



Banco de Costa Rica and Subsidiaries

**Unaudited Consolidated Financial Statements**

September 30, 2023, and 2022

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**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2023

(In colones without cents)

	Note	September 2023	December 2022	September 2022
<b>ASSETS</b>				
<b>Availabilities</b>	<b>4</b>	<b>€ 967,923,171,237</b>	<b>990,655,695,706</b>	<b>1,009,505,753,000</b>
Cash		77,064,884,819	92,361,994,246	82,606,653,518
Central Bank of Costa Rica		729,463,993,694	622,122,345,509	663,713,767,274
Local financial entities		879,270,934	34,167,612	13,182,507
Foreign financial entities		59,267,462,762	186,348,821,639	167,445,725,994
Notes payable on demand		5,520,298,553	291,159,518	2,396,507,243
Restricted cash and cash equivalents		95,727,254,305	89,483,497,239	93,328,297,766
Accounts and interest receivable		6,170	13,709,943	1,618,698
<b>Investment in financial instruments</b>	<b>5</b>	<b>1,516,492,093,481</b>	<b>1,737,604,014,810</b>	<b>1,756,524,103,200</b>
At fair value through profit or loss		29,014,453,297	232,343,302,158	222,376,928,627
At fair value through other comprehensive income		1,318,140,854,946	1,390,086,634,332	1,442,643,205,568
At amortized cost		149,536,370,634	90,186,040,192	75,180,793,611
Interest receivable		19,988,800,929	25,079,315,361	16,323,175,394
(Allowance for impairment)		(188,386,325)	(91,277,233)	0
<b>Loan portfolio</b>	<b>6.b</b>	<b>3,912,039,903,840</b>	<b>4,077,413,386,235</b>	<b>3,995,458,104,631</b>
Current loans	<b>6.d</b>	3,679,262,407,793	3,937,462,584,812	3,847,972,657,106
Past due loans		322,775,695,568	243,256,893,171	255,992,026,138
Loans in legal collection	<b>6.e</b>	57,562,880,112	54,015,379,909	56,508,890,131
(Deferred income loan portfolio)		(19,898,638,645)	(20,333,161,206)	(19,166,091,072)
Interest receivable	<b>6.f</b>	26,529,373,861	23,482,920,835	25,068,405,556
(Allowance for impairment)	<b>6.g</b>	(154,191,814,849)	(160,471,231,286)	(170,917,783,228)
<b>Accounts and commissions receivable</b>		<b>47,569,488,822</b>	<b>40,589,657,945</b>	<b>41,014,784,468</b>
Commissions receivable		5,495,562,608	5,047,174,271	5,351,879,579
Accounts receivable from stock exchange operations		841,289,510	324,382,309	161,438,926
Accounts receivable for transactions with related parties		738,882,727	461,408,278	1,179,567,448
Deferred income tax and income tax receivable	<b>15</b>	27,080,018,763	29,654,579,558	29,608,523,003
Other accounts receivable		27,253,296,038	18,704,160,389	17,856,839,647
(Allowance for impairment)		(13,839,560,824)	(13,602,046,860)	(13,143,464,135)
<b>Foreclosed assets</b>	<b>7</b>	<b>43,585,790,611</b>	<b>50,943,639,172</b>	<b>54,693,109,751</b>
Assets and securities acquired as recovery of loans		106,678,398,732	115,786,047,086	120,630,642,367
Other foreclosed assets		4,292,271,498	3,022,436,777	3,497,427,861
(Allowance for impairment and per legal requirement)		(67,384,879,619)	(67,864,844,691)	(69,434,960,477)
<b>Interest in other companies' capital, net</b>	<b>8</b>	<b>415,417,188</b>	<b>349,295,286</b>	<b>321,611,224</b>
<b>Property, furniture and equipment, net</b>	<b>9</b>	<b>144,979,189,416</b>	<b>151,188,474,971</b>	<b>154,709,229,067</b>
<b>Property investments</b>		<b>6,831,625,000</b>	<b>6,831,625,000</b>	<b>6,831,625,000</b>
<b>Other assets</b>		<b>116,324,723,375</b>	<b>160,150,252,095</b>	<b>114,422,728,732</b>
Deferred charges	<b>10.a</b>	1,673,481,910	2,164,311,351	2,413,819,150
Intangible assets, net	<b>10.b</b>	20,127,934,090	23,547,464,286	22,218,388,975
Other assets	<b>10.c</b>	94,523,307,375	134,438,476,458	89,790,520,607
<b>TOTAL ASSETS</b>	<b>€</b>	<b>6,756,161,402,970</b>	<b>7,215,726,041,220</b>	<b>7,133,481,049,073</b>

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2023  
(In colones without cents)

	Note	September 2023	December 2022	September 2022
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Obligations with the public</b>	€	<b>4,920,975,814,813</b>	<b>5,210,175,460,962</b>	<b>5,020,106,179,187</b>
Demand obligations	11	2,905,125,010,901	3,312,715,210,395	3,084,773,391,253
Term obligations	12	1,967,513,039,764	1,864,994,210,988	1,908,090,501,722
Other obligations with the public	13	5,159,087,465	12,201,496,594	10,030,324,422
Financial charges payable		43,178,676,683	20,264,542,985	17,211,961,790
<b>Obligations with the Central Bank of Costa Rica</b>	14	<b>106,814,754,946</b>	<b>135,919,058,556</b>	<b>217,033,494,640</b>
Term obligations		104,826,771,127	134,495,032,211	215,749,270,823
Financial charges payable		1,987,983,819	1,424,026,345	1,284,223,817
<b>Obligations with entities</b>	14	<b>726,791,950,362</b>	<b>862,134,813,602</b>	<b>974,920,980,097</b>
Demand obligations	12	89,002,841,655	86,234,442,076	83,547,333,994
Term obligations	12	629,537,464,937	769,430,943,775	885,589,561,297
Financial charges payable		8,251,643,770	6,469,427,751	5,784,084,806
<b>Accounts payable and provisions</b>		<b>166,683,002,419</b>	<b>192,019,884,335</b>	<b>177,509,652,360</b>
Provisions	16	43,077,976,540	41,493,111,502	43,543,213,016
Accounts payable for stock transactions		29,445,238	117,147,171	72,492,619
Deferred income tax	15	42,767,348,125	28,951,269,227	32,425,442,851
Other sundry accounts payable	17	80,787,107,178	121,441,498,044	101,453,163,841
Financial charges payable		21,125,338	16,858,391	15,340,033
<b>Other liabilities</b>		<b>41,327,675,528</b>	<b>65,527,746,041</b>	<b>28,057,398,544</b>
Deferred income		668,347,681	489,033,076	668,893,182
Other liabilities		40,659,327,847	65,038,712,965	27,388,505,362
<b>Subordinated obligations</b>		<b>50,141,717,715</b>	<b>50,139,855,636</b>	<b>20,072,534,085</b>
Subordinated obligations	14	49,957,295,493	49,955,433,414	19,982,245,196
Financial charges payable		184,422,222	184,422,222	90,288,889
<b>TOTAL LIABILITIES</b>	€	<b>6,012,734,915,783</b>	<b>6,515,916,819,132</b>	<b>6,437,700,238,913</b>
<b>EQUITY</b>				
<b>Capital stock</b>	18.a	<b>181,409,990,601</b>	<b>181,409,990,601</b>	<b>181,409,990,601</b>
Paid-in-capital		181,409,990,601	181,409,990,601	181,409,990,601
<b>Adjustments to equity - Other comprehensive income</b>		<b>40,895,470,561</b>	<b>7,399,651,431</b>	<b>14,022,114,814</b>
<b>Equity reserves</b>		<b>351,152,901,365</b>	<b>325,313,265,088</b>	<b>325,313,265,088</b>
<b>Accrued earnings from previous periods</b>		<b>41,896,492,820</b>	<b>23,721,615,916</b>	<b>23,721,615,916</b>
<b>Profit of current period</b>		<b>13,877,781,310</b>	<b>48,171,909,592</b>	<b>34,468,785,007</b>
<b>Equity of the Development Financing Fund</b>		<b>45,766,617,523</b>	<b>40,476,721,777</b>	<b>40,476,721,777</b>
<b>Minority interest</b>	8	<b>68,427,233,007</b>	<b>73,316,067,683</b>	<b>76,368,316,957</b>
<b>TOTAL EQUITY</b>		<b>743,426,487,187</b>	<b>699,809,222,088</b>	<b>695,780,810,160</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	€	<b>6,756,161,402,970</b>	<b>7,215,726,041,220</b>	<b>7,133,481,049,073</b>
<b>DEBIT CONTINGENT ACCOUNTS</b>	19	<b>517,071,693,768</b>	<b>568,874,580,805</b>	<b>589,306,299,473</b>
<b>TRUST ASSETS</b>	20	<b>844,743,833,685</b>	<b>773,795,354,330</b>	<b>790,227,996,736</b>
<b>TRUST LIABILITIES</b>		<b>252,752,579,864</b>	<b>270,063,360,217</b>	<b>273,839,146,059</b>
<b>TRUST EQUITY</b>		<b>591,991,253,820</b>	<b>503,731,994,114</b>	<b>516,388,850,677</b>
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	21	<b>24,234,482,018,074</b>	<b>23,386,353,915,943</b>	<b>22,942,179,698,149</b>
Own debit memoranda accounts		12,605,026,999,685	12,952,966,818,969	12,554,198,500,373
Third party debit memoranda accounts		2,805,093,282,422	2,559,816,420,678	2,606,483,199,901
Own debit memoranda accounts for custodial activities		971,669,038,108	906,880,401,900	822,922,411,561
Third party debit memoranda accounts for custodial activities		7,852,692,697,859	6,966,690,274,396	6,958,575,586,314

The accompanying notes are an integral part of these financial statements.

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended September 30, 2023  
(In colones without cents)

