96,293,554
Other liabilities (ii)		3,752,172	-	3,333,316	303,163	2,514,146	9,902,797
Subordinated debts		-	397,854	8,211	-	23,349,985	23,756,050
Total liabilities	**RD$**	**183,386,611**	**57,165,748**	**83,302,519**	**16,365,948**	**28,361,634**	**368,582,460**

(i) Consists of transactions that represent a right of collection for the Bank.
(ii) Consists of transactions that represent an obligation to the Bank.

The liquidity ratios of the Bank September 30, 2016 and December 31, 2015, is as follows:

	At September 30, 2016		At December 31, 2015	
	Local Currency	Foreign Currency	Local Currency	Foreign Currency
Liquidity ratio:				
15 days adjusted	91.53 %	218.26 %	100.61 %	153.18 %
30 days adjusted	119.77 %	170.95 %	255.04 %	122.49 %
60 days adjusted	112.66 %	129.01 %	206.91 %	114.28 %
90 days adjusted	167.11 %	130.95 %	186.93 %	90.05 %
Position:				
15 days adjusted	(1,298,080)	344,786	111,959	249,168

(Continues)

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30 days adjusted	3,035,021	281,538	24,029,905	147,997
60 days adjusted	2,642,028	162,893	23,046,269	115,995
90 days adjusted	16,694,539	178,928	23,312,066	(103,201)
Global (months)	(44.97)	(24.31)	(50.64)	(25.51)

Liquidity Risk Regulations requires that financial institutions must provide adjusted liquidity ratios in both currencies at 15 and 30 days no lower than 80 %, and at 60 and 90 days no lower than 70 %. At September 30, 2016 and December 31, 2015, the liquidity ratios maintained by the Bank are higher than required.

36 Fair value of the financial instrument

A summary of the fair value of financial instruments at September 30, 2016 and December 31, 2015, is as follows:

		At September 30, 2016		At December 31, 2015	
		Book Value	Fair Value	Book Value	Fair Value
Financial assets					
Available funds	RD$	79,301,194	79,301,194	61,803,490	61,803,490
Investments, net (a)		48,759,834	N/A	41,593,120	N/A
Loans portfolio, net (a)		257,633,872	N/A	269,386,723	N/A
Investments in shares, net (b)		946,387	N/A	912,105	N/A
	RD$	**386,641,287**	**69,219,052**	**373,695,438**	**61,803,490**
Liabilities					
Customer deposits	RD$	189,575,495	N/A	180,579,138	N/A
Deposits from domestic and foreing financial institutions		8,693,939	N/A	20,568,641	N/A
Borrowed funds (a)		32,492,126	N/A	36,889,813	N/A
Outstanding securities (a)		117,687,021	N/A	96,293,554	N/A
Subordinated debts		24,021,388	23,895,412	23,409,692	23,448,532
	RD$	**372,469,969**	**23,895,412**	**357,740,838**	**23,448,532**

(N/A): Not available.

(Continues)

(In Thousands of Dominican Pesos)

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

(b) There is not an active stock market in the Dominican Republic where the fair values of these investments may be obtained.

37 Operations with related parties

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

The most important operations and balances with related parties in accordance with the criteria established by the Regulation regarding Credit Limits to Related Parties as of September 30, 2016 and December 2015, are as follows:

September 30, 2016

	Current Loans	Past due Loans	Total	Collaterals
Related to the ownership	55,088,314	-	55,088,314	53,569
Related to management	11,185,235	169,742	11,354,977	7,216,430

December 31, 2015

	Current Loans	Past due Loans	Total	Collaterals
Related to the ownership	73,990,141	-	73,990,141	65,980
Related to management	11,607,216	26,418	11,633,634	7,536,885

The loans related to ownership correspond to loans to the Dominican Republic Government and its agencies, which are excluded for determining the technical relations relating to credit concentration.

As of September 30, 2016 and December 31, 2015, loans related to the management of the Bank includes RD$11,355 and RD$9,785 million, respectively, which were awarded to employees and relatives by consanguinity at an interest rate on more favorable terms than with non-related parties in accordance with the policy for personnel incentives. Similarly, deposits with related parties maintain interest rates at different conditions from those with unrelated parties.

(Continues)

(In Thousands of Dominican Pesos)

The main balances and transactions with related parties through ownership for the years ended at September 30, 2016 and December 31, 2015 include:

		Balance		Effects on Revenues (Expenses) Nine month periods ended at September 30,	
		September 30, 2016	December 31, 2015	2016	2015
Available funds	RD$	52,584,609	49,110,009	-	-
Loans portfolio		55,088,314	73,990,141	5,248,448	11,065,421
Demand deposits		24,240,739	1,178,604	138,047	107,977
Savings deposits		3,863,508	3,936,948	-	-
Other investment in debt instruments		34,555,901	34,095,166	2,514,149	3,497,189
Time deposits		12,551,274	12,997,683	(1,049,745)	(879,258)
Interests receivable		1,968,889	2,510,364	-	-
Accounts receivable		401,023	-	-	-
Other liabilities		392,421	2,151,393	-	-

