



CEVALDOM

ANNUAL MANAGEMENT REPORT 2022



CEVALDOM



From the moment we started fully functioning, we assumed the great challenges that posed solving operational, cost and risk mitigation within the existing market. Our future focuses on leveraging this experience, in order to continue providing security and efficiency to the current market, while developing innovative solutions that support our clients in building a dynamic stock market.

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Introduction

1.1 ABOUT THIS REPORT

This Annual Management Report refers to the performance of CEVALDOM, S.A. (hereinafter, “CEVALDOM”) during the period of January 1st through December 31st, 2022.

As part of our commitment to implement the best corporate governance practices, CEVALDOM's Board of Directors has decided to incorporate standards for the presentation of non-financial information reports into the corporate governance framework. In this order, we have prepared this report taking as reference the principles established by the International Integrated Reporting Council (IIRC), contemplated in the International Framework of Integrated Reports (International <IR> Framework - IIRF), version 2021.

Through this report, we intend to disclose concise information about how our strategy, corporate governance, performance and vision for the future, in the context of our environment and with the purpose of creating value in the short, medium and long term. The short term refers to a period of up to 1 year, while the medium term considers periods of up to 3 years. Any consideration greater than 3 years is considered as long term.

This report includes information about our vision for the future. These statements are based on the market and the current business context. We are aware that our strategy could change as a result of variations in the business, economic and global context.

The information contained in this report is also provided in accordance with the International Financial Reporting Standards (IFRS) and the General Law of Commercial Companies and Individual Limited Liability Companies No. 479-08.

We are committed to transparency and the publication of relevant information for interested parties. If you have any concerns about the content of this report, you can contact us by writing to the following email: accionistas@cevaldom.com.

This report will be published on our website: www.cevaldom.com, where you can also access our annual management reports for the years 2020 and 2021.

BOARD APPROVAL

The Board of Directors acknowledges its responsibility to ensure the integrity of this report. In the opinion of the Board, this report addresses all issues that are material in relation to CEVALDOM's ability to create shared value and faithfully presents the integrated performance of the business.

This report, the ultimate responsibility of the Board of Directors, is prepared with the collaboration of Senior Management, and is subject to assurance processes, mainly in the form of management and review of underlying internal controls. The audit of our financial statements was conducted by Deloitte.

This report was approved by CEVALDOM's Board of Directors on February 24, 2023.

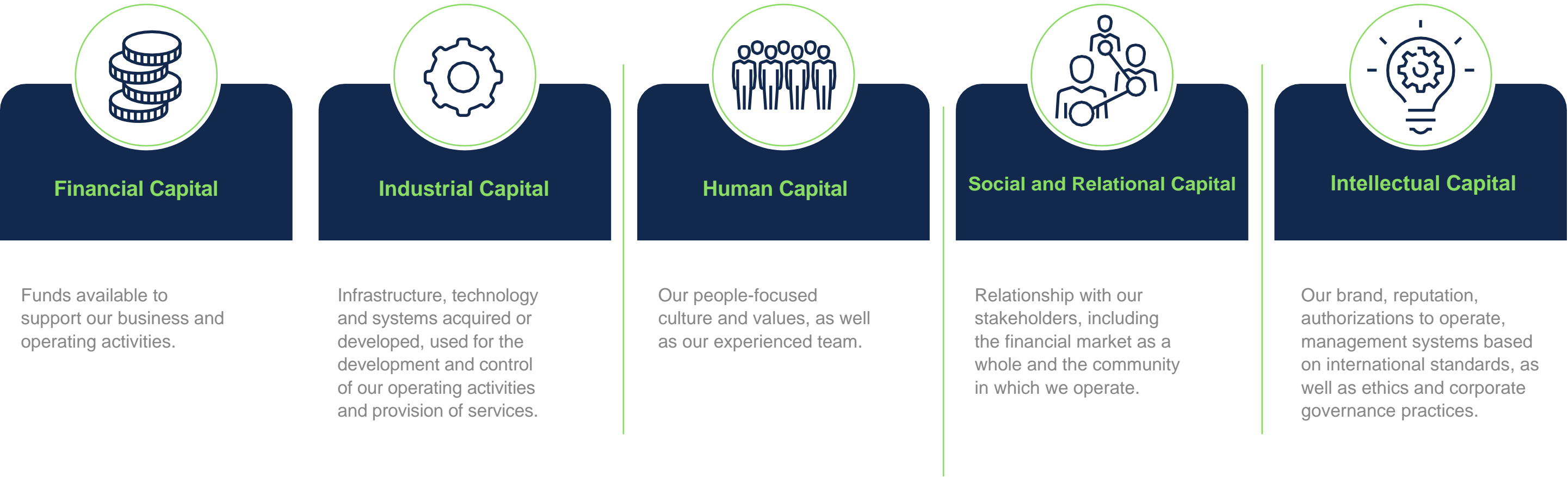
NAVIGATING THIS REPORT

Throughout our report, the following icons are used to show connectivity between sections.

OUR CAPITAL

Success in achieving our vision, **both current and future, depends on the effective management of the capital at our disposal**, which is transformed and serves as the basis for our business model to generate value.

The **five capitals**, defined in relation to the context CEVALDOM business, are:



OUR STRATEGY

Considering our strategic plan, the needs of our stakeholders and our material issues, in 2022 we proposed:

**FC**

Client Focus

Supporting our clients' strategies for market development, offering the best experience and guaranteeing operational excellence.

**CI**

Innovation Culture

Promoting this value in order to develop solutions that promote market development, reduce the risks and costs of operating in it, as well as implementing improvements that allow us to be more efficient and flexible.

**CV**

A Culture Centered on People and Values

Offering an environment where our collaborators can develop their full potential and feel proud of belonging to the Organization, as well as reinforcing the behaviors that define "how" we conduct ourselves at CEVALDOM, which ensures our future success.

**RS**

Risk and Information Security

Managing risks inherent to the company's activities in such a way that they remain within the tolerance levels approved by the Board of Directors, while supporting the company's resilience, agility and ability to adapt to changes.

MATERIAL ISSUES

CEVALDOM annually evaluates its internal and external context in order to determine the material issues that may impact the creation of value over time, as well as our ability to materialize our vision of supporting the growth of the Dominican stock market.

To identify our main material issues, we carry out processes that include trend analysis, input obtained from our regulators, customers and suppliers regarding their views on risk, strategic, operational and regulatory policy issues, as well as reports on issues relevant to the industry and our peers in the region.

Understanding the issues that interest our stakeholders helps us identify risks and opportunities, design strategies and promote improvements in our services and processes.

Further information is detailed on page 23.



1.2 REFLECTIONS OF OUR PRESIDENT

When legendary football coach Vince Lombardi said, “Individual commitment to a group effort is what makes teamwork work, a business work, a society work, a civilization work”, he was referring to an eternal truth about the impact of the results that can be obtained when a conglomerate of people work as a team to achieve a common goal. This is CEVALDOM’s vision and its commitment to the stock market: to work alongside stock market participants, as their ally, supporting and promoting the growth of the market, in order to contribute to the development of our country.

I am proud of the significant role we have played in helping our clients navigate the choppy waters that make up our environment and contributing to their successes. We value the deep relationships we have fostered with all of our stakeholders and are committed to providing them with even more in the future.

During the year 2022, we reached significant achievements that deserve to be celebrated, from collaborating with our clients for the successful implementation of a considerable number of changes in our processes and systems, to making profound impact on the efficiency of their operations and market processes. As well as the implementation of a non-compliance management system, which strengthens the securities clearing and settlement system that we manage. Thus, obtaining an A+ rating as a result of the risk assessment, carried out by the prestigious Thomas Murray firm, a global specialist on post-trade and custody risk. According to Thomas Murray, the earned rating places CEVALDOM above the average of all the securities depositories they monitor in the Americas Region.