	Note	Quarter from			
		September 2023	September 2022	July 1 to September 30 2023	2022
<b>Financial income</b>					
For availabilities	€	2,706,562,248	711,866,608	823,159,125	548,469,256
For investments in financial instruments	26	75,809,306,041	67,145,779,089	27,379,762,282	22,677,876,730
For loan portfolio	27	263,740,061,016	214,227,170,394	86,049,075,630	77,671,834,497
For financial leases	27	2,081,755,914	1,915,267,690	760,505,906	671,246,609
For gain on exchange differences and Development Units		0	0	0	(2,359,157,699)
For profit from financial instruments at fair value through profit or loss		1,022,347,370	979,265,761	33,622,120	397,019,215
For profit from financial instruments at fair value through other comprehensive income		9,783,474,044	9,196,864,649	4,520,823,201	325,205,771
For other financial income		2,678,937,105	3,378,906,408	945,681,743	1,060,754,453
<b>Total financial income</b>		<b>357,822,443,738</b>	<b>298,021,116,558</b>	<b>120,512,630,007</b>	<b>101,459,244,791</b>
<b>Financial expenses</b>					
For obligations with the public	28	182,086,105,403	87,063,620,982	58,679,736,179	35,166,310,840
For obligations with the Central Bank of Costa Rica		863,625,807	1,944,055,575	214,313,453	1,214,847,172
For obligations with financial and non-financial entities		25,827,840,858	20,345,753,474	8,736,918,438	8,599,016,590
For subordinated, convertible and preferred obligations		4,612,157,079	573,873,229	1,537,404,359	483,533,290
For losses due to exchange differences and DU		10,609,382,478	2,381,582,262	3,276,726,618	2,381,582,262
For loss from financial instruments at fair value through profit or loss		924,285,305	187,487,067	35,482,952	134,569
For loss from financial instruments at fair value through other comprehensive income		1,778,136,143	557,564,733	236,004,133	359,656,158
For other financial expenses		37,910,526	49,781,465	12,865,142	15,812,850
<b>Total financial expenses</b>		<b>226,739,443,599</b>	<b>113,103,718,787</b>	<b>72,729,451,274</b>	<b>48,220,893,731</b>
Allowance for impairment of assets	29	10,436,142,425	17,003,522,353	4,238,134,542	1,647,788,521
For assets recovery and decrease in allowance and provisions	30	14,166,255,696	9,614,464,291	3,188,713,802	4,334,424,752
<b>FINANCIAL INCOME</b>		<b>134,813,113,410</b>	<b>177,528,339,709</b>	<b>46,733,757,993</b>	<b>55,924,987,291</b>
<b>Other operating income</b>					
For service fees	31	83,530,475,925	85,431,402,458	27,633,534,768	28,216,104,309
For foreclosed assets		13,430,789,135	23,468,987,417	4,497,433,882	4,533,243,391
For participations in the capital of other companies	32	557,059	4,969,892	0	0
For foreign currency exchange and arbitrations		25,317,526,420	19,118,935,899	9,149,027,831	6,613,922,641
For other income from related parties		2,709,062	678,350,655	2,580,885	514,233,956
For other operating income		19,773,469,608	15,625,750,093	5,159,183,468	5,310,370,797
<b>Total other operating income</b>		<b>142,055,527,209</b>	<b>144,328,396,414</b>	<b>46,441,760,834</b>	<b>45,187,875,094</b>
<b>Other operating expenses</b>					
For service fees		22,709,631,370	23,302,390,419	8,116,048,645	7,012,379,947
For foreclosed assets		21,296,870,489	27,922,317,601	7,671,235,700	7,472,914,120
For provisions		2,704,694,615	4,194,535,070	414,587,018	728,067,567
For exchange and arbitration, foreign currency		700,536,364	627,078,642	564,924,435	33,534,549
For other expenses with related parties		11,462,180	932,860	(59,770,837)	(266,365)
For other operating expenses		38,249,921,640	32,471,769,869	14,804,867,552	8,817,395,743
<b>Total other operating expenses</b>		<b>85,673,116,658</b>	<b>88,519,024,461</b>	<b>31,511,892,513</b>	<b>24,064,025,561</b>
<b>GROSS OPERATING INCOME</b>		<b>191,195,523,961</b>	<b>233,337,711,662</b>	<b>61,663,626,314</b>	<b>77,048,836,824</b>
<b>Administrative expenses</b>					
Personnel expenses		94,641,357,693	91,107,850,356	31,527,688,919	31,367,714,400
Other administrative expenses		62,828,461,200	65,018,778,480	21,393,917,077	22,467,099,838
<b>Total administrative expenses</b>	33	<b>157,469,818,893</b>	<b>156,126,628,836</b>	<b>52,921,605,996</b>	<b>53,834,814,238</b>
<b>OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS</b>		<b>33,725,705,068</b>	<b>77,211,082,826</b>	<b>8,742,020,318</b>	<b>23,214,022,586</b>
Income tax	15	16,674,669,622	17,310,864,281	915,818,860	5,617,355,938
Deferred income tax	15	17,263,662,665	12,324,604,167	14,124,449,556	2,757,629,465
Decrease in income tax		23,652,316,408	7,800,909,298	12,484,929,493	638,262,048
Legal profit allocation	34	7,852,398,921	19,451,260,578	2,914,215,218	5,881,560,740
Decrease in profit shares	34	668,615,344	0	0	0
<b>RESULT OF THE PERIOD</b>		<b>16,255,905,612</b>	<b>35,925,263,098</b>	<b>3,272,466,177</b>	<b>9,595,738,491</b>
Attributed to non-controlling interests		2,378,124,302	1,456,478,091	780,725,940	474,541,995
<b>RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>		<b>13,877,781,310</b>	<b>34,468,785,007</b>	<b>2,491,740,237</b>	<b>9,121,196,496</b>
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>					
Adjustment for valuation of investments at fair value through other comprehensive income		38,700,995,472	(56,682,240,077)	6,832,928,544	(16,258,550,530)
Reclassification of unrealized profit to the income statement		(5,603,736,531)	(6,047,509,941)	(2,999,373,348)	24,115,271
Adjustment for valuation of restricted financial instruments, net of income tax		7,811,764,831	(28,016,371,307)	(201,966,381)	(22,459,197,969)
Other		(14,680,163,686)	(3,029,951,810)	(1,752,188,426)	(14,479,694,377)
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>	35	<b>26,228,860,086</b>	<b>(84,435,532,107)</b>	<b>1,879,400,389</b>	<b>(43,832,786,577)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>42,484,765,698</b>	<b>(48,510,269,009)</b>	<b>5,151,866,566</b>	<b>(34,237,048,086)</b>
Comprehensive income attributed to minority interest		(4,888,834,676)	(393,825,419)	(74,347,361)	(6,817,272,871)
<b>COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>	€	<b>47,373,600,374</b>	<b>(48,116,443,590)</b>	<b>5,226,213,927</b>	<b>(27,419,775,215)</b>

The accompanying notes are an integral part of these financial statements.

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the period ended September 30, 2023  
(In colones without cents)

Adjustments to equity

Note	Adjustments to equity					Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
	Capital Stock	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity					
<b>Balance as of December 31, 2021</b>	€ 181,409,990,601	31,744,671,803	40,339,757,529	24,522,914,079	96,607,343,411	296,709,547,031	77,720,638,490	36,212,011,410	76,762,142,376	765,421,673,319
Allocation of legal reserve	0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0	0
Allocation of the Development Financing Fund	0	0	0	0	0	0	(4,264,710,367)	4,264,710,367	0	0
Income tax from previous periods	0	0	0	0	0	0	(21,130,594,150)	0	0	(21,130,594,150)
<b>Balance as of September 30, 2022</b>	<b>181,409,990,601</b>	<b>31,744,671,803</b>	<b>40,339,757,529</b>	<b>24,522,914,079</b>	<b>96,607,343,411</b>	<b>325,313,265,088</b>	<b>23,721,615,916</b>	<b>40,476,721,777</b>	<b>76,762,142,376</b>	<b>744,291,079,169</b>
<b>Other comprehensive income</b>										
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	(1,545,275,423)	(1,545,275,423)	0	0	0	(1,484,676,387)	(3,029,951,810)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	(118,576,870,395)	0	(118,576,870,395)	0	0	(365,627,123)	(118,942,497,518)
Transfer of realized net gain to the income statement		0	0	(8,639,299,916)	0	(8,639,299,916)	0	0	0	(8,639,299,916)
Impairment – Investments at fair value through other comprehensive income		0	0	(1,193,273,275)	0	(1,193,273,275)	0	0	0	(1,193,273,275)
Deferred income tax recognition	15	0	(3,384,205,057)	38,028,949,384	0	34,644,744,327	0	0	0	34,644,744,327
Result of the period		0	0	0	0	0	34,468,785,007	0	1,456,478,091	35,925,263,098
<b>Other total comprehensive income</b>		<b>0</b>	<b>9,340,541,027</b>	<b>(90,380,494,202)</b>	<b>(1,545,275,423)</b>	<b>0</b>	<b>34,468,785,007</b>	<b>0</b>	<b>(393,825,419)</b>	<b>(48,510,269,010)</b>
<b>Balance as of September 30, 2022</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(50,040,736,673)</b>	<b>22,977,638,656</b>	<b>14,022,114,814</b>	<b>325,313,265,088</b>	<b>58,190,400,923</b>	<b>40,476,721,777</b>	<b>76,368,316,957</b>	<b>695,780,810,159</b>
Attributed to minority interest		0	0	0	0	0	0	0	76,368,316,957	76,368,316,957
Attributed to the financial conglomerate		181,409,990,601	41,085,212,831	(50,040,736,673)	22,977,638,656	14,022,114,814	325,313,265,088	58,190,400,923	40,476,721,777	619,412,493,203
<b>Balance as of December 31, 2022</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(52,858,371,308)</b>	<b>19,172,809,908</b>	<b>7,399,651,431</b>	<b>325,313,265,088</b>	<b>73,026,024,841</b>	<b>40,476,721,777</b>	<b>73,316,067,749</b>	<b>700,941,721,487</b>
Allocation of legal reserve		0	0	0	0	25,839,636,277	(25,839,636,277)	0	0	0
Allocation of the Development Financing Fund		0	0	0	0	0	(5,289,895,744)	5,289,895,746	0	2
<b>Balance as of September 30, 2023</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(52,858,371,308)</b>	<b>19,172,809,908</b>	<b>7,399,651,431</b>	<b>351,152,901,365</b>	<b>41,896,492,820</b>	<b>45,766,617,523</b>	<b>73,316,067,749</b>	<b>700,941,721,489</b>
<b>Other comprehensive income</b>										
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	(7,486,883,481)	(7,486,883,481)	0	0	0	(7,193,280,205)	(14,680,163,686)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	68,199,736,384	0	68,199,736,384	0	0	(73,678,839)	68,126,057,545
Transfer of realized net gain to the income statement		0	0	(8,005,337,901)	0	(8,005,337,901)	0	0	0	(8,005,337,901)
Impairment – Investments at fair value through other comprehensive income		0	0	(1,175,287,079)	0	(1,175,287,079)	0	0	0	(1,175,287,079)
Deferred income tax recognition	15	0	0	(18,036,408,793)	0	(18,036,408,793)	0	0	0	(18,036,408,793)
Result of the period		0	0	0	0	0	13,877,781,310	0	2,378,124,302	16,255,905,612
Other total comprehensive income		<b>0</b>	<b>0</b>	<b>40,982,702,611</b>	<b>(7,486,883,481)</b>	<b>33,495,819,130</b>	<b>13,877,781,310</b>	<b>0</b>	<b>(4,888,834,742)</b>	<b>42,484,765,698</b>
<b>Balance as of September 30, 2023</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(11,875,668,697)</b>	<b>11,685,926,427</b>	<b>40,895,470,561</b>	<b>351,152,901,365</b>	<b>55,774,274,130</b>	<b>45,766,617,523</b>	<b>68,427,233,007</b>	<b>743,426,487,187</b>
Attributed to minority interest		0	0	0	0	0	0	0	68,427,233,007	68,427,233,007
Attributed to the financial conglomerate	€	181,409,990,601	41,085,212,831	(11,875,668,697)	11,685,926,427	40,895,470,561	351,152,901,365	55,774,274,130	45,766,617,523	674,999,254,180

The accompanying notes are an integral part of these financial statements.