Other transactions with identifiable related parties conducted during the periods ended at September 30, 2016 and December 31, 2015 include:

		Balance		Effects on Revenues (Expenses) Nine month periods ended at September 30,	
		September 30, 2016	December 31, 2015	2016	2015
Loans portfolio	RD$	9,622,106	12,526,157	353,012	313,594
Accounts receivable Officers and employees		497,495	476,223	-	-
Deposits of officers and employees		23,913,540	6,915,660	(133,274)	(138,525)

38 Pension fund

The Bank makes contributions to the following pension plans:

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

(Continues)

(In Thousands of Dominican Pesos)

provided by the statute of the Pension Plan approved by the Board of Directors. Additionally, the Bank may also make extraordinary contributions based on the results of actuarial studies. A summary of the financial information of the (unaudited) plan, is as follows:

		2016	2015
Present value of obligations for past services	RD$	(10,330,431)	(10,330,431)
Net assets of the plan		9,926,588	9,926,588
Net position of the plan	**RD$**	**(403,843)**	**(403,843)**

The expense recognized during the periods of nine month ended at September 30, 2016 and 2015 amounted RD$764,791 and RD$707,016, respectively, including extraordinary contributions of RD$181,745 for both periods, in order to cover the deficit until 2019, as authorized by the Superintendence of Banks.

By Circular SB ADM/0681/10 of December 31, 2010, the Superintendence of Banks did not object that the Bank recognize since 2011, an extraordinary payment of RD$242.3 million for a period of nine (9) years, to cover the actuarial deficit determined in accordance to the actuarial study conducted in 2007. For such purpose, the Bank was required to submit to the SB, the Board of Directors' Minutes that approved the transactions, a study with its recommendations on the financial position and viability over the next nine years and the balance of the actuarial deficit of the plan as of December 31, 2010. This information was provided to the Superintendence of Banks through Communication ADM-1384-11 dated March 14, 2011.

Actuarial assumptions

At September 30, 2016 and December 31, 2015, the principal actuarial assumptions and other basic plan information used in determining the actuarial liabilities are as follows:

	2016	2015
Mortality Table	SIPEN 2011 (M-F)	SIPEN 2011 (M-F)
Rate of return on assets	10.40%	10.40%
Long- term annual discount rate	9.75%	9.75%
Annual salary increase scale	8.50%	8.50%
Long term annual inflation rate	6.00%	6.00%

A summary of the number and amount of current pensions as of September 30, 2016 and December 31, 2015, is as follows:

	2016	2015

(Continues)

(In Thousands of Dominican Pesos)

Number of members		1,980	1,980
Average age in years of the members		46	46
Average monthly salary	RD$	77	77

b) Employees who are affiliated to the Social Security System of the Dominican Republic, created by Law No. 87-01 issued on May 9, 2001, consisting of a Contributive Regimen covering public and private employees and employers, funded by the latter, including the Dominican Republic Government as an employer. According to the Social Security System of the Dominican Republic, all employee and employers must be affiliated to the pension regimen through the Administradora de Fondos de Pensiones (AFP) and Administradora de Riesgos de Salud (ARS). The officers and employees of the Bank are affiliated in various pension plans, mainly in the Administradora de Fondos de Pensiones Reservas, S. A.

39 Non-monetary transactions

Non-monetary transactions are as follows:

		2016	2015
Write off of loan portfolio and interest receivable	RD$	720,290	1,419,721
Assets received in loan settlements		573,750	1,611,973
Transfer between allowances for risky assets:			
Loan portfolio		(182,702)	134,271
Investments		18,674	(17,317)
Interests receivable		154,447	19,183
Assets received in loan settlements		60,479	(93,847)
Contingencies		(50,898)	(42,290)
Sale of assets received in loan settlements with credit facilities		121,672	192,346
Transfer from assets received in loans settlements to property, furniture and equipment		103,688	-
Share of profit in associated companies		7,921	138,470
Amortization of national treasury bonds law 99-01		75,000	75,000
Interests on national treasury bonds law 99-01		3,000	3,750
Amortization of national treasury bonds law 121-05		-	1,500,000
Transfer of net income of the period to other equity to other to equity reserves		-	2,135,072
Dividends paid in shares		1,700,000	2,800,000

(Continues)

(In Thousands of Dominican Pesos)

Acquisition of loan portfolio of a domestic financial institution:		
Loan porfolio acquired	-	48,985
Accounts receivable	-	11,162
Customer deposits		(40,785)
Other operating income	-	(19,362)
Dividend pay by offsetting the debt the Dominican Republic State's institutions:		
Equitiy - retained earnigs from previous period	2,198,274	1,052,947
Accounts receivable	-	(50,000)
Loan portfolio	(2,198,274)	(1,002,947)

40 Notes required from the Superintendence of Banks of the Dominican Republic

Resolution No. 13-94 of the Superintendence of Banks of the Dominican Republic and its amendments sets the minimum disclosure requirements that the consolidated financial statements of financial institutions should include. As of September 30, 2016 and December 31, 2015, the following notes are not included because they are not applicable:

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