Laura Hernández
President



Likewise, we have consolidated our culture, focusing more and more on promoting talent, collaboration, customer focus and innovation. We continue to make progress in the implementation of agile work models, offer intangible benefits to our employees that translate into greater well-being for them, and support them in their development through training programs specially designed to strengthen their skills. The adopted practices have contributed to strengthening the sense of belonging and pride of our collaborators. Both our organizational culture and its human management policies have been recognized in international rankings, occupying 18th place in the Great Place to Work ranking for Latin America and 11th place in the Great Place to Work ranking for Central America and the Caribbean.

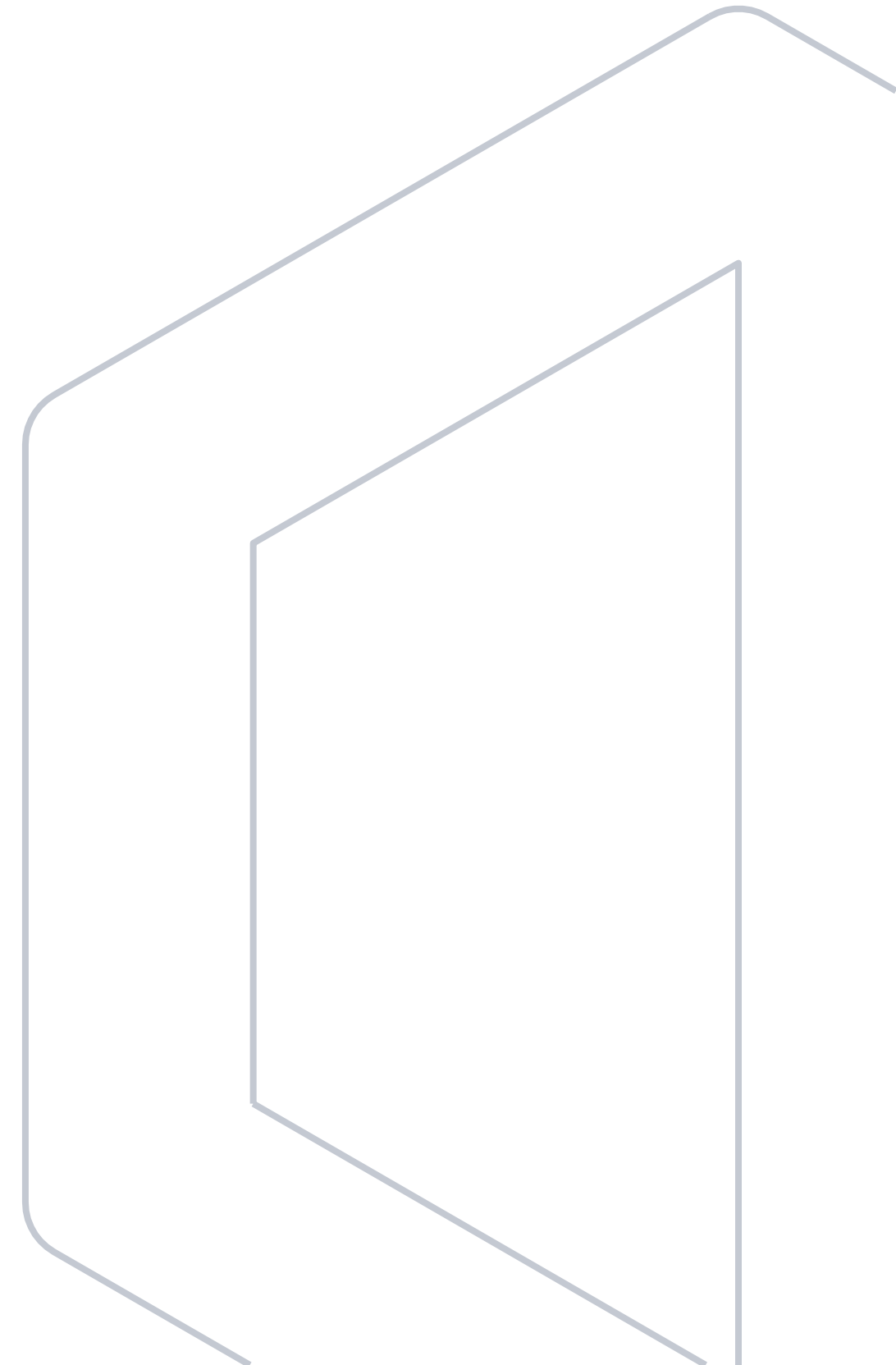
Our achievements are the result of demanding work by an incredibly dedicated team. I am exceptionally grateful for the support of our Board of Directors, whose members care deeply about our company and our employees. Likewise, I am profoundly grateful to our senior management who are invaluable advisors and leaders. I want to thank you for your collaboration in guiding the company in times of transformation in a constantly changing environment.

It is impossible to fully express in words my gratitude and appreciation for all of our team members. They deserve credit and recognition for their success. Most definitely, our achievements are the tangible result of your commitment and daily effort.

On behalf of CEVALDOM, I appreciate the support and collaboration of our interested parties and reaffirm our commitment to continue generating value and providing security to the market we serve.

Laura Hernández

President of the Board of Directors





1.3

RELEVANT DATA SURROUNDING OUR PERFORMANCE

Creating value is a central part of our strategy. We create value in several ways, not only as a financial market infrastructure, but in the distinct roles that we play as a society vis-à-vis the different stakeholders. Below are the main indicators through which we measure this value:



“ We are satisfied with the role played during the past year, contributing to the success of our clients' strategies, market efficiency and risk reduction. The results obtained definitely indicate not only the generation of value, but the materialization of our vision, as well as being considered a strategic ally for the participants of the stock market and promoting its growth.

Our achievements are the tangible result of the challenging work on behalf of an incredibly resolute team, to whom we are committed in offering a place where they can fully develop skills and feel proud of belonging.

—Freddy Rossi, Managing Director



2

Who we are

2.1 PROFILE

Constituted in 2003, CEVALDOM is a financial market infrastructure that provides essential services to the Dominican stock market. We do this by executing three important roles: (i) centralized securities depository; (ii) securities operations registration system; and (iii) securities clearing and settlement system.

As a centralized securities depository, at the core of what we do is the protection of the property rights of the securities traded on the Dominican Republic stock market. These records, kept digitally, represent the legal record of ownership of all the shares, bonds, quotas and other classes of securities entrusted to CEVALDOM for custody. Based on the trust placed in us to maintain the legal registry of ownership of securities independently and accurately, we safeguard the rights of investors and contribute to maintaining the stability of the financial market.

As administrator of a securities clearing and settlement system, we are responsible for creating and clearing settlement mechanisms that minimize the risks to which our members are exposed to. A result of the operations agreed upon in the stock market and also allowing a greater transparency, efficiency and cost reduction.

Lastly, as administrator of a securities operations registry system, we contribute to market transparency by disclosing information, in real time, on the prices and conditions of the operations that are negotiated in the OTC market.

In short, as a financial market infrastructure we contribute to maintaining the stability, resilience and transparency of the market, reducing systemic risks and safeguarding the property rights of investors over their securities.

Our culture, based on our vision, mission and values, constitutes a vitally essential element for the fulfillment of our value promise. Our values guide our collaborators in their behavior and in making strategic and operational decisions.



PURPOSE

Why does the Organization exist? What is your reason for being?

Provide security to the Dominican stock market.

VISION

What is our north or aspiration?

To be the main ally for participants of the Dominican Republic stock market, in order to promote its strength and growth.

VALUES

What characterizes and distinguishes us?