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i



**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended September 30, 2023  
(In colones without cents)

	September 2023	September 2022
<b>Cash flows from operating activities</b>		
Income of the period	€ 15,010,280,645	34,468,785,007
<b>Items applied to results not requiring cash outlays</b>	<b>(72,712,410,212)</b>	<b>(89,874,792,954)</b>
<b>Increase or (decrease) for</b>		
Allowance for impairment or devaluation of financial instruments	281,089,124	343,281,819
Allowance for impairment of loan portfolio	6,398,051,287	14,199,274,803
Allowance for impairment and default of other accounts receivable	3,757,002,014	2,460,965,731
Allowance for impairment of assets in lieu of payment	12,554,202,646	13,959,179,854
Income from reversal of allowance for impairment or devaluation of investments	(1,535,263,023)	(1,618,119,729)
Income from reversal of allowance for impairment of loan portfolio	(722,669,534)	(1,373,653,319)
Income from reversal of allowance for impairment and default of accounts receivable	(2,889,255,835)	(1,764,181,919)
Income from reversal of allowance for impairment of assets in lieu of payment	(12,884,944,546)	(22,528,889,469)
Income or loss for sale of assets received in lieu of payment and of property, furniture and	5,721,213,177	11,587,283,227
Interest in net profit of other companies	(557,059)	(4,969,892)
Depreciation	10,714,476,442	8,857,114,713
Amortization	15,443,406,035	12,975,987,561
Provision for social benefits	445,538,459	824,643,961
Provisions for pending lawsuits	2,259,156,156	3,369,891,109
Other provisions	5,194,288	4,844,444
Income from provisions	(1,138,697,926)	(1,438,366,200)
Income tax	16,674,669,622	17,310,864,281
Deferred income tax	17,263,662,665	12,324,604,167
Decrease in income tax	(23,652,316,408)	(7,081,369,520)
Decrease in income tax from previous periods	0	(719,539,778)
Profit sharing	7,183,783,577	19,451,260,578
Interest for obligations with the public	182,086,105,403	87,063,620,982
Interest for obligations with financial entities	31,303,623,744	22,863,682,278
Income from availabilities	(2,706,562,248)	(711,866,608)
Interest from investment in financial instruments	(75,809,306,041)	(67,145,779,089)
Income from loan portfolio	(263,740,061,016)	(214,227,170,394)
Net profit or loss from exchange differences and Development Units	5,384,807,964	1,231,410,787
Minority interest in net profit of subsidiaries	2,378,124,302	1,456,478,091
Adjustments for conversion of financial statements of the entity abroad	(7,486,883,481)	(1,545,275,423)
<b>Cash flows from operating activities</b>	<b>280,954,522,250</b>	<b>(80,562,845,863)</b>
<b>Net variation in assets increase or (decrease)</b>		
Increase in financial instruments - at fair value through profit or loss	(388,301,022,298)	(210,942,061,311)
Decrease in financial instruments - at fair value through profit or loss	592,981,154,150	284,288,058,104
Increase in financial instruments - at fair value through comprehensive income	(895,204,273,391)	(3,545,897,711,242)
Decrease in financial instruments - at fair value through comprehensive income	903,664,977,803	3,431,950,461,585
Loan portfolio	(17,293,372,124)	(98,409,363,710)
Accounts and commissions receivable	(23,347,713,809)	(1,790,928,639)
Available-for-sale assets	14,458,157,372	18,369,557,456
Interest receivable for financial instruments	25,079,315,361	26,487,905,728
Interest receivable for loan portfolio	19,116,543,289	15,408,577,177
Other assets	49,800,755,897	(27,341,011)
<b>Net variations in liabilities, increase or (decrease)</b>	<b>(325,248,522,931)</b>	<b>51,005,521,261</b>
Obligations with the public	(125,357,472,731)	(38,388,108,110)
Obligations with the Central Bank of Costa Rica and other entities	(104,348,659,184)	164,399,089,177
Obligations for accounts and commissions payable and provisions	(45,453,755,041)	(56,563,999,945)
Interest payable for obligations with the public	(20,264,542,985)	(14,992,444,840)
Interest payable for obligations with the BCCR and other entities	(8,077,876,318)	(5,164,976,047)
Interest payable for accounts and commissions payable and provisions	(16,858,391)	(16,152,584)
Other liabilities	(21,729,358,281)	1,732,113,610
Interests paid	(159,765,877,315)	(85,541,403,925)
Dividends received	5,300,000,000	0
Collected interest	300,104,132,061	244,763,367,169
Paid income tax	(11,123,223,168)	(13,340,985,474)
<b>Net cash flows provided by operating activities</b>	<b>32,518,901,329</b>	<b>60,917,645,221</b>
<b>Cash flows from investment activities</b>		
Increase in financial instruments at amortized cost	(20,456,480,026,446)	(3,511,535,009,402)
Decrease in financial instruments at amortized cost	20,397,129,696,004	3,476,582,131,919
Acquisition of property, furniture and equipment	(4,955,232,248)	(30,730,843,287)
Decrease for withdrawal and transfer of property, furniture and equipment	220,774,725	8,427,478,046
Acquisition of intangibles	(11,815,156,696)	(10,723,228,234)
Decrease for withdrawal and transfer of intangibles	173,326,401	(4,151,147,594)
Interest in other companies	(5,365,564,843)	(251,224,144)
<b>Cash flows (used for) provided by investment activities</b>	<b>(81,092,183,103)</b>	<b>(72,381,842,696)</b>
<b>Cash flows from financing activities</b>		
Subordinated obligations	1,862,079	19,982,245,196
<b>Cash flows provided by financing activities</b>	<b>1,862,079</b>	<b>19,982,245,196</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48,571,419,695)</b>	<b>8,518,047,721</b>
Cash and cash equivalents at the beginning of the year	1,124,702,795,131	1,088,379,896,650
Effect of changes in exchange rates on cash	(37,415,851,640)	(9,179,016,661)
Cash and cash equivalents at the end of the year	4 € 1,088,715,523,864	1,087,718,927,710

The accompanying notes are an integral part of these financial statements.

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

#### 1). Summary of operations and significant accounting policies

##### (a) Operations

Banco de Costa Rica (hereinafter, the Bank) is an autonomous, independently managed, public law institution organized in 1877. As a State-owned public bank, it is regulated by the Internal Regulations of the National Banking System (IRNBS), the Internal Regulations of the Central Bank of Costa Rica, and by the Political Constitution of the Republic of Costa Rica. It is also subject to oversight by the General Superintendence of Financial Entities (SUGEF) and the Comptroller General of the Republic (CGR). The Bank's registered office is located at Avenida Central and Avenida Segunda, Calle 4 and Calle 6, in San José, Costa Rica.

The Bank's website and its subsidiaries located in Costa Rica is [www.bancobcr.com](http://www.bancobcr.com)

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of September 30, 2023, the Bank has a total 161 (161 and 162 for December and September 2022, respectively) branches distributed across the national territory, has in operation 562 (568 and 576 for December and September 2022, respectively) ATM's and has 4,052 (3,972 and 3,916 for December and September 2022, respectively) employees.

The consolidated financial statements and notes thereto are expressed in colones (¢), the legal tender of the Republic of Costa Rica and functional currency.

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of September 30, 2023, is of 72 (72 and 70 for December and September 2022, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of September 30, 2023, is of 102 (107 and 105 for December and September 2022, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members. The number of employees as of September 30, 2023, is of 104 (102 and 106 for December and September 2022, respectively) and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of September 30, 2023, is of 90 (93 and 93 for December and September 2022, respectively) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of September 30, 2023, the number of employees is 80 (80 and 79 for December and September 2022, respectively). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

Depósito Agrícola de Cartago, S.A. and subsidiary, was organized as a corporation in October 1934 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of personal property of national and foreign origin, with its own legal status and administratively independent. The company is regulated by the “Ley de Almacenes Generales”.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named Almacén Fiscal Agrícola de Cartago, S.A., constituted in December 1991 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of merchandise on which no import taxes have been paid, regulated by the General Customs Law, and supervised by the General Customs Directorate of the Ministry of Finance. Both companies are subject to the oversight of the Comptroller General of the Republic. As of September 30, 2023, the number of employees is of 74 (75 and 72 for December and September 2022, respectively).

BCR LEASING PREMIUM PLUS S.A. is a corporation incorporated on July 4, 2022, under the laws of the Republic of Costa Rica and is one more subsidiary of the BCR Financial Conglomerate. Its main activity is the leasing of personal property to current and potential clients of the BCR Conglomerate. The number of employees as of September 30, 2023, is 11.

The Bank also holds a 51% ownership interest in the following subsidiary:

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50th floor, Avenida Balboa and Calle Aquilino de la Guardia. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of September 30, 2023, is of 233 (233 and 232 December and September 2022, respectively).

In the Republic of Panama, banks are regulated by the Superintendence of Banks of Panama through Executive Order No. 26 of February 26, 1998, and by the resolutions and directives issued by that entity. Among other aspects, that law regulates authorization of banking licenses, minimum capital and liquidity requirements, general oversight, and procedures for credit risk and market risk management, money laundering prevention, and bank takeover and liquidation. Banks are also subject to an audit at least every two (2) years by auditors from the Superintendence of Banks to verify compliance with Executive Order No. 9 and Law No. 42 on Money Laundering Prevention.

BICSA has two subsidiaries, BICSA Factoring and Capital S.A., engaged in providing funding through financial leases and purchase of invoices and brokerage services, respectively.

In addition, they have a subsidiary located in Costa Rica, called BICSA Fiduciaria, S. A., which is dedicated to offering fiduciary services.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Regulatory Matters of Banco Internacional de Costa Rica, S.A. and Subsidiary

Panamá Branch

Executive Order No. 9 of February 26, 1998, requires that banks operating under a general license maintain capital funds for an amount greater than or equal to 8% of risk-weighted assets, including off-balance sheet operations. This law also limits the amount that can be loaned to a single economic group to a maximum of 25% of capital funds. It also limits the amount that can be loaned to related parties to a maximum of 5% and 10% of capital funds, depending on the guarantee provided by the borrower, up to a cumulative maximum of 25% of BICSA's capital funds.

(b) Accounting policies for the preparation of consolidated financial statements

The financial statements have been prepared in accordance with the legal provisions, rules, and accounting regulations issued by the National Financial System Supervisory Board (CONASSIF), the General Superintendence of Financial Entities (SUGEF) and the Central Bank of Costa Rica (BCCR), and in those matters that are not covered by those entities, according to the International Financial Reporting Standards as of January 1, 2011 (IFRS).

Through communication C.N.S. 116-07 from December 18, 2007, the National Financial System Supervisory Board issued a reform to the regulations named "Accounting Standard Applicable to the Entities Supervised by SUGEF, SUGEVAL and SUPEN and to the non-financial issuers." The objective of such standard is to regulate the adoption and application of the International Financial Reporting Standards (IFRS) and the corresponding interpretations (SIC and IFRIC interpretations.)

Afterwards, through articles 8 and 5 of minutes corresponding to sessions 1034-2013 and 1035-2013, held on April 2, 2013, respectively, the National Financial System Supervisory Board made a change to the "Accounting standard applicable to the entities supervised by SUGEF, SUGEVAL, SUPEN and SUGESE and to the non-financial issuers."

According to such document, the IFRS and its interpretations must be mandatorily applied by the supervised entities, in accordance with the texts in force as of January 1, 2011. This is for the audits as of December 31, 2015, except for the special treatments applicable to the supervised entities and non-financial issuers. The anticipated adoption of standards is not allowed.

Issuing new IFRSs or interpretation issued by the IASB, as well as any amendment to the adopted IFRSs to be applied by the entities under supervision will require a prior authorization by the National Financial System Supervisory Board (CONASSIF).

The financial statements have been prepared based on historical costs as explained in the accounting policies below.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

Historical costs are generally based on the fair value of the consideration for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability on the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for the stock-based payment transactions within the scope of IFRS 2, the lease transactions within the scope of IAS 17, and the measurements that have certain similarities with the fair value, but which are not fair value, such as the net realizable value in IAS 2 or the value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for asset or liability.

(c) Investment in other companies

Valuation of investments by the equity method

*i. Subsidiaries*

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. As prescribed by regulations, the financial statements must present investments in subsidiaries by the equity method rather than on a consolidated basis. Transactions that affect the equity of those companies, such as translation adjustments and unrealized gain or loss on valuation of investments, are recognized in the same manner in the Bank's equity, the effects are recorded in the account "Adjustment for valuation of investments in other companies".