Reliability, Efficiency, Innovation, Integrity, Security

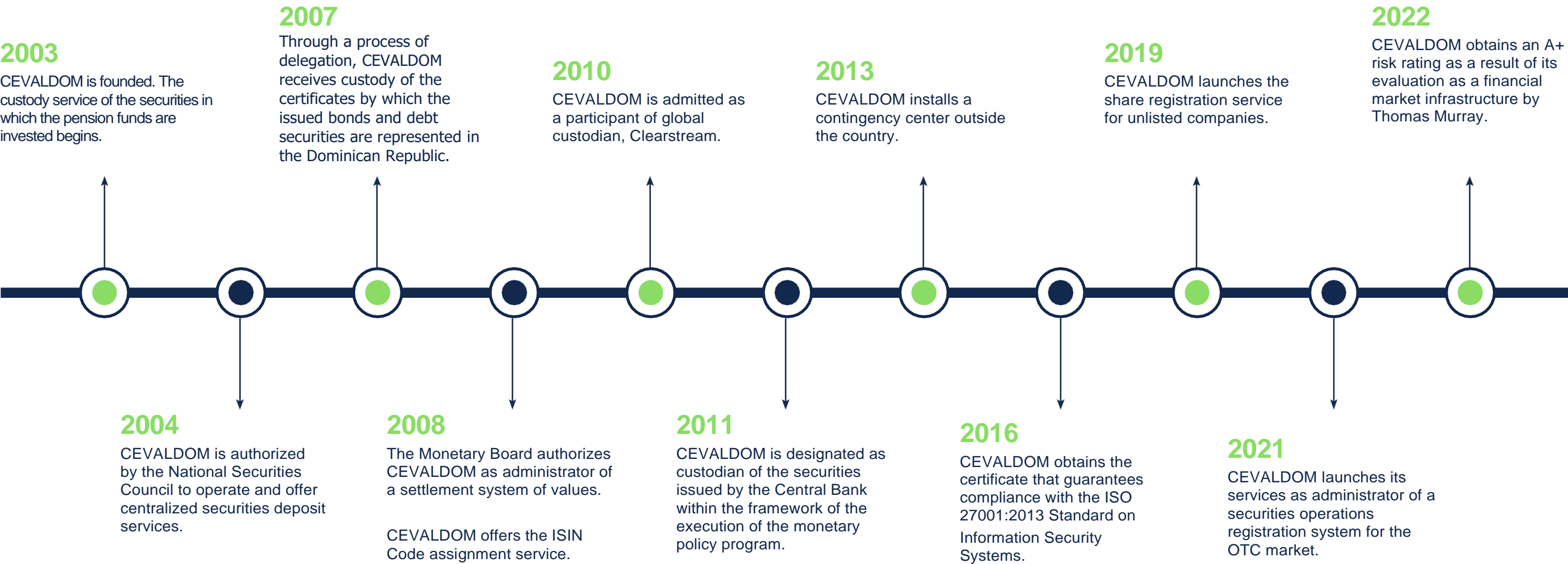
HISTORIC OVERVIEW

The beginnings of CEVALDOM date back to 2003, with the entry into force of Law 19-00 of the Securities Market and the materialization of an idea of the main market players with the aim of streamlining the processes of securities negotiation and managing risks associated with the representation of instruments through physical certificates. In this way, the dematerialization of public offering securities and the electronic registration of ownership changes began: the first of many operational challenges that CEVALDOM has solved in favor of the industry.

Since its creation, CEVALDOM has been transformed from a centralized securities depository to an infrastructure that encompasses the main market processes, including the administration of the securities clearing and settlement system, the operations agreed

in the OTC market, the administration of cross-border links that allow the custody of securities issued abroad and the management of information systems that facilitate decision-making in a timely manner. However, despite all this change, CEVALDOM remains committed to the basic principles on which it was founded: developing high-quality products and services that standardize, centralize, and automate critical market processes, mitigating the risks inherent to them and providing security.

Currently, CEVALDOM is immersed in a process of constant renewal with the aim of adapting to changes in the environment and ensuring the generation of shared value for our stakeholders. Below are the major milestones in our history:



2.4 VALUE GENERATION MODEL

Value creation is a central part of our strategy. Our value generation model allows us to manage our resources and relationships responsibly and deliver optimal results to our stakeholders. Our value creation model aims to show the value generation process. The model uses the capitals considered in the IIRF. The capitals that are applicable to our model are: financial, industrial, human, social and relational, and intellectual. You can consult the definitions of these concepts on page 6.

OUR CAPITAL

Resources and relationships that serve as the basis for our processes.

Financial Capital

- Financial sustainability from income generated, without debt.
- High financial solvency.
- Conservative economic management.
- Fund for General Business Risk Management equivalent to 8 months of operating expenses.
- Capital amounting to DOP 790.76 MM

Please refer to the financial statements for further details.

Industrial Capital

- Core business system of our property.
- Stable and resilient technological infrastructure.
- Digitized processes.

Human Capital

- Board of Directors fully integrated by independent external directors, with a diverse and balanced composition.
- Team made up of people with an elevated level of skills, competencies and experience.
- A total of 82 collaborators (at the end of 2022).
- A people-centered culture, customer-focused, result-oriented, where innovation and creativity are outstanding skills.
- Compensation scheme linked to performance, execution of the strategy and behaviors based on values.
- Training and development programs designed to promote talent.

Social and Relational Capital

- Relationships with our interested parties are based on trust.
- Policy of Transparency and Communication with our shareholders.
- Members of the Association of Central Securities of America (ACSDA), the Association of National Numbering Agencies (ANNA) and the Dominican Association of Fintech (ADOFINTECH).

Intellectual Capital

- Authorizations to operate in accordance with the regulation.
- Robust and transparent corporate governance framework, based on best practices of good corporate governance.
- Prominent levels of trust in our brand.
- Information Security Management System in compliance with the ISO/IEC 27001:2013 Standard on Management Systems.
- Information Security, according to current certification.
- Risk Management and Business Continuity Systems based on prestigious standards.
- Messaging scheme based on the ISO 15022:1999 Standard.
- Identification of values through coding established in ISO 6166 and 10962 Standards.

Deposit of Securities Centralized Deposit of Securities

- Custody of Public Offering Securities.
- Administration of the Registry of Property of Securities Recorded in Account.
- Payment of Patrimonial Rights.
- ISIN, CFI and FISN Code Assignment.

Securities Clearing and Settlement System

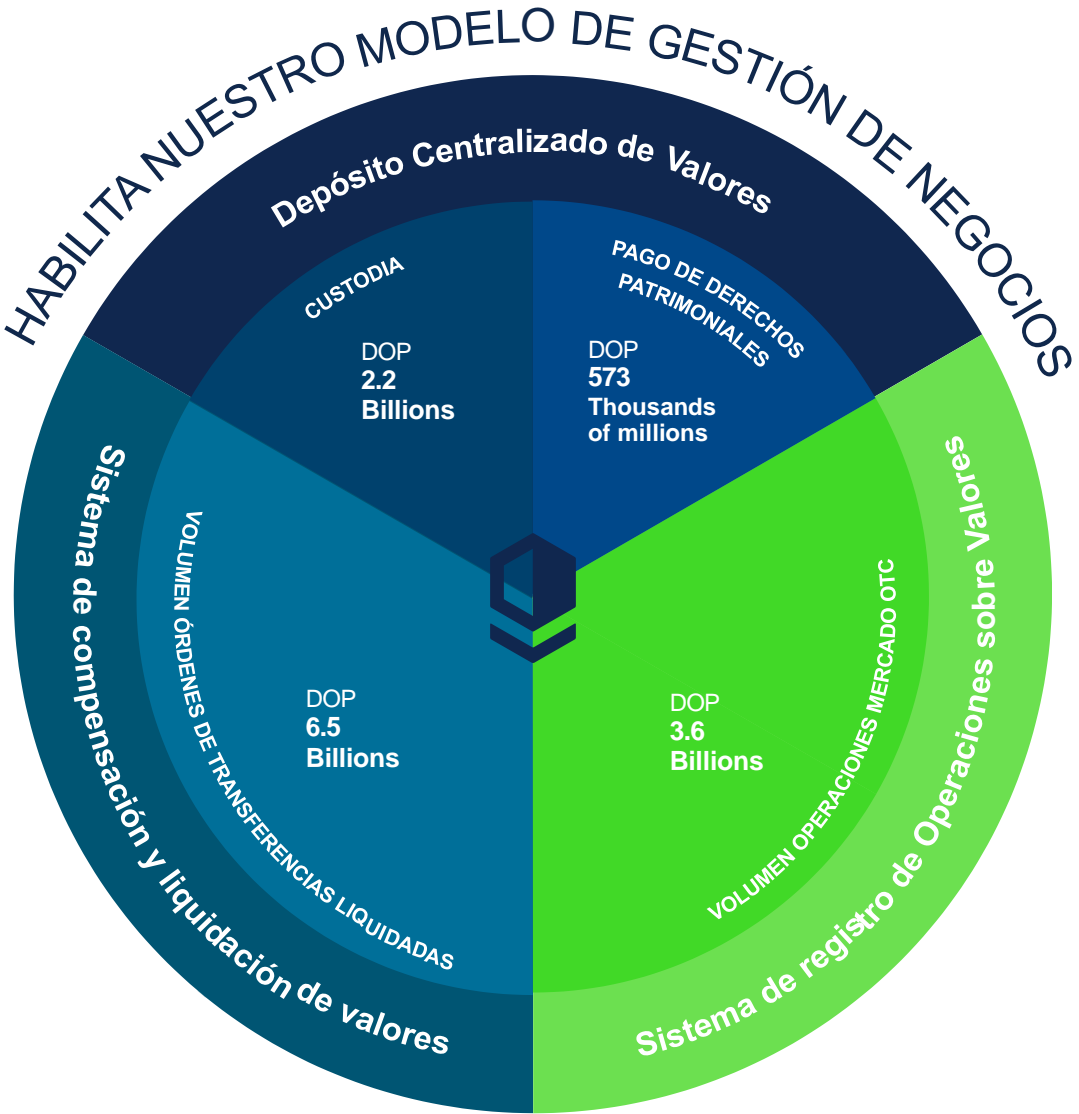
- Settlement of transfer orders.

Securities Operations Registration /System

- Administration of the registry of operations agreed in the OTC market.
- Disclosure of information on operations agreed in the OTC market.

Value Added Solutions

- Custody of foreign securities through cross-border links.
- Management of the Shareholders' Registry for unlisted companies.
- Collections.



THAT CREATES VALUE FOR OUR STAKEHOLDERS

Financial Capital

- Net Profit DOP 668MM
- ROE 43%
- ROI 84%
- EBITDA Margin 66%
- Cash Dividends Paid equivalent to 85% of 2021 profits

Please refer to the financial statements for further details.

Industrial Capital

- Availability of Core Business System: 100%
- Level of Compliance with Service Level Agreements (SLA): 100%
- Implementation of improvements to strengthen the Information Security System.
- Implementation of solutions with a positive impact on customer experience.

Human Capital

- NPS 86%
- Customer Satisfaction Level: 99%
- Net Alliance Score (NAS): 96%
- Placed No. 11 in the Great Place to Work Ranking for the DR and the Caribbean
- ENPS: 97%

Social and Relational Capital

- Holding of Trimestral Shareholder Information Meetings and Annual General Assembly
- Members of the ACSDA Cybersecurity Committee
- Members of the Value Added Services Committee of FIAB and ACSDA

Intellectual Capital

- Global Level of Risks according to Rating by Thomas Murray: A+
- Good Governance Practices Rating: A+
- Certification of the Information Security System, based on the ISO 27001:2013 Standard for 100% of the services and processes.

**Ensures our ability to continue
creating value in the future.**

2.5 OUR EXECUTIVE TEAM

Senior Management is comprised of a diverse group of talents:



Freddy Rossi
General Director
Finance, Strategy, Stock Market, Financial Market Infrastructures



Juan Guzmán
Director of Administration, Planning and Finance
Stock Market, Treasury, Banking, Finance



Carmelly Morel
Director of Operations
Finance, Stock Market, Financial Market Infrastructures



Gianinna Estrella
Legal Director
Stock Market Regulation, Financial Market Infrastructures, Corporate Law



Perla Fernández
Information Security Director
Security, Cybersecurity, Risks and IT Audit



Luis Suárez
Technology Director
Software Engineering, Technological Infrastructure Management



Jerussa Valverde
Risk Management Director
Comprehensive Risk Management, Stock Market, Prevention of Asset Laundering



Carlos Batista
Audit Manager
Comprehensive Risk Management



Mayelin Monción
Human Resources Manager
Human Management, Coaching, Psychology



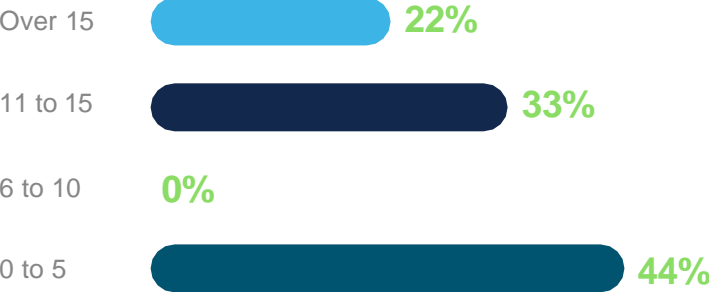
GENDER DIVERSITY



AGE



YEARS AT CEVALDOM



2.6

OUR STAKEHOLDERS

Our ability to generate value sustainably depends on the quality of relationships with our stakeholders. This is why we are committed to forging and maintaining relationships based upon trust, respect and transparency. Our strategies are designed and based on an understanding of the needs and expectations of our main stakeholders, as well as their success. This last is measured through indicators that quantify the satisfaction of those needs. The following is relevant information about who they are and how we relate to our stakeholders, as well as the value we provide them with:

SHAREHOLDERS

WHO THEY ARE

CEVALDOM is a private capital corporation, whose main shareholders are (use logos):

- Stock Exchange and Stock Markets of the Dominican Republic, S.A.
- Reserve Bank of the Dominican Republic
- Banco Multiple BHD, S.A.
- Banco Popular Dominicano, S.A.
- Rizek, S.A.S.
- Alpha Sociedad de Valores, S.A.
- Parallax Stock Market Post, S.A

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Annual General Assemblies
- Quarterly Informative Meetings
- Annual Management Report
- Annual Corporate Governance Report
- Participation in the meetings of the Board of Directors of a member of the board of directors of the Bolsa y Mercados de Valores de la República Dominicana, S.A., as a permanent guest.

KEY INTERESTS AND EXPECTATIONS

- Transparency in management.
- Timely, clear and concise communication.
- Strategy designed to support the stability and growth of the stock market.
- Assurance of business sustainability and robustness
- financial.
- Risk management and corporate governance system aligned with best practices.
- • Appropriate management of conflicts of interest.




OUR STRATEGIC RESPONSE

- Evaluation of the level of risks of the company as a financial market infrastructure by Thomas Murray, a specialized entity, obtaining an overall rating of A+.
- Focus on continuous improvement of good governance practices. As part of the evaluation of the risk level, the governance practices of the company were evaluated, obtaining an A+ rating in this section.
- Equal treatment for all shareholders in terms of access to financial information and management.
- Design of a long-term strategy in an articulated way, focused on supporting the strategies of market participants to boost the growth of the stock market, maintaining periodic feedback on performance through formal meetings.

- Implementation of periodic external audits on control systems, financial integrity, risk management systems, information security and regulatory compliance.

LINKAGE

MATERIAL ISSUES

-  Regulation and Risks
-  Sustainability
-  Competitiveness

STRATEGIC PILLARS

- RS

CLIENTS

WHO ARE THEY

We serve the participants and users of the stock market, which can be grouped into the following primary segments:

- Dominican State
- Issuers
- Securities Intermediaries
- Financial Intermediation Entities
- Investment Fund Managers
- Pension Fund Administrators
- Centralized Negotiation Mechanisms
- Unlisted Stock Companies
- Information consumers
- Individuals with registered rights over securities recorded in an account.

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Individual strategic meetings about your needs.
- Meetings with unions on the needs of the group they represent.
- Design of solutions and services based on collaborative methodologies.
- Publication of news of interest through newsletters, website and social networks.
- Circulars and General Communications.