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

The Bank and subsidiaries must analyze and assess the distribution of dividends in accordance with current internal and external regulations applicable to each entity. The distribution of dividends will be proposed by the Management of each entity; it will transmit the proposal to the Board of Directors and subsequently send to the shareholders 'meeting in the case of the subsidiaries. Once the amount to be distributed has been determined, the accumulated profits of previous periods and/or the capital stock will be reduced, if necessary.

The consolidated financial statements include the financial figures of the Bank and of the following subsidiaries:

Name	Percentage of ownership
BCR Valores, S.A. – Puesto de Bolsa	100%
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	100%
BCR Sociedad Administradora de Fondos de Inversión, S.A.	100%
Banco Internacional de Costa Rica, S.A. and subsidiary (Arrendadora Internacional, S.A., which is 100% owned)	51%
BCR Sociedad Corredora de Seguros, S.A.	100%
Banprocesa S.R.L.	100%
Depósito Agrícola de Cartago, S.A. and subsidiary	100%

All significant intercompany balances and transactions have been eliminated on consolidation.

(d) Foreign currency

i. *Transactions in foreign currency*

Assets and liabilities held in foreign currency are converted to colones at the exchange rate prevailing on the date of the consolidated statement of financial position. Transactions in foreign currency during the year are converted at the foreign exchange rate prevailing on the date of the transaction. Conversion gains or losses are presented in the consolidated income statement.

ii. *Monetary unit and foreign exchange regulations*

As of January 30, 2015, the Board of Directors of the Central Bank of Costa Rica, in article 5 of the minutes of session 5677-2015, established a managed floating exchange rate regime starting February 2, 2015, whose main aspects are detailed below:

## BANCO DE COSTA RICA AND SUBSIDIARIES

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- In this regime, the Central Bank of Costa Rica will allow the exchange rate to be freely determined by the foreign exchange market but may participate in the market in a discretionary manner, to meet its own requirements of currency and those of the non-banking Public Sector, to avoid sharp exchange fluctuations.
- The Central Bank of Costa Rica may carry out direct operations or use forex held-for-trading instruments it deems appropriate in accordance with the current regulations.
- In its stabilization transactions, the Central Bank of Costa Rica will continue to use in the Foreign Currency Market (MONEX), the rules of engagement with the amendments provided for in this agreement. The Financial Stability Committee must determine the intervention procedures consistent with the strategy approved by the Board.

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of September 30, 2023, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢542.35 (¢601.99 and ¢632.72 for December and September 2022, respectively) for US\$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended September 30, 2023, gave rise to foreign exchange losses of ¢550,375,733,385, (¢1,637,735,614,811 and ¢1,136,832,124,753 for December and September 2022, respectively), and gains of ¢539,766,350,907, (¢1,633,841,118,988 and ¢1,134,450,542,491, for December and September 2022, respectively), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are booked in "Other operating income" and "Other operating expenses", respectively. For the period ended September 30, 2023, valuation of other assets gave rise to losses of ¢978,900,298, (¢1,459,439,641 and ¢661,387,959 for December and September 2022, respectively) and valuation of other liabilities gave rise to gains of ¢1,406,664,366, (¢1,595,077,054 and ¢706,410,573 for December and September 2022, respectively).



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Notes to the consolidated financial statements

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iii. *Financial statements of foreign subsidiaries (BICSA)*

The financial statements of BICSA are presented in U.S. dollars, which is its functional currency. The translation of the financial statements to colones was carried out as follows:

- Assets and liabilities have been converted at the closing exchange rate.
- Income and expenses have been converted at the average exchange rates in effect during each year.
- The equity is measured in terms of historical cost and has been converted using the exchange rate on the transaction date.

As result of the conversions for the period ended on September 30, 2023, losses for exchange differences arise for ¢7,486,883,481, (¢5,350,104,171 and ¢1,545,275,423 for December and September 2022, respectively) shown in the equity section, within "Currency translation adjustment of the financial statements".

(e) Basis for the recognition of the consolidated financial statements

The consolidated financial statements have been prepared based on fair value for assets through profit or loss and through other comprehensive income. Other financial and non-financial assets and liabilities are recorded at amortized or historical cost. The accounting policies have been consistently applied.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Bank's financial instruments include primary instruments: cash and due from banks, investments in financial instruments, loan portfolio, other receivables, obligations with the public, obligations with entities, and payables.

(i) *Classification*

Financial instruments at fair value through profit or loss are those that the Bank keeps with the purpose of generating profits in the short term.

Originated instruments are loans and other accounts receivable created by the Bank providing money to a debtor rather than with the intention of short-term profit taking.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

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Assets at fair value through other comprehensive income are financial assets that are not held for trading purposes, originated by the Bank, or held to maturity. Assets at fair value through other comprehensive income include certain debt securities.

In accordance with accounting standards issued by CONASSIF, investments in financial instruments made by regulated entities are to be classified as available-for-sale. Own investments in open investment funds are to be classified as held-for-trading financial assets. Own investments in closed investment funds are to be classified as available-for-sale.

Entities regulated by SUGEVAL, SUGEF, SUPEN, and SUGESE may classify other investments as held-for-trading financial instruments, provided there is an express statement of intent to trade them within 90 days from the acquisition date.

#### *(ii) Recognition*

The Bank recognizes assets at fair value through other comprehensive income on the date on which the Bank becomes a party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in equity.

Held-to-maturity assets and originated loans and other accounts receivable are recognized using settlement date accounting, i.e. on the date they are transferred to the Bank.

#### *(iii) Measurement*

Financial instruments are measured initially at fair value, including transaction costs.

After initial recognition, financial instruments at fair value through other comprehensive income are measured at fair value, except for any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs less impairment losses.

All non-held-for-trading financial assets and liabilities originated loans and other accounts receivable and held-to-maturity investments are measured at amortized cost less impairment losses. Any premium or discount is included in the carrying amount of the underlying instrument and amortized to finance income or expense using the effective interest method.

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As of September 30, 2023

Article 17 of the Accounting Regulations applicable to entities regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-financial Issuers prescribes available-for-sale classification for investments in financial instruments by regulated entities.

*(iv) Principles of measurement at fair value*

The fair value of financial instruments is based on their quoted market price on the consolidated financial statement date without any deduction for transaction costs.

*(v) Profits and losses on subsequent measurement*

Profits and losses arising from a change in the fair value of available-for-sale assets are recognized directly in equity until the investment is considered to be impaired, at which time the loss is recognized in the consolidated income statement. When the financial assets are sold, collected, or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the consolidated income statement.

*(vi) De-recognition*

A financial asset is derecognized when the Bank loses control over the contractual rights that comprise the asset. This occurs when the rights are realized, expire, or are surrendered. A financial liability is derecognized when it is extinguished.

IFRS 9 introduces the “business model” as one of the conditions for classifying financial assets; it recognizes that an entity may have more than one business model, and that financial assets are reclassified if the model undergoes significant or exceptional changes.

According to the standard, the business model refers to the way in which a financial entity manages its financial assets to generate cash flows, which could be from:

1. Collect contractual cash flows
2. Sale of financial assets
3. A combination of both

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### Notes to the consolidated financial statements

As of September 30, 2023

Given the above, IFRS 9 introduces a new approach to classifying financial assets and requires that they be classified at the time of their initial recording (settlement date) into three valuation categories: (i) amortized cost, (ii) fair value through changes in other comprehensive income (equity) and (iii) fair value through changes in profit and loss.

Classification in these categories will depend on two aspects: the entity's business model (how an entity manages its financial instruments) and the existence or not of contractual cash flows of specifically defined financial assets.

- If the objective of the model is to maintain a financial asset in order to collect contractual cash flows and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of principal plus interest, the asset will be valued at amortized cost.
- If the business model is aimed at both obtaining contractual cash flows and selling them to obtain liquidity and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest, the financial asset will be valued at its fair value through changes in other comprehensive income (equity). Interest, impairment, and exchange differences are recorded in results as in the amortized cost model. The rest of changes in fair value are recorded in equity items and may be recycled to profit and loss on their sale.
- Beside these scenarios, the rest of the assets will be valued at fair value through profit and loss. As indicated in the Financial Reporting Regulations, investment funds in open funds must be registered in this category. Due to their characteristics, open investment funds are those that do not present restrictions for their trading, therefore, within this category, mutual funds and money market type investment funds of international markets are included, which can be settled without restriction.

If the objective of an entity's business model undergoes significant changes, the reclassification of the instrument will be mandatory. However, the standard provides that this circumstance occurs very rarely, and when it exists, its disclosure is required according to IFRS 7, Financial Instruments: Information to be disclosed.

#### (g) Cash and cash equivalents

The Bank considers cash and due from banks, demand and term deposits, and investment securities that the Bank has the intent to convert into cash within two months or less, except for BICSA whose period is ninety days or less.

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(h) Investments in financial instruments

Investments in financial instruments that are classified at fair value through other comprehensive income are valued at market prices using the price vector provided by Proveedor Integral de Precios de Centroamérica, S.A. (PIPCA).

The effect of market price valuation of investments at fair value through other comprehensive income are included in the equity account with the caption "Adjustment for valuation of investments at fair value through other comprehensive income" until those investments are realized or sold.

In accordance with article 18 of the Financial Reporting Regulation, called IFRS 9, Financial Instruments: Financial Assets, the following is defined:

1. The conventional purchase or sale of financial assets should be recorded applying the accounting on the settlement date.
2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.
3. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity must classify its own investments or joint portfolios in financial assets according to the following valuation categories:
  - a. Amortized cost. If an entity, according to its business model and current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
    - i. The fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement.
    - ii. The profit or loss that should have been recognized in the result for the period, for the financial statements indicated in the previous section.
  - b. Fair value through other comprehensive income.
  - c. Fair value through profit or loss: Participations in open investment funds must be recorded in this category.

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In accordance with the characteristics that the Bank's portfolio must meet, based both on the Investment Management Policy and the current investment strategy, the management of the Bank's investment portfolio meets the characteristics of a business model whose main characteristic responds to managing financial assets to obtain contractual cash flows, as well as the occasional sales to meet liquidity requirements or investment portfolio management objectives, within the framework of the approved Investment Policy. In accordance with the foregoing, the financial assets that make up the Bank's investment portfolio meet the conditions to be valued at fair value through changes in other comprehensive income (equity). For purposes of defining a business model, these correspond to the main business model that characterizes the management of the Bank's investment portfolio.

However, it is required to determine the need of a “secondary” business model, whose characteristics of its comprising assets are determined by current regulations. Due to the need to manage liquidity in investment funds that the Bank currently keeps, these financial assets must be classified at fair value through changes in profit and loss, in accordance with the provisions of the Financial Reporting Regulations.

In accordance with the liquidity objectives of the Bank's investment portfolio, the execution of future investments in closed funds does not apply, according to the Entity's business model; however, current investments in these instruments must be classified according with the established Regulation.

On the other hand, in accordance with the provisions of Law 9274, the Investment Management Policy of the Development Credit Fund, as well as the current Investment Strategy, management of the investment portfolio in the Development Credit Fund meets the characteristics of a business model whose main characteristic responds to managing financial assets to obtain contractual cash flows, as well as the occasional sales to meet liquidity requirements or investment portfolio management objectives, in the framework of the approved Investment Policy. In accordance with the foregoing, the financial assets that make up the investment portfolio of the Development Credit Fund meet the conditions to be valued at their fair value through other comprehensive income (equity). For purposes of defining a business model, these correspond to the main business model that characterizes the management of the Funds investment portfolio.

However, it is required to determine the need of a “secondary” business model, whose characteristics of the comprising assets are determined by the current regulation. Due to the need to manage liquidity in investment funds that the Development Credit Fund currently keeps, these financial assets must be classified at fair value through profit and loss, in accordance with the provisions of the Financial Reporting Regulation.