KEY INTERESTS AND EXPECTATIONS




- Provision of services and generation of solutions that support their business models.
- Price relationship – added value.
- Clear and concise communication of the strategy, value proposition and services.
- Provision of defect-free services and compliance with service level agreements.
- Assurance of business continuity.
- Security of information and protection of personal data.
- Appropriate risk management.

OUR STRATEGIC RESPONSE

- Evaluation of the level of risks of the company as a financial market infrastructure by Thomas Murray, a specialized entity, obtaining an overall rating of A+.
- Expansion of the scope of our certification that guarantees compliance with the requirements of the ISO/IEC 27001:2013 Standard on Information Security Systems in order to cover 100% of the services offered and support processes.
- Close collaboration with clients to ensure that our services and solutions support their strategies and business models.
- Rates were established based on a rate study according to the model developed by an independent third party and supported by the guidelines dictated by the regulation.
- Strengthening and continuous improvement of our information security system.
- Implement improvements in our systems and processes, addressing customer feedback.

LINKAGE

MATERIAL ISSUES

-  Regulation and Risks
-  Sustainability
-  Competitiveness

STRATEGIC PILLARS

- FC
- CI
- RS





EMPLOYEES

WHO WE ARE

Since the approval of this report, CEVALDOM has had 82 collaborators, who contribute their time, talent, and resources to the achievement of the Organization's objectives.

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Virtual space where collaborators can keep updated on all company activities.
- Semi-annual informative meetings where the General Director communicates the key results of the organization.
- Monthly meetings between the teams, the Directors responsible for the areas and the General Director.
- Integration activities, strengthening of organizational values and welfare.
- Ethical channel.
- Satisfaction surveys.

KEY INTERESTS AND EXPECTATIONS

- Job security and financial stability
- Opportunities for professional development.
- Open, healthy and inclusive work environment that reflects diversity.
- Balance between personal and work life
- Recognition of their contributions.
- Ethics and integrity in conducting business.

OUR STRATEGIC RESPONSE

- Development programs according to identified needs and designed to boost talent.
- We encourage our employees to voluntarily participate in surveys and provide feedback on our performance and their interests.
- Implementation of policies that promote a balance between work life and personal life.
- We promote self-development and create opportunities for professional growth.
- Work model based on collaboration and agility.
- Face-to-face, remote and hybrid work models, depending on the job position.
- Promotion of a work environment that allows the development of people and encourages a sense of belonging.

LINKAGE

MATERIAL ISSUES

-  People
-  Competitiveness

STRATEGIC PILARS

- FC
- CV
- CI
- RS

 **Our starting point is the virtuous triangle: Purpose, Strategy and Culture.**
—Mayelin Monción, Human Resources Manager

ALLIES AND BUSINESS PARTNERS

WHO ARE THEY

For the provision of our services, we rely on a group of business partners or suppliers who contribute significantly to the success of our operations and the ability to generate value.

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Periodic communication for performance review and continuous improvement.
- Support in the development of projects.

KEY INTERESTS AND EXPECTATIONS



- Clear and concise communication.
- Operational and cybersecurity risks management .
- Exchange of information on trends and opportunities.

OUR STRATEGIC RESPONSE

- Close collaboration in the development and implementation of solutions and services.

LINKAGE

MATERIAL ISSUES

-  Regulation and Risks
-  Competitiveness

STRATEGIC PILARS

- FC
- CI
- RS



Technology is the enabler that allows us to realize our vision and constantly improve the way we serve our customers.

—Luis Suárez, Technology Director



REGULATORS AND GOVERNMENT

WHO ARE THEY

CEVALDOM is regulated and supervised by the Superintendence of the Stock Market and the Central Bank of the Dominican Republic, in its capacity as administrator of the Payment System of the Dominican Republic.

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Regular meetings throughout the year to monitor strategy and performance.
- Participate in public consultation processes for the development of new regulations.
- Periodic reports in compliance with current regulations.

KEY INTERESTS AND EXPECTATIONS



- Support in risk management linked to securities clearing and settlement systems.
- Compliance with the regulation in a timely manner.
- Transparency in management and communication with interested parties.
- Respect for the rights of clients.

OUR STRATEGIC RESPONSE

- Commitment and participation in regulatory affairs, with openness and transparency.
- Collaboration with the authorities in inspection and supervision processes.
- Implementation of management systems in accordance with best practices and international standards, audited and verified by independent third parties.

LINKAGE

MATERIAL ISSUES

-  Regulation and Risks
-  Sustainability
-  Competitiveness

STRATEGIC PILLARS

- FC
- CI
- RS

ASSOCIATIONS

WHO ARE THEY

- CEVALDOM belongs to the following associations:
- ACSDA: Americas' Central Securities Depository Association
- ANNA: Association of National Numbering Agencies
- ADOFINTECH: Dominican Fintech Association

COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Representation and participating in committees and working groups.
- Participate in sector or industry conferences.
- Participate in periodical meetings.

KEY INTERESTS AND EXPECTATIONS



- Exchange of information and experiences on trends, common themes, experiences, best practices and risks that affect the industry.

OUR STRATEGIC RESPONSE

- CEVALDOM is committed to working, alongside organizations with similar interests, for the development of practices and the exchange of knowledge that promote the development of the Dominican stock market.

LINKAGE

MATERIAL ISSUES

-  Regulation and Risks
-  Competitiveness

STRATEGIC PILLARS

- FC
- CI
- RS

2.7
OUR
CONTEXT

After the extraordinary events of the pandemic in 2020 and the gradual reactivation of 2021, it was expected that 2022 would be a year of transition and that the world economy would return to normality. However, the outbreak of the war in Ukraine dealt another blow to the global economy. Thus, in 2022 the global economic context was marked by this conflict, whose implications added to the aftermath of the pandemic (supply disruptions, demand readjustments, etc.), generated tightening of monetary policy by the main central banks with increases in interest rates.

Our operations are carried out in the Dominican Republic, whose economy has shown some resilience, thanks to the recovery of the service sector, especially tourism. According to a report published by the Central

Bank of the Dominican Republic, the real Gross Domestic Product (GDP) reached a growth of 4.9% in the year 2022. Likewise, it is worth noting the positive assessment of the Dominican economy, both from international organizations and from risk rating agencies. A considerable example of the good perception of the Dominican Republic in international markets was the decision made by Standard & Poor's to upgrade the country's sovereign credit rating from 'BB-' to 'BB'.

With regard to the Dominican stock market, the sector in which CEVALDOM operates, the year 2022 presents an increase in volumes of transactions of 46% compared to the year 2021, also registering an increase of 26% with respect to the number of trades completed.

Likewise, there is an increase in the volumes of public offering securities in custody equivalent to 21% compared to the previous year, as well as an increase in open securities accounts by 12%. This reflects a growing and dynamic stock market.

During the last year, the trend of using technology to support strategies that improve the customer experience continued, through practices such as streamlining processes, mitigate risks by incorporating atomization and the usage of artificial intelligence. Digital transformation is vital for the competitiveness and efficiency of the financial sector, including the stock market, but it also increases technological risks. In this sense, the greater digital operations of clients and employees make it necessary to increase the focus on cybersecurity and the protection of information.

To find out how CEVALDOM has faced the risks associated with the external context, as well as our performance, refer to page 25 of this report.



2.8
**OUR MATERIAL
ISSUES**

Our material issues are factors that have the potential to affect, positively or negatively, the preservation and creation of value in the short, medium and long term. Managing these can support or affect our ability to execute our strategy.

In order to determine and prioritize the material issues that can impact the creation of value, CEVALDOM's senior

management has evaluated the internal and external context, considering issues with the greatest impact assessment for CEVALDOM, based upon information from our interested parties, studies, reports and surveys. For the year 2022, the following material issues were identified, which are linked to our strategic priorities through which such issues are addressed and managed:



CYBERSECURITY AND DATA PROTECTION

Manage the risks derived from data processing, as well as the security of information assets through the implementation of prevention, detection and action measures for their protection.



CLEAR AND TRANSPARENT COMMUNICATION

Promote active, clear and transparent listening and dialogue with interested parties to establish long-term relationships of trust.