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### Notes to the consolidated financial statements

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In compliance with the provisions of the Financial Reporting Regulation with respect to IFRS 9, at the meeting of the General Board of Directors, the business model for the classification and valuation of own investments in financial assets for the Bank is approved according to the following valuation categories, in accordance with the defined business model:

- Main business model

Fair value through other comprehensive income (equity): those investments that are part of the investment portfolio will be classified under this category, the objective of which is to obtain contractual cash flows such as their sale and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest.

- Secondary business model

Fair value through profit or loss: we will classify under this category, those investments in financial assets that, due to their characteristics, do not represent the possibility of generating cash flows on specific dates from the payment of interest according to the financial contract.

In addition, and by the Financial Reporting Regulation, investments in open funds will be classified at fair value through profit or loss. Financial assets with these characteristics are the following:

- Local money market investment funds.
- International money market investment funds.
- International market mutual funds.

#### Investments in securities of BICSA

The fair value of BICSA's investment in securities that are quoted in active markets are based on recent purchase prices. If a security is not quoted in an active market, its fair value is determined by using a valuation technique, such as the use of recent transactions, the analysis of discounted cash flows, and other valuation techniques commonly used by market participants. Shares for which fair values cannot be reliably determined are measured at cost less impairment losses.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

(i) Loan portfolio

*Banco de Costa Rica - Loan portfolio*

SUGEF defines credits as any operation formalized by a financial intermediary irrespective of the type of underlying instrument or document, whereby the intermediary assumes the risks of either directly providing funds or credit facilities or guaranteeing that their customer will honor its obligations with third parties. Credits include loans, factoring, purchase of securities, guarantees in general, advances, checking account overdrafts, bank acceptances, interest, open letters of credit, and preapproved lines of credit.

The loan portfolio is presented at the value of outstanding principal. Interest on loans is calculated based on the outstanding principal and contractual interest rates and is accounted for as income on the accrual basis of accounting. Further, the Bank follows the policy of suspending interest accruals on loans with principal or interest that are more than 180 days past due.

*BICSA -Loan portfolio:*

Loans receivable are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market and usually originate in providing resources for a loan. Loans are reported at their outstanding principal pending collection, less not generated interest and commissions and allowance for loan losses. Not earned commissions and interest are recognized as income over the life of the loan using the effective interest method.

(j) Allowance for doubtful accounts

*Banco de Costa Rica - Loan portfolio*

The loan portfolio is valued in accordance with provisions established in SUGEF Directive 1-05 "Regulations for Borrower Classification", which was approved by CONASSIF on November 24, 2005, published in the Official Journal "La Gaceta" No. 238 on Friday, March 9, 2005, and effective as of October 9, 2006.



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Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ₡65,000,000 (Group 1 under SUGEF Directive 1-05) are classified by credit risk. From May 23, 2020, the amount of ₡100,000,000 or its equivalent in foreign currency according to the purchase rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. This classification considers following considerations:

- Creditworthiness, which includes an analysis of projected cash flows, an analysis of financial position, considers the experience in the line of business, quality of management, stress testing for critical variables, and an analysis of the creditworthiness of individuals, regulated financial intermediaries, and public institutions.
- Historical payment behavior, which is determined by the borrower's payment history over the previous 48 months, considering servicing of direct loans, both current and settled, in the National Financial System as a whole. SUGEF is responsible of calculating the historical payment behavior level for borrowers reported by entities during the previous month.
- Arrears
- Pursuant to the Directive, collateral may be used to mitigate risk for purposes of calculating the allowance for loan impairment. The market value and its updates should be considered and adjusted at least once annually. Further, the percentage of acceptance of collateral is also a mitigating factor. Collateral must be depreciated six months after the most recent appraisal.

Risk categories are summarized as follows:

<b>Risk Category</b>	<b>Arrears</b>	<b>Historical Payment Behavior</b>	<b>Creditworthiness</b>
A1	30 days or less	Level 1	Level 1
A2	30 days or less	Level 2	Level 1
B1	60 days or less	Level 1	Level 1 or Level 2
B2	60 days or less	Level 2	Level 1 or Level 2
C1	90 days or less	Level 1	Level 1, Level 2 or Level 3
C2	90 days or less	Level 2	Level 1, Level 2 or Level 3
D	120 days or less	Level 1 or Level 2	Level 1, Level 2, Level 3 or Level 4

## BANCO DE COSTA RICA AND SUBSIDIARIES

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Borrowers are to be classified in risk category E if they fail to meet the conditions for classification in risk categories A through D mentioned above, are in bankruptcy, a meeting of creditors, court protected reorganization procedure, or takeover, or if the Bank considers classification in such category to be appropriate.

From June 2019, according to SUGEF Agreement 15-16, Regulation on Management and Assessment of Credit Risk for the Development Banking System, the its credit portfolio will be subject to risk classification based on the delinquency of the debtor and the number of restructuring that the debtor has been subject of, in any of its operations carried out within the framework of Law 9274, according to the following criteria:

<u>Risk Category</u>	<u>Classification Criteria</u>
1	a. Debtors up to date in their operations with the entity. b. Debtors with delinquency of up to 30 days with the entity
2	Debtors with delinquency of more than 30 days and up to 60 days with the entity.
	a. Debtors with delinquency of more than 30 days and up to 90 days with the entity.
	b. Debtors with delinquency less than 60 days with the entity and have presented delinquency with the SBD greater than 90 days in the last 12 months.
3	c. Debtors with delinquency less than 60 days with the entity, that have been subject to at least one restructuring in any operations with the entity during the last 12 months.
	a. Debtors with delinquency of more than 90 days and up to 120 days with the entity.
4	b. Debtors with delinquency less than 90 days and have presented delinquency with the SBD greater than 120 days in the last 12 months.
	c. Debtors with delinquency less than 90 days, that have been subject to at least two restructuring in any operation with the entity during the last 12 months.
5	Debtors with delinquency of more than 120 days and up to 180 days with the entity.
6	Debtors with delinquency of more than 180 days with the entity.

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The delinquency to be used must correspond to the debtor's maximum delinquency at the end of each month, in any of its operations carried out within the framework of Law 9274, with the entity or with the SBD, as appropriate.

Pursuant to SUGEF Directive 1-05: "Regulation for Rating Debtors", as of January 1, 2014, the Bank must maintain a minimum amount of allowance resulting from the sum of generic and specific allowances, calculated in accordance with Transitory XII.

The generic allowance must be at least equal to 0.5% of the total due balance, corresponding to the loan portfolio classified in A1 and A2 risk categories, without reducing the effect of mitigators of loan operations which apply to contingent credits.

The specific allowance is calculated on the covered and uncovered portion of each loan. The allowance on the exposed portion is equal to the total outstanding balance of each loan transaction less the weighted adjusted value of the relevant security. The resulting amount is multiplied by the percentage that corresponds to the risk category. The allowance on the covered part of each credit operation is equal to the amount corresponding to the covered part of the operation, multiplied by the appropriate percentage.

From July 2016, in the case of the loan portfolio of individuals whose coverage ratio of debt service is above the reasonable indicator, an additional generic allowance of 1% should be applied on the indicated basis of calculation. In the case of individuals who have a mortgage or another type of loan (except consumer loans) or are transacting a new loan with the Bank, they will have a reasonable indicator of 35%, and for consumer loans of individuals not secured by mortgage, a reasonable indicator of 30%.

The bank must keep this indicator updated, semiannually. SUGEF will verify the compliance in their normal supervisory duties.

In the case of loans denominated in foreign currency debtors placed among borrowers that don't generate cash flows in foreign currency, an additional generic allowance of 1.5% must also be applied on the basis of calculation.

The indicated generic allowance will be applied cumulatively, so that in the case of borrowers that don't generate cash flows in foreign currency, with an indicator for service coverage greater than the reasonable indicator, the generic allowance applicable will be at least of 3% (0.5% + 1% + 1.5%).

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Notes to the consolidated financial statements

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Classification categories and specific allowance percentages for each risk category are as follows:

<b>Risk category</b>	<b>Specific allowance percentage on the uncovered portion of the loan</b>	<b>Specific allowance percentage on the covered portion of the loan</b>
A1	0%	0%
A2	0%	0%
B1	5%	0.5%
B2	10%	0.5%
C1	25%	0.5%
C2	50%	0.5%
D	75%	0.5%
E	100%	0.5%

From July 2016, pursuant to SUGEF Directive 19-16, Agreement, "Regulation for the determination and recording of countercyclical allowance", a generic allowance is applied to that credit portfolio that shows no evidence of current impairment, as determined by the level of allowance expected in periods of economic recession and whose purpose is to mitigate the effects of the economic cycle on the financial results derived from the allowance for non-payment of loan portfolio. On a monthly basis, the Bank must record the expense per counter-cyclical component equivalent to a minimum of 7% of the positive result of the difference between income and expenses, before taxes and profit sharing of each month, until the balance of the account of the countercyclical component reaches the amount corresponding to the required balance of allowance for the entity. At the entry into force of this regulation, the required minimum percentage level of countercyclical allowance is 0.33%.

As of March 31, 2019, the entity reached the target level of contracyclical allowance and is under the regulation of the formula established in Article 4 of the "Calculation of the requirement of contracyclical allowance" of the Regulation to determine and record countercyclical allowances", SUGEF 19-16. The entity will continue to accumulate or disaccumulate, in accordance with the methodology established in the article and Article 5 "Accounting Registry" of that regulation.

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Notes to the consolidated financial statements

As of September 30, 2023

As of December 1, 2020, as an exception for risk category E, allowance for loans of a debtor whose historical payment behavior is at Level 3, must be calculated as follows:

<b>Delinquency at the end of the month</b>	<b>Specific allowance percentage on the uncovered portion of the loan</b>	<b>Specific allowance percentage on the covered portion of the loan</b>	<b>Creditworthiness (Borrowers Group 1)</b>	<b>Creditworthiness (Borrowers Group 2)</b>
Up to date	5%	0.5%	Level 1	Level 1
30 days or less	10%	0.5%	Level 1	Level 1
60 days or less	25%	0.5%	Level 1 o Level 2	Level 1 o Level 2
90 days or less	50%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4
Over 90 days	100%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4

The validity of the amendment to article 12 of this Regulation and until December 31, 2021, according to transitory XXII, the balance of allowance recorded for debtors in Risk Category E with CPH3 may not be reduced because of this modification. It is only allowed that the decrease amounts be reallocated to support increases in specific allowances for debtors reclassified to risk categories C1, C2, D and E according to articles 10 and 11 of SUGEF Agreement 1-05.

As of September 30, 2023, the total allowance of the loan portfolio reflected in the accounting records amounts to ¢141,197,972,813, (¢145,623,881,422 and ¢156,279,625,084, for December and September 2022, respectively).

As of September 30, 2023, increases in the allowance for loan impairment resulting from the minimum allowance are included in the accounting records in compliance with article 17 of SUGEF Directive 1-05 "Regulation for Rating Debtors", prior authorization from SUGEF in compliance with article 10 of IRNBS.

As of September 30, 2023, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

BANCO DE COSTA RICA AND SUBSIDIARIES

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Accounts and interest receivable - Banco de Costa Rica

To qualify the risk of accounts and interest receivable unrelated to loan operations, the Bank considers the arrears based on ranges established for other assets in SUGEF Directive 1-05 "Regulations for Rating Debtors", approved by CONASSIF.