CORPORATE GOVERNANCE

Ensure effective corporate governance that works to implement best practices in ethics, sustainability, transparency and compliance.



INNOVATION AND TECHNOLOGY

Develop and continuously improve technological capabilities and infrastructures to drive agility, efficiency and provide solutions that meet the needs of our customers.



COMPREHENSIVE RISK MANAGEMENT

Managing all risks is essential in order to enhance resilience, ensure sustainability and respond to stakeholder demands.



TALENT MANAGEMENT AND PROFESSIONAL DEVELOPMENT

Attract and retain talent through training, offering opportunities for development and balance between private and professional life.







AGILE AND COLLABORATIVE WORK MODEL

Promote collaborative ways of working that are more customer-oriented through the implementation of collaborative tools that make it possible to consolidate an agile and transversal work model between teams.



FINANCIAL EDUCATION

Contribute to the improvement of knowledge about relevant financial concepts for day-to-day decision-making by investors and potential investors.

CATEGORY	KEY CONSIDERATIONS	STRATEGIC PRIORITIES	MAIN STRATEGIC INDICATORS
<div></div> <div>PEOPLE</div>	<ul style="list-style-type: none">• Attract and retain talent• Health, safety and well-being of employees	<div><div>FC</div><div>CI</div><div>CV</div><div>RS</div></div>	<ul style="list-style-type: none">• Earned 11th place in the Great Place to Work Ranking for the DR and the Caribbean• ENPS: 97%
<div></div> <div>REGULATION AND RISKS</div>	<ul style="list-style-type: none">• Cybersecurity and information security• Ensure efficiency and operational resilience• Regulatory compliance and good corporate governance practice	<div><div>FC</div><div>CI</div><div>RS</div></div>	<ul style="list-style-type: none">• Service availability level: 100%• SLA Compliance Level: 100%• Administrative Sanctions Imposed: 0: 0• Global Risk Rating: 100%• Information Security Management System: ISO/IEC 27001:2013 Certified• ENPS: 97
<div></div> <div>SUSTAINABILITY</div>	<ul style="list-style-type: none">• Long-term vision and anticipation of change• Financial robustness and profitability	<div><div>FC</div><div>CI</div><div>CV</div><div>RS</div></div>	<ul style="list-style-type: none">• ROE 43%• ROI 84%• Net Income: 668MM
<div></div> <div>COMPETITIVENESS</div>	<ul style="list-style-type: none">• Technology and digitization• Close service and adapted to the client's needs• Innovation and development of novel solutions and services	<div><div>FC</div><div>CI</div><div>CV</div><div>RS</div></div>	<ul style="list-style-type: none">• NPS: 86%• Level of Client Satisfaction: 99%• Net Alliance Score: 96%

2.9 RISK MANAGEMENT

We believe that an effective risk management framework and established culture are critical to ensuring the superior performance of the company.

Our risk management approach is based on ISO 31000 on Risk Management and on the Principles for Financial Market Infrastructures, issued by the CPMI-IOSCO.

As a financial market infrastructure and systemically important entity, we prioritize the safety and efficiency of the market we serve. We are aware of the risks that may arise in the constant evolution of the market. In response to these, we adopted a comprehensive management framework, including cyber and information security risk. This allows us to achieve our strategic objectives and guarantee the creation of value for our stakeholders.

The Board of Directors approves the company's comprehensive risk management policy and the processes that constitute the management framework.

Making it easier for us to identify, measure, control and manage the risks and opportunities we face. Having a comprehensive risk policy and framework ensures appropriate responses to protect ourselves and our stakeholders.

Risk appetite refers to the extent and nature of the risk that we are willing to assume in executing our strategy. In cases where risk levels exceed the determined appetite, performance is considered suboptimal.

The risk tolerance level is approved by the Board of Directors and is reviewed every year. In addition, the Risk Committee ensures that the company's risk profile remains within the approved limits.

Our main strategic risks are described below, we highlight that they are duly controlled and within the tolerance levels approved by the Board:

“As an ally of the Dominican stock market, our management focuses in anticipating internal and external changes to the organization, so that emerging risks can be managed in a timely manner, guaranteeing the excellence and efficiency of available resources through innovative strategies that seek to preserve business continuity and boost the confidence of all our stakeholders. —Jerussa Valverde, Chief Risk Officer
. —Jerussa Valverde, Risk Management Director






**CYBER SECURITY
AND INFORMATION**

Risk:

Potential for an incident to lead to data loss, unauthorized access to information, lack of data integrity, or interruption of operations.

Related Material Issues

-  Regulation and Risks
-  Sustainability
-  Competitiveness

Strategic Priorities

FC, CI, RS

DESCRIPTION AND IMPACT:

A security incident can be caused by an external event, an internal attack, or human error.

An incident of this nature may result in the loss of sensitive information, the lack of integrity of the information, the non-availability of information assets and the interruption of services. In addition, the company is exposed to damage to its reputation, financial losses and penalties.

PREVENTION AND MITIGATION:

- Implementation of an information security management system based on ISO / IEC 27001: 2013 and information security controls described in ISO / IEC 27002: 2013.
- Systems for identification, monitoring and management of vulnerabilities and possible security incidents.
- Periodic evaluation of the security posture, based on the Miter ATT&CK framework.



**Cybersecurity should be embedded within
the DNA of organizations.**
—Perla Fernández, Information Security Director







TALENT MANAGEMENT

RISK:

Possible failure to attract, retain and develop key personnel.

Related Material Issues

-  People
-  Regulation and Risks
-  Sustainability
-  Competitiveness

Strategic Priorities

FC, CV, CI, RS

DESCRIPTION AND IMPACT

Our people mark the difference between impressive and mediocre performance. The high technical capacity and commitment of our employees constitute a competitive advantage that we wish to preserve. We are aware of the need to attract and retain the right people and contribute to their development.

A failure in talent management can result in a loss of productivity and intellectual capital, increased recruitment costs and lower staff morale.

PREVENCIÓN Y MITIGACIÓN:

- Policies designed to promote work-life balance
- Recruitment policy based on company values and required skills
- Succession plans
- Development plans



- Culture is based on values, respect for diversity, open communication and recognition of contributions.
- Feedback obtained through employee surveys is incorporated into strategic priorities.
- Compensation will be determined based on remuneration studies.
- Generation and benefits in relation to the market.
- Variable compensation based on performance.

OPERATIONAL RESILIENCE

RISK:

The possibility of services or activities being interrupted or affected by events beyond the control of the organization, including wars, interruption in the supply chain, natural disasters, pandemics, among others.

Related Material Issues

-  People
-  Regulation and Risks
-  Sustainability
-  Competitiveness

Strategic Priorities

FC, CV, CI, RS

DESCRIPTION AND IMPACT:

Incidents that affect business continuity, service quality, as well as service availability may be caused by force majeure events or events beyond the control of the organization (natural events, supplier breaches, interruption in the supply chain). supply, wars, economic crisis, among others).

An incident of this nature may result in the interruption of services, services with errors, and services delivered after the established deadlines. In addition, the company is exposed to damage to its reputation, financial losses and penalties.

PREVENTION AND MITIGATION:





- Risk identification, evaluation, treatment and communication processes.
- Incident management process.
- Monitoring of action plans to mitigate risks.
- Business continuity plan.
- Fund for General Business Risk Management
- Continuous monitoring by the Board of Directors and its Support Committees of the level of compliance with strategic objectives and risks that could impact their achievement.

LEGAL AND REGULATORY BREACHES

RISK:

The possibility of non-compliance with laws or regulations applicable to the company's activity.

Related Material Issues

-  People
-  Regulation and Risks
-  Sustainability C
-  Competitiveness

Strategic Priorities

FC, CV, CI, RS

DESCRIPTION AND IMPACT:

Breaches of the regulatory framework or perceived shortcomings in the execution of our activity could directly impact on the levels of trust in our company and in the market. In addition, they could entail administrative sanctions and financial losses.

PREVENTION AND MITIGATION

- Compliance management framework that allows the identification, monitoring and management of risks related to unethical conduct, regulatory and contractual breaches and money laundering and terrorist financing
- Continuous monitoring of changes in the legal and regulatory framework that could impact on our operations.

During 2022, there were no risk events with material effects on CEVALDOM's strategy or on its clients.

LEGAL PROCESSES

During the period under review, CEVALDOM was a party to various processes of a legal nature, which do not represent material risks for the company.

ASSURANCE PROCESSES

CEVALDOM has an evaluation and assurance system that aims to offer security and confidence to interested parties, internal and external, regarding the adequacy of existing controls and their efficiency, as well as compliance with standards, policies and processes that apply to you.

During the year 2022, an external audit program consisting of the following audits was exhausted, the results of which did not yield material findings:

AUDITS

- Financial statements
Conducted by Deloitte
- Audits on processes and controls under the SOC 1 and SOC 2 Type 2 standard.
Conducted by KPMG
- Compliance with the Cyber and Information Security Regulations
Conducted by KPMG
- Compliance with the Regulation of Payment Systems
Conducted by KPMG

- Compliance with the Regulations for Centralized Securities Depositories and Securities Clearing and Settlement Systems)
Conducted by KPMG
- Compliance with the Security Control Framework required by SWIFT
Conducted by Alliance Enterprise

The reports issued by the mentioned auditing firms are delivered to the regulators and corresponding interested parties, in compliance with current regulations and signed contracts.

Likewise, in 2022, CEVALDOM underwent an audit with the aim of certifying the conformity of its Information Security System with respect to the ISO/IEC 27001:2013 standard. The certificate obtained is valid for the services offered by CEVALDOM in the three roles it plays within the Dominican Republic stock market: centralized securities depository, administrator of a securities operations registry system, and administrator of a clearing and securities settlement; as well as their support processes.

“ Enriching and preserving the corporate culture in favor of internal audits is one of the main intangible values of CEVALDOM. In an environment that is constantly changing and full of challenges, internal audits must rely on technology and agile frameworks for process evaluations, contributing to the achievement of business objectives.
—Carlos Batista, Audit Director





3

Performance

OPERATIONAL FIGURES 2022

Every year the market evolves and the volume of operations reaches new records. This requires a solid infrastructure that supports demand and provides security. During the year 2022 we maintained our levels of excellence in the provision of our services.

Custody of Public Offering Securities

▲ 20.98% variation

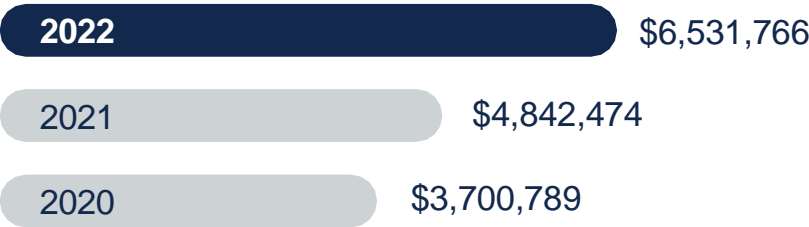
\$2,263,500 million



Settled Transfer Orders

▲ 34.9% variation

\$6,531,766 millions



OTC Operations

▲ 30.87 % variation

\$3,671,392 millions



100%

is the result of the indicators **SLA Compliance Level, Service Availability and Defect Free Services** for the year 2022



4

Generating
value



CEVALDOM



The year 2022 was an extraordinary year, during which CEVALDOM's strengths were put to the test. Thanks to the efforts of our collaborators and a clear strategy, we were able to generate value for our stakeholders and maintain operational excellence. Below, we present how we have generated value during 2022, as well as a detail of our main performance indicators.

CLIENT FOCUS

Supporting our clients' strategies for market development, also offering them the best experience and guaranteeing operational excellence.

In 2019, when CEVALDOM designed its 2020-2024 strategic plan, we made a crucial decision: we determined that we would become strategic allies of our clients and, therefore, we had to get even closer to them.

Since then, we have made considerable progress in our mission, building close relationships and behaving as partners with our clients. Today we can certify that part of our culture consists in listening to our stakeholders, understanding their expectations and design and implementing appropriate and timely solutions to meet their needs.

RESULTS

- As a result of our philosophy and organizational culture, each year our customer satisfaction indicators and NPS (net promoter score, a methodology that measures how likely a person is to recommend the services of an

entity) increase. For the year 2022 our customer satisfaction index (ISC) increased by 3% compared to the year 2021, obtaining a result of 99%. For its part, the NPS increased by 1% for a result of 86%.

- We work collaboratively with our clients, implementing improvements in our systems and processes with the aim of offering them solutions that provide efficiency, reduce risks and costs.
- We implemented and launched a default management scheme with the aim of mitigating the risks associated with possible defaults in the securities clearing and settlement system.
- We implemented improvements in our connection models that improve our customers' experience, while strengthening our security posture and that of our customers
- We maintained levels of operational excellence with 100% availability of our service platform and 100% compliance with our service level agreements.
- We successfully support our clients in carrying out complex operations that were carried out for the first time in our market, which have a positive impact on their growth.

“ The focus of our strategy is to facilitate operations for participants in the stock market, in order to contribute to the development of the country. —Carmelly Morel, Director of Operations



CULTURE CENTERED ON PEOPLE AND VALUES

Offering an environment where our collaborators can develop their maximum potential and feel proud to belong to the organization, as well as reinforcing the behaviors that define “how” we are at CEVALDOM and that will ensure the future success of the organization.

The strategic agenda for the year 2022 places special focus on people and a culture based on values, keys to having the best talent to face the strategic challenges of the company and to position ourselves as one of the preferred companies to work for at a national level.

To achieve the objectives set, a plan was designed that pursued the following objectives:

- Promote close and motivational leadership.
- Offer a differentiating value proposition to employees.
- Promote a collaborative, agile, empowering culture.
- Implementation of innovation, based on trust.
- Promote new ways of working that allow employees to develop their maximum potential.
- Promote talent through development programs focused on critical skills and competencies.
- Promote a team culture committed to our purpose.

RESULTS

- For the second consecutive year, we ranked number 11 among the Best Companies to Work for in Central America and the Caribbean, according to the Great Place to Work ranking.
- We reached an ENPS of 97%, which represents an increase of 5% compared to 2021.
- We successfully launched and implemented our “Grow in CEVALDOM” Program, where a group of high-potential talents were able to train on leadership issues.
- We launched and implemented the “Escuela CEVALDOM” and “Escuela Digital” programs, whose objective was to reinforce skills required by the business based on the designed strategy.
- The comparison of remuneration calculated as the average of men minus the average of women over the average remuneration of men is 1%. 68% of Management positions are held by women. Both aspects show that we are committed to diversity and equal opportunities, prioritizing respect for people and meritocracy.
- 23% of our employees have work contracts under a remote modality and 63% have contracts under a hybrid modality. This measure responds to a strategy to promote the well-being of our collaborators in a flexible environment that seeks to promote a balance between the personal and professional life of a collaborator.

INNOVATION CULTURE

Promoting this value in order to develop solutions that promote market development, reduce the risks and costs of operating in it, as well as implement improvements that allow us to be more efficient and flexible.

CEVALDOM continues to bet on improving the flexibility, scalability and efficiency of its technological infrastructure, which allows for improved cost efficiency, reduced time-to-market, increased version cadence and greater resilience.

A robust and flexible technology infrastructure is key to operational efficiency by facilitating activity automation, customer self-service, automated data management, and digitization.

RESULTS

- In 2022 our collaborators contributed significantly to the continuous improvement of our management systems and processes by submitting ideas to the Innovation Laboratory whose objective was to streamline the company's processes.
- The service channels for numerous services were expanded, including enabling self-service for a series of activities, thus speeding up response times for our customers.

INFORMATION RISKS AND SECURITY

Managing the risks inherent to the company's activities in such a way that they remain within the tolerance levels approved by the Board of Directors, while supporting the company's resilience, agility and ability to adapt to changes.