<u>Arrears</u>	<u>Allowance</u>
30 days or les	2%
60 days or les	10%
90 days or les	50%
120 days or les	75%
Over 120 days	100%

Until IFRS 9, Financial Instruments, is implemented for the Credit Portfolio of Financial Intermediaries, the provisions established in the Debtor Rating Regulations to quantify the credit risk of debtors and constitute the corresponding estimates, will remain in force and the entities will continue calculating the estimates according to the methodology set forth in the Regulations.

BICSA- Allowance for loan impairment

BICSA assesses whether there is any objective evidence of impairment of a loan or loan portfolio. The number of losses on certain loans during the period is recognized as provision expense in the operational result and increases a provision account for loan losses. When a loan is determined to be uncollectible, the unrecoverable amount is reduced of that provision account. Subsequent recoveries of previously written-off loans increase the provision account.

Impairment losses are determined using two methods, which indicate whether there is objective evidence of impairment, i.e. individually for loans that are individually significant and collectively for loans that are not individually significant.

Impairment losses on individually assessed loans are determined based on an exposure assessment on a case-by-case basis. If it is determined that there is no objective evidence of impairment for an individually significant loan, this loan is included in a group of loans with similar characteristics and is collectively assessed for impairment. The impairment loss is calculated by comparing the present value of expected future cash flows, discounted at the loans current interest rate or the fair value of the loans collateral less the selling costs, to its current carrying value. The amount of any loss is recognized as a provision for losses in the consolidated income statement. The carrying value of impaired loans is reduced using an allowance account for losses on loans.

BANCO DE COSTA RICA AND SUBSIDIARIES

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For the purposes of a collective assessment of impairment, BICSA uses statistical models of historical trends for probability of default, opportunity for recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that actual losses are higher or lower than those suggested by historical trends. Default and loss ratios as well as the expected term of future recoveries are regularly compared with actual outcomes to ensure they remain appropriate.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through an adjustment to the provision account. The amount of the reversal is recognized in the consolidated income statement.

Management considers the allowance for loan impairment to be sufficient. The regulatory authority periodically reviews the allowance for loan impairment as an integral part of its audits. The regulatory authority may require that additional allowances are recognized based on its evaluation of information available as of the date of the audits.

As of September 30, 2023, the allowance disclosed in the accounting records amounts to ¢154,191,815,012, (¢160.471.231.286 and ¢170,917,783,228 for December and September 2022, respectively).

*BICSA -Accounts and interest receivable*

To assess the allowance for accounts and interest receivable, BICSA applies the criteria mentioned in the section on the allowance for loan impairment.

(k) Securities sold under repurchase agreements

The Bank carries out transactions of securities sales under repurchase agreements at future dates and agreed prices. The obligation to repurchase sold securities is reflected as a liability in the consolidated balance sheet and disclosed at the value of the original agreement. The underlying securities are held in asset accounts. Finance expense recognized is calculated by the effective interest method. Interest is presented as finance expense in the consolidated income statement and accrued interest payable in the consolidated statement of financial position.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

(l) Accounting for interest receivable

Interest receivable is accounted for on the accrual basis. Under current regulations, interest accrual is suspended on loan operations that are more than 180 days past due. Interest receivable on those loans is recorded when collected. BICSA does not suspend the recognition.

(m) Other receivables

The recoverability of these accounts is assessed by applying criteria like those established by SUGEF for the loan portfolio. If an account is not recovered within 120 days from the due date or from the date of its accounting record, an allowance is created for 100% of the outstanding balance. Items with no specified due date are considered enforceable immediately. BICSA applies the criteria mentioned in the section on the allowance for loan impairment.

(n) Held-for-sale assets

Held-for-sale assets are assets owned by the Bank for realization or sale. Included in this account are assets acquired as payment in kind, assets adjudicated in judicial auctions, assets acquired to be leased under finance and operating leases, goods produced for sale, idle property and equipment, and other held-for-sale assets.

Held-for-sale assets are valued at the lower of cost and fair value. If fair value is less than the cost recorded in the accounting records, an impairment allowance must be recorded for the difference between both values. Cost is the historical acquisition or production value in local currency; these assets should not be revalued or depreciated for accounting purposes, and they are to be recorded in local currency. The cost registered in the accounting records for a realizable asset may only be increased by the amount of improvements or additions, up to the amount by which they increase the asset's realizable value. Other expenses related to held-for-sale assets are to be recognized in the period incurred.

The net realizable value of an asset should be used as its market value, which should be determined by applying strictly conservative criteria and is calculated by subtracting expenses to be incurred on the sale of the asset from its estimated selling price. The estimated selling price of the asset is determined by an appraiser based on current market conditions. Future expectations for market improvements are not considered and it is assumed that the assets must be sold in the shortest period of time possible to enable the Bank to recover the resources invested and use them for its business activities.



## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

For all held-for-assets, the Bank should have reports from the appraisers which are to be updated at least annually. If an asset recorded in this group is used by the Bank, it should be reclassified to the appropriate account in the corresponding group.

The supervised entities must record an allowance equivalent to their carrying amount for assets withdrawn from use and for held-for-sale assets that were not sold or leased, either through operating or financial leases, within a two-year period, counted from the date of its acquisition or production. Pursuant to article 20-b of SUGEF Directive 1-05, "Regulations for Rating Debtors", the Bank is required to record an allowance for disposed assets and for realizable assets that were not sold or leased under operating or finance leases within two years from the acquisition or production date, for an amount equivalent to the carrying amount of the assets. The allowance must be established gradually by recording one-forty-eighth of the value of such assets each month until the allowance is equivalent to 100% of the carrying amount, without exception. The recording of the allowance shall begin at closing date of the month in which the asset was i) acquired, ii) produced for sale or lease, or iii) disposed of.

Pursuant to SUGEF Directive 30-18, in its article 16, to determine the carrying amount of the assets awarded in judicial auctions or received in payment of obligations, the entity must record an estimate at the rate of one forty-eighth monthly until completing one hundred percent of the carrying amount of the asset. This accounting record will begin from the closing date of the month in which the asset was awarded or received in payment.

(o) Offsetting

Financial assets and liabilities are offset, and the net amount presented in the consolidated financial statements when the Bank has a legal right to set off the recognized balances and intends to settle on a net basis.

(p) Property, furniture, and equipment

(i) *Own assets*

Property, furniture, and equipment are depreciated on the straight-line method over the estimated useful lives of the assets for both tax and financial purposes. Leasehold improvements are amortized straight line over a period of sixty months, starting the month after the deferred charge is recorded. Leasehold improvements are amortized solely at the end of the term of the lease agreement. When the lessor or the Bank notifies the other party that it does not intend to renew the lease at the end of the original lease term or extension, the remaining balance is amortized over the remainder of the lease term.

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Notes to the consolidated financial statements

As of September 30, 2023

Pursuant to requirements established by regulatory authorities, the Bank must have its real property appraised by an independent appraiser at least once every five years, to determine its net realizable value. If the realizable value is less than the carrying amount, the carrying amount must be adjusted to the appraisal value.

(ii) *Leased assets*

Leases in terms of which the Bank assumes substantially all the risks and benefits of ownership are classified as leases with the right-to-use the asset.

In application of IFRS 16, entities that have lease contracts in which they are lessees must recognize a lease liability as of the entry into force of this regulation for leases previously classified as an operating lease under IAS 17. The lessee will measure that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental loan rate on the date of initial application.

A right-of-use asset must be recognized as of the entry into force of this regulation for leases previously classified as an operating lease under IAS 17.

(iii) *Subsequent disbursements*

Costs incurred to replace a component of an item of property, furniture and equipment is capitalized and accounted for separately. Subsequent expenses are only capitalized when they increase the future economic benefits; otherwise, they will be recognized in the consolidated income statement when incurred.

(iv) *Depreciation and amortization*

Depreciation and amortization are charged to the operating results on the straight-line method, using the annual depreciation rates established for tax purposes. When appraisals made by independent appraisers determine that the technical useful life is less than the remaining useful life calculated using applicable rates for tax purposes, the technical useful life is to be used. Estimated useful lives are as follows:

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Useful lives of assets owned by the Bank and subsidiaries, except for BICSA:

Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
EDP equipment	5 years
Leasehold improvements	5 years

Useful lives of assets owned by BICSA:

Building	40-50 years
Building improvements	5-35 years
Furniture and equipment	3-5 years
Furniture and equipment	3-15 years

(v) Revaluation

At least every five years financial entities should assess the real estate by appraisals, stating the net realizable value of the property.

If the realizable value of the assets is different from the one disclosed in the accounting records, the Bank must adjust the Carrying amount to the resulting value of the appraisal.

These assets are depreciated by the straight-line method for financial and tax purposes, based on the expected life of the respective assets.

The last appraisal was made in 2022, and it was recorded on September 30, 2022.

(q) Deferred charges

Deferred charges are valued at cost and recorded in local currency. These charges are not subject to revaluations or adjustments.

(r) Intangible assets

Intangible assets acquired by the Bank are recorded at cost less accumulated amortization and impairment losses.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Amortization of IT systems is charged to operation results on a straight-line basis over the estimated useful lives of the related assets. The estimated useful life is of 5 years.

Subsequent expenditures or disbursements are capitalized only when they increase the future economic benefits; otherwise, they are recognized in the results as incurred.

(s) Impairment of assets

The carrying amount of an asset is reviewed on each consolidated balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated income statement for assets carried at cost and treated as a decrease in revaluation surplus for assets recorded at revalued amounts, until the amount of the surplus of the specific asset is sufficient to absorb the impairment loss.

The recoverable amount of an asset is the greater of its net selling price and value in use. The net selling price is equal to the value obtained in free transaction between seller and buyer. Value in use is the present value of future cash flows and disbursements derived from the continuing use of an asset and from its disposal at the end of its useful life.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be linked objectively to an event occurring after impairment loss was determined, the loss is reversed in the consolidated income statement or consolidated statement of changes in equity, as appropriate.

SUGEF establishes the following: regardless of the previously expressed, at least once every five years, financial institutions must have its property appraised by an independent appraiser, to determine the net realizable value of property and buildings, whose net book value exceeds 5% of the entity's equity. If the net realizable value of the assets appraised, taken as a whole, is less than the corresponding net carrying amount, the carrying amount is to be reduced to the appraisal value by adjusting assets that are significantly overstated. The decrease in the value of real property for use is recorded against account "331 - Adjustments for revaluation of assets.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

In cases where an entity is aware of a significant overstatement in the carrying amount of one or more assets, regardless of the cause of the reduction in their value and/or the useful life originally assigned, the entity must hire an appraiser to perform a technical appraisal, immediately notify SUGEF of the results, and register the applicable adjustments in the accounting records.

(t) Obligations with the public

These are current obligations of the resources available to the Bank for the realization of its purposes provided by external sources, which are virtually inescapable and are reasonably identifiable and quantifiable.

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

A provision is recognized in the consolidated statement of financial position if, as a result of a past event, the Bank has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision made approximates settlement value; however, final amounts may vary. The estimated value of provisions is adjusted at the consolidated statement of financial position date, directly affecting the consolidated income statement.

Employees' legal benefits (severance pay)

Costa Rican legislation requires the Bank and its subsidiaries domiciled in Costa Rica to pay employees' legal benefits to employees dismissed without just cause, equivalent to a seven days' salary for employees with three to six months of service, 14 days salary for employees with six months to one year of service, and compensation in accordance with the Workers Protection Law for those with more than one year of service.

In February 2000, the Workers Protection Law was enacted and published. This law modifies the existing severance benefit system and establishes a mandatory supplemental pension plan, thereby amending several provisions of the Labor Code.

Pursuant to the Workers Protection Law, all public and private employers must contribute 3% of monthly employee salaries during the entire term of employment. Contributions are collected through the Costa Rican Social Security Administration (CCSS) and are then transferred to pension fund operators selected by the employee.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

The Bank follows the practice of transferring to the Employee Association the severance benefits corresponding to each employee based on the employee's current salary.

The amounts of severance benefits not transferred to the Employee Association are provisioned as indicated in the Collective Labor Agreement is provisioned in accordance with the employer legal obligation.

#### BICSA retirement savings plan

BICSA offers its employees defined contribution pension plans in accordance with the conditions and practices in the jurisdictions where it operates. Under those plans, BICSA contributes specified amounts to a fund managed by a third party and is under no legal obligation to make additional contributions in the event the fund has insufficient assets to pay employees their benefits.

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of September 30, 2023, amounted to ¢254,098,186 (¢431,107,313 and ¢336,064,166, for December and September 2022, respectively), equivalent to US\$472,262, (US\$716,137 and US\$531,142 for December and September 2022, respectively).

#### BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of September 30, 2023, the severance fund had a balance of ¢997,133,254, (¢673,153,249 and ¢816,952,246 for December and September 2022, respectively), equivalent to US\$1,838,542, (US\$1,118,213 and US\$1,291,175 for December and September 2022, respectively) which is disclosed in the consolidated financial statements as prepaid expenses.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

(w) Legal reserve

According to Article 12 of the Organic Law of the National Banking System, the Bank yearly sets aside 50% of net earnings after income tax to increase its Legal Reserve. The Bank's subsidiaries, except for BICSA, allocate yearly 5% of their earnings after taxes to a legal reserve.

(x) Revaluation surplus

Revaluation surplus included in equity may be transferred directly to accrued earnings of prior periods when the surplus is realized. The whole surplus is realized upon disposal or use of the asset. The transfer of revaluation surplus to prior period retained earnings should not be made through the consolidated income statement. Further, the Bank was authorized by SUGEF to capitalize revaluation surplus by increasing the capital stock.

(y) Use of estimates

Management has made several estimates and assumptions related to the reporting of assets, liabilities, profit or loss, and the disclosure of contingent liabilities in preparing these consolidated financial statements. Actual results may differ from those estimates that are particularly susceptible to significant changes are related to the determination of the allowance for loan impairment.

(z) Recognition of main types of income and expenses

(i) Interest

Interest income and expense is recognized in the consolidated income statement on an accrual basis considering the effective yield or interest rate. Interest income and expense includes amortization of any premium or discount during the term of the instrument and until its maturity and is calculated on an effective interest basis.

(ii) Income from fees and commissions

When loan origination fees are generated, they are taken against effective yield, and they are deferred over the loan term. Other service fees and commissions are recognized when the services are rendered. In the case of storage services, insurance and inventory management they recorded by the accrual method.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

(iii) Net income from held-for-trading securities

Net income on marketable securities includes gains and losses arising from sales and from changes in the fair value of held-for-trading assets and liabilities.

(iv) Expenses from operating lease

Payments for operating lease agreements are recognized in the consolidated income statement over the term of the lease.

(aa) Income tax

Pursuant to the Income Tax Law, the Bank and its subsidiaries are required to file their income tax returns for the twelve months period ending December 31 of each year.

(i) Current:

Current tax is the expected tax payable on taxable income for the year, using tax rates valid on the consolidated balance sheet date, and any adjustment to tax payable with respect to previous years.

(ii) Deferred:

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for taxation purposes. In accordance with this method, temporary differences are identified as either taxable temporary differences (which result in future taxable amounts) or deductible temporary differences (which result in future deductible amounts). A deferred tax liability represents a taxable temporary difference, while a deferred tax asset represents a deductible temporary difference. Deferred tax assets are recognized only to the extent there is a reasonable probability that they will be realized.

BICSA's Miami branch is subject to state and federal income taxes in the United States of America. Income tax expense is determined by using the separate currency pools method, as described in Section 1.882-5 of the U.S. Treasury Department Regulations.



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

(bb) BICSA - Financial leases

BICSA's financial lease operations mainly consist of leases for transportation, machinery, and equipment. Average lease terms are between 36 and 60 months.

Lease receivables represent the present value of future lease payments. The difference between the gross receivable and the present value of the receivable is presented as unearned income, which is recognized in profit or loss over the life of the lease.

(cc) Pension and retirement plans, for employees of Banco de Costa Rica

A fund was created by Law No. 16 as of November 5, 1936, which has been amended on several occasions. The most recent amendment was included in Law No. 7107 dated October 26, 1988. Pursuant to this Law, the fund was established as a special wage protection and retirement system for the Bank's employees. The fund is comprised of allotments established by the related laws and regulations, and monthly contributions made by the Bank and employees equivalent to 10% and 0.5% of total wages and salaries, respectively. Starting October 1, 2007, this fund is managed by BCR Pension Operadora de Planes de Pensiones Complementarias, S.A. (subsidiary) under a comprehensive management agreement.

The Bank's contributions to the fund are defined contribution plans. Consequently, the Bank has no additional obligations.

(dd) Legal allocations

Under article 12 of IRNBS, the net earnings of commercial State-owned banks are allocated as follows: 50% to a legal reserve; 10% to increase the capital of the National Institute for Cooperative Development (INFOCOOP); and the remainder to increase the Bank's capital, pursuant to article 20 of Law No. 6074. Transition provision III of Law No. 8634 "Development Banking System" establishes that for a five-year period starting in 2007, the contributions made by State-owned banks equivalent to 5% of their annual net earnings for the creation of the National Commission for Educational Loans (CONAPE) will be allocated as follows: two percent to CONAPE and three percent to the capital of the Development Financing Fund (FINADE). On January 2013 transitory III is removed and 5% will be allocated to CONAPE, in accordance with Law 9092, "Refund of Income of the National Commissions for Educational Loans."

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of September 30, 2023

In accordance with article 46 of the "National Emergency and Risk Prevention Law", all institutions of the central administration and decentralized public administration, as well as State-owned companies, must contribute three percent (3%) of their reported earnings before taxes and profits and of their accumulated budget surplus to the National Emergency Commission (CNE). Such funds are deposited in the National Emergency Fund to finance the National Risk Management System. The expenditure for CNE is calculated as 3% of income before taxes and profit sharing.

Pursuant to article 78 of the Workers Protection Law, State-owned public entities must contribute up to 15% of their earnings with the purpose of strengthening the funding base for the Disability, Old Age, and Death Benefit System of CCSS and to provide universal coverage for impoverished non-salaried workers. According to Executive Order number 37127-MTSS, starting in 2013 a progressive yearly contribution from net earnings must be set aside starting with 5% in 2013, up to 7% in 2015 and 15% as of 2017.

#### (ee) Development Financing Fund

As of 2008, in accordance with article 32 of Law No. 8634 "Development Banking System", all State-owned banks, except for Banco Hipotecario para la Vivienda (BANHVI), shall allocate each year at least five percent (5%) of their net earnings after income taxes to creating and strengthening its own development funds. The objective of that allocation is to provide financing to individuals and legal entities that present viable and feasible projects pursuant to the provisions of the Law (See note 40).

#### (ff) Development Credit Fund

The Development Credit Fund (DCF) comprised of the resources provided in Article 59 of the Organic Law of the National Banking System, No.1644, commonly called "Banking Toll," will be managed by the State Banks. In compliance with Law No. 9094 "Derogatory of Transitory VII-Law No. 8634," and in accordance with Article 35 of Law No. 8634 "Development Banking System", in meeting 119 of January 16, 2013, by agreement number AG 1015-119-2013, it is agreed to appoint Banco de Costa Rica and Banco Nacional de Costa Rica as managers for a five-year period from the signature of the respective management agreements. Each bank is responsible for managing fifty percent (50%) of the fund.

The Technical Secretariat of the Governing Board through written communication CR/SBD-014-2013 informed all private banks to open up checking accounts with each of the managing banks (Banco Nacional and Banco de Costa Rica), both in colones and foreign currency with the obligation to distribute fifty percent of the resources to each bank.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

The powers granted by the Governing Board to the administrators are:

- a) Managing Banks can perform services with the beneficiaries of the Development Banking System as recognized by Article 6 of Law 8634.
- b) In accordance with Article 35 of the Law 8634 with funds from the Development Credit Fund, the Managing Banks can provide services to other financial entities, except for private banks, provided they meet the objectives and obligations under Law 8634 and that are duly approved by the Governing Board.
- c) The Banks may allocate in accordance with Article 35, Law 8634 the resources of the Development Credit Fund through: associations, cooperatives, foundations, NGOs, producer organizations or other entities if they have credit operations in programs that meet the objectives established in the Law 8634 and are duly approved by the Governing Board.

The contract signed for a five-year term will be renewable for equal and successive periods unless otherwise decided by the Governing Board, notified in writing at least three months in advance. It may be terminated as provided for in Article 12 paragraph j) of Law 8634 and its executive regulations, if the managing banks demonstrate proven lack of capacity and expertise. (See note 41).

(gg) BICSA - Trusts

BICSA has a license to manage trusts in or from the Republic of Panama. Fee and commission income derived from trust management is recognized on an accrual basis. BICSA is required to manage trust funds in accordance with the contractual terms and independently of its own equity.

(hh) Fiscal year

The economic fiscal year corresponds to the period ended on December 31 of every year.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

2). Collateralized or restricted assets

Collateralized or restricted assets are as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢ 780,654,581,409	702,568,860,060	746,747,500,299
Restricted cash and cash equivalents (see note 4)	281,899,256	161,362,379	121,569,366
<b>Total cash and cash equivalents</b>	<u>780,936,480,665</u>	<u>702,730,222,439</u>	<u>746,869,069,665</u>
Past due and restricted financial instruments (see note 5)	207,685,889,042	399,433,263,281	487,433,600,635
Other assets	911,006,447	572,473,142,041	971,164,459
	<u>¢ 989,533,376,154</u>	<u>1,674,636,627,761</u>	<u>1,235,273,834,759</u>

3). Balances and transactions with related parties

The consolidated financial statements include balances and transactions with related parties as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Assets:</b>			
Loan portfolio	¢ (1,232,232,536)	1,084,371,059	1,072,498,219
Other accounts receivable	738,998,433	505,201,469	1,183,683,851
Interests in other entities	415,417,188	349,295,286	321,611,224
<b>Total assets</b>	<u>¢ (77,816,915)</u>	<u>1,938,867,814</u>	<u>2,577,793,294</u>
<b>Income:</b>			
Income from interest in entities	557,059	4,969,892	4,969,892
Sundry operating income	¢ 2,709,062	0	0
<b>Total income</b>	<u>¢ 3,266,121</u>	<u>4,969,892</u>	<u>4,969,892</u>
<b>Expenses:</b>			
Financial expenses	1,090,120,269	0	0
<b>Total expenses</b>	<u>¢ 1,090,120,269</u>	<u>0</u>	<u>0</u>

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The amount paid for the compensation for key staff is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Short-term benefits	¢ 3,218,231,497	2,620,347,138	1,816,116,907
Long-term benefits	22,598,955	164,860,483	91,692,509
Directors' seating fees	183,785,202	251,565,399	191,073,954
	<b>¢ 3,424,615,654</b>	<b>3,036,773,020</b>	<b>2,098,883,370</b>

BCR Pensiones pays compensation to key personnel according to the approved budget for the period, which does not include benefits, incentives, or salaries in-kind.