Risk management is one of the main pillars of CEVALDOM. By virtue of this, we have assumed the commitment to implement and continuously improve our management systems based on international standards of recognized prestige and the best practices of the industry at a global level.

RESULTS

- During 2022 CEVALDOM expanded the scope of the certification that guarantees compliance by the company with ISO / IEC 27001:2013 on Information Security Management Systems, which currently covers 100% of services. and company processes.
- As a strategy to support market players in positioning the Dominican stock market internationally, CEVALDOM underwent a risk assessment as stock market infrastructure. As a result of this process, Thomas Murray Ltd, a global specialist in post-trade and custody risk,

granted CEVALDOM a risk rating of A+, which denotes a "Low Risk". This rating places CEVALDOM above the average of the securities depositories, monitored by Thomas Murray in the Region.

- Through the execution of a series of strategic projects during the year 2022, CEVALDOM follows the new regulation of the stock market, as well as the ability to demonstrate compliance with the principles applicable to financial market infrastructures. Issued by IOSCO, an international organization responsible for dictating the standards by which securities markets are governed globally.



5

Vision towards the future

In 2022, CEVALDOM maintained its focus on strengthening relationships with its clients and developing solutions tailored to their needs and focused on contributing to the growth and resilience of the Dominican stock market. Likewise, we made important progress in the execution of our 2020-2024 strategic plan.

As we look towards the future, leveraging on the competitive advantages that characterize us and our unwavering commitment to serve the market by providing security, efficiency and transparency, we will focus on three guidelines: (i) guarantee the provision of services that make up our business core under standards of quality and safety, ensuring operational efficiency and continuously implementing incremental improvements; (ii) strengthen our technological Infrastructure, making it more modern,

resilient and flexible; and (iii) generate fresh solutions and services that support the growth of the stock market and the creation of value for our stakeholders.

The foregoing on our strategic pillars, which have been established considering the challenges that lie ahead, the material issues identified and our commitment to create value for all our stakeholders:

- Focus on the client
- Culture centered on people and values
- Culture of innovation
- Risk and cybersecurity



“ Within the next five years, we will be witnessing an evolution of the Dominican stock market which will be more impressive than its previous two decades as a regulated market. —Juan Guzmán, Director of Planning, Administration and Finance



6

Corporate Governance



A solid Corporate Governance allows maintaining an efficient decision-making process by incorporating clarity in the assignment of functions and responsibilities. At the same time, promotes correct risk management and the efficiency of internal control, which favors transparency and limits the surfacing of possible conflicts of interest. All of these encourage management excellence that ultimately results in a greater contribution of value.

This is why the application of good corporate governance and its best practices is a strategic priority at CEVALDOM, as we stay committed to our stakeholders.

The information related to corporate governance is complemented by the Annual Corporate Governance Report, which is published on our website (www.cevaldom.com). CEVALDOM's Corporate Governance framework is based on the company's corporate values, as well as the best good governance practices, including the provisions contained in the Corporate Governance Regulation, issued by the National Securities Market Council. The policies that make up the governance framework determine the principles of the company's corporate governance, which were reviewed in December 2022.

BOARD OF DIRECTORS

The Board of Directors is the highest management and administration body of CEVALDOM, competent to adopt agreements on all kinds of matters except those matters reserved for the competence of the General Assembly of Shareholders. It approves and supervises the strategic guidelines and ensures proper risk management and the application of good practices in the exercise of our activity.

The Board of Directors has 4 Support Committees: Strategy Committee, Audit and Regulatory Compliance Committee, Appointments and Remuneration Committee and the Risk Committee. The Appointments and Remuneration Committee has among its powers the monitoring of the corporate governance framework, to ensure the implementation of best practices in this area.

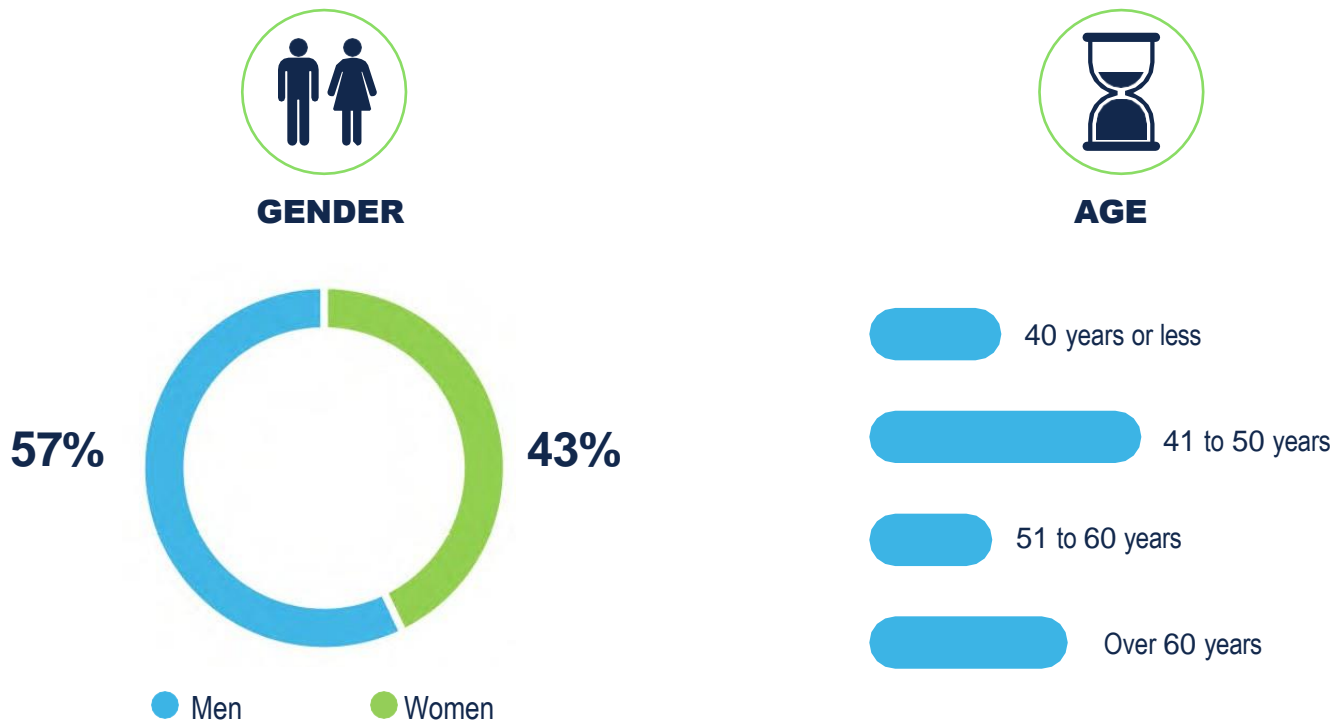
“ In an ever-changing environment, the ability to deliver and maintain relevancy of long-term value for stakeholders is more than a challenge, it is an art. Mastering this art requires the ability to transform and implement practices designed to seize opportunities, manage risk and develop strong leadership, we call these practices Principles of Corporate Governance. —
Gianinna Estrella, Legal Director

The roles of President and CEO (Chief Executive Officer) are separate and clearly defined. This division of responsibilities ensures a balance of authority and power. The decisions of the Board of Directors are adopted collectively, so that no individual director has unlimited decision-making authority.

As of December 31, 2022, the Board of Directors was made up of 7 independent external members. More than half of the members of the Board have a seniority in their position as directors for around 3 years and only two directors have a seniority of 5 years.

In order to ensure an adequate balance at all times in the composition of the Board, we promote diversity of gender, age and origin, as well as provide training, knowledge and professional experiences that contributes towards integrating diverse and independent opinions within the decision-making process. Our Diversity Policy and its principles is evidently in the composition of the Board of Directors, as well as the selection and succession of its members.

DISTRIBUTION BY GENDER AND AGE



The main functions and responsibilities, as well as the issues of decision and operation of the Board of Directors and its Support Committees are described in greater detail in the Annual Corporate Governance Report, which can be found on our website.



CEVALDOM

ANNUAL MANAGEMENT REPORT 2022