4). Cash and cash equivalents

For purposes of reconciliation with the consolidated statement of cash flows, cash and cash equivalents are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Cash	¢ 77,064,884,819	92,361,994,246	82,606,653,518
Demand deposits in BCCR	729,463,993,694	622,122,345,509	663,713,767,274
Checking accounts and demand deposits			
in local financial entities	879,270,934	34,167,612	13,182,507
Checking accounts and demand deposits			
in foreign financial entities	59,267,462,762	186,348,821,639	167,445,725,994
Notes payable on demand	5,520,298,553	291,159,518	2,396,507,243
Restricted cash and cash equivalents	95,727,254,305	89,483,497,239	93,328,297,766
Interest receivable	6,170	13,709,943	1,618,698
<b>Total cash and cash equivalents</b>	<b>967,923,171,237</b>	<b>990,655,695,706</b>	<b>1,009,505,753,000</b>
Investments in short-term financial instruments	70,792,352,627	134,047,099,425	78,213,174,710
<b>Total cash and cash equivalents</b>	<b>¢ 1,038,715,523,864</b>	<b>1,124,702,795,131</b>	<b>1,087,718,927,710</b>

As of September 30, 2023, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢780,616,873,490, (¢702,533,276,665 and ¢746,693,609,133, for December and September 2022, respectively).

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Notes to the consolidated financial statements

As of September 30, 2023

As of September 30, 2023, BCR Pension's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢12,149,166, (¢8,533,646 and ¢6,683,145, for December and September 2022, respectively), for a total of ¢5,934,697,029, (¢6,090,975,102 and ¢5,877,391,273, for December and September 2022, respectively).

As of September 30, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢25,737,002, (¢27,049,750 and ¢47,208,020, for December and September 2022, respectively), for a total of ¢30,812,757,256, (¢25,345,587,903 y ¢28,238,747,789, for December and September 2022, respectively).

As of September 30, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢30,505,299,247, (¢25,157,175,774 and ¢28,069,970,403, for December and September 2022, respectively). (See note 2).

As of September 30, 2023, the Bank has a liability for outstanding checks in the amount of ¢1,192,069,147, (¢1,071,873,752 and ¢1,606,558,381, for December and September 2022, respectively), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

5). Investments in financial instruments

Investments in financial instruments are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
At fair value through profit or loss	¢ 29,014,453,297	232,343,302,158	222,376,928,627
At fair value through other comprehensive income	1,318,140,854,946	1,390,086,634,332	1,442,643,205,568
At amortized cost	149,536,370,634	90,186,040,192	75,180,793,611
Interest receivable for investments at fair value through profit or loss	3,429,113,629	5,931,787,338	3,383,339,111
Interest receivable for investments at fair value through other comprehensive income	16,162,371,691	18,737,313,032	12,765,065,731
Interest receivable for investments classified at amortized cost	397,315,609	410,214,991	174,770,552
Allowance for impairment of financial instruments	(188,386,325)	(91,277,233)	0
	<b>¢ 1,516,492,093,481</b>	<b>1,737,604,014,810</b>	<b>1,756,524,103,200</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	€ 0	778,649,201	240,200,445
Other (Open Investment Funds)	7,396,479,761	105,117,749,081	26,946,155,693
	<b>7,396,479,761</b>	<b>105,896,398,282</b>	<b>27,186,356,138</b>
<u>Foreign issuers:</u>			
Government	0	29,003,876	0
State-owned Banks	368,514,054	0	0
Private Banks	0	0	195,154,485,306
Private issuers	21,151,650,000	126,417,900,000	36,087,183
Other	97,809,482	0	0
	<b>€ 29,014,453,297</b>	<b>232,343,302,158</b>	<b>222,376,928,627</b>
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>At fair value through other comprehensive income</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	€ 1,038,182,591,095	1,160,103,833,205	1,217,536,196,629
State-owned Banks	87,755,796,416	107,022,856,034	128,576,496,909
Private Banks	8,919,973,916	8,296,159,016	8,278,068,413
Private issuers	7,944,633,943	7,902,768,829	17,105,244,647
Other	12,534,347,165	28,949,085	0
	<b>1,155,337,342,535</b>	<b>1,283,354,566,169</b>	<b>1,371,496,006,598</b>
<u>Foreign issuers:</u>			
Private Banks	13,678,257,121	13,084,184,815	13,017,490,266
Other	149,125,255,290	93,647,883,348	58,129,708,704
	<b>€ 1,318,140,854,946</b>	<b>1,390,086,634,332</b>	<b>1,442,643,205,568</b>
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Financial instruments at amortized cost issued by entities</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	€ 64,018,205,529	19,050,101,818	8,351,073,588
State-owned Banks	29,015,725,000	25,283,580,000	24,359,766,821
Private Banks	42,484,087,410	28,152,322,741	31,718,294,094
Private issuers	14,018,352,695	17,700,035,633	10,751,659,108
	<b>€ 149,536,370,634</b>	<b>90,186,040,192</b>	<b>75,180,793,611</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

As of September 30, 2023, the investment portfolio amounts to ¢111,907,454,550, (¢158,945,753,812 and ¢171,184,746,336, for December and September 2022, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 40).

Maturities for investments in financial instruments are from October 01, 2023, to May 24, 2034.

Purchased financial instruments earn annual yield rates as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Colones	4.60% to 11.53%	0,51% to 18.06%	0,51% to 18.06%
US dollars	0,01% to 6.58%	0,01% to 9.96%	0,010% a 9.96%

Investments have been pledged as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Securities in guarantee, liquidity market Restricted minimum operating capital of BCR Pensión Operadora de Pensiones Complementarias, S.A.	¢ 171,258,041,932 5,922,547,863	369,692,667,369 6,082,441,456	455,083,161,009 5,870,708,126
Guarantee for obligations by repurchase of Securities, BCR Valores, S.A. BCR Puesto de Bolsa, S.A.	<u>30,505,299,247</u> ¢ <b><u>207,685,889,042</u></b>	<u>23,658,154,456</u> <b><u>399,433,263,281</u></b>	<u>26,479,731,500</u> <b><u>487,433,600,635</u></b>

In accordance with Article 37 of the Labor Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of September 30, 2023, amount to ¢5,922,547,863, (¢6,082,441,456 and ¢5,870,708,126, for December and September 2022, respectively).

As of September 30, 2023, BCR Valores holds restricted investments in securities in the amount of ¢30,505,299,247, (¢25,157,175,774 y ¢28,069,970,403, for December and September 2022, respectively).



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Repurchase Operations:

The Bank purchases financial instruments through agreements in which it binds to sell the financial instruments at future dates at previously agreed upon price and yield.

As of September 30, 2023, purchased financial instruments remain under resale agreements.

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local government	¢ 247,042,104,131	643,869,750	01/04/2022 to 30/06/2022	100%
Others	908,501,353	908,501,353	01/10/2022 to 31/12/2022	100%
	¢ <u>247,950,605,485</u>	<u>1,552,371,103</u>		

As of December 31, 2022

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	¢ 675,853,841	675,853,841	01/10/2022 to 31/12/2022	100%
	¢ <u>675,853,841</u>	<u>675,853,841</u>		

As of September 30, 2022

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	¢ 428,391,405	428,391,405	01/07/2022 to 30/09/2022	100%
	¢ <u>428,391,405</u>	<u>428,391,405</u>		

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

6). Loan portfolio

The total loans receivable originated by the Bank by sector are as follows:

a) Loan portfolio by economic sector

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Current loans</b>			
Personal loans	¢ 1,298,757,787,344	1,313,054,163,704	1,290,619,120,721
Loans Development Banking System	65,927,392,926	70,256,319,853	51,153,286,454
Business loans	88,290,384,441	199,347,567,133	221,020,032,101
Loans - Corporate	2,142,602,177,990	2,250,693,931,615	2,177,365,342,315
Loans - Public sector	59,295,244,249	55,635,856,560	53,291,930,252
Loans - Financial sector	24,389,420,843	48,474,746,013	54,522,945,263
	<u><b>3,679,262,407,793</b></u>	<u><b>3,937,462,584,878</b></u>	<u><b>3,847,972,657,106</b></u>
<b>Past due loans</b>			
Personal loans	146,874,147,341	137,373,460,783	141,071,337,514
Loans Development Banking System	4,427,686,363	3,215,440,608	3,748,519,722
Business loans	11,655,598,251	17,186,060,098	16,977,093,511
Loans - Corporate	159,818,263,613	85,481,931,682	94,195,075,391
	<u><b>322,775,695,568</b></u>	<u><b>243,256,893,171</b></u>	<u><b>255,992,026,138</b></u>
<b>Loans in legal collection</b>			
Personal loans	32,877,853,581	29,306,781,962	30,341,103,286
Loans Development Banking System	810,590,802	952,731,705	243,874,060
Business loans	4,231,774,316	4,281,509,660	5,858,121,512
Loans - Corporate	19,642,661,413	19,474,356,582	20,065,791,273
	<u>57,562,880,112</u>	<u>54,015,379,909</u>	<u>56,508,890,131</u>
	<u><b>¢ 4,059,600,983,473</b></u>	<u><b>4,234,734,857,958</b></u>	<u><b>4,160,473,573,375</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

b) Loan portfolio by activity

Activity	September 2023	December 2022	September 2022
Agriculture, livestock, hunting and service activities	¢ 160,448,998,211	183,941,629,442	185,069,079,026
Public administration	19,921,304,502	24,395,604,351	17,249,503,061
Fishing and aquaculture	42,986,799	43,712,963	44,076,348
Manufacturing	345,762,057,479	409,400,956,418	390,204,816,736
Telecommunications and public services	240,714,168,608	234,561,181,309	234,921,281,581
Mining and quarrying	23,726,264	28,843,116	30,506,809
Retail	443,493,657,238	468,339,740,242	600,366,017,731
Services	722,278,557,593	959,174,202,303	873,387,903,106
Transportation	34,008,123,216	33,732,957,042	47,272,515,990
Financial activities and stock exchange	770,105,503	3,385,299,600	3,482,482,898
A Real estate, business, and leasing Activities	23,840,459,930	26,519,811,034	27,963,310,260
Construction, purchase, and repair of real estate	1,508,417,172,169	1,499,484,435,274	1,386,134,834,474
Consumer	451,193,584,996	270,850,551,147	269,595,149,978
Hospitality	107,539,260,229	119,607,586,829	123,434,987,535
Education	679,871,590	740,142,594	759,328,069
Other activities from the non-financial private sector	466,949,146	528,204,294	557,779,773
	<u>4,059,600,983,473</u>	<u>4,234,734,857,958</u>	<u>4,160,473,573,375</u>
Plus, interest receivable	26,529,373,861	23,482,920,835	25,068,405,556
Deferred income from loan portfolio	(19,898,638,645)	(20,333,161,206)	(19,166,091,072)
Less allowance for loan	(154,191,814,849)	(160,471,231,286)	(170,917,783,228)
¢	<u><b>3,912,039,903,840</b></u>	<u><b>4,077,413,386,301</b></u>	<u><b>3,995,458,104,631</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

c) Current loans

The total current loans originated by the bank are detailed as follows:

		<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Current</b>				
Personal	¢	1,298,757,787,344	1,313,054,163,704	1,290,619,120,721
Development Banking System		65,927,392,926	70,256,319,853	51,153,286,454
Business		88,290,384,441	199,347,567,133	221,020,032,101
Corporate		2,142,602,177,990	2,250,693,931,615	2,177,365,342,315
Public sector		59,295,244,249	55,635,856,560	53,291,930,252
Financial sector		24,389,420,843	48,474,746,013	54,522,945,263
	¢	<u><b>3,679,262,407,793</b></u>	<u><b>3,937,462,584,878</b></u>	<u><b>3,847,972,657,106</b></u>

The total past due loans originated by the Bank are detailed as follows:

		<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Past due</b>				
Personal	¢	146,874,147,341	137,373,460,783	141,071,337,514
Development Banking System		4,427,686,363	3,215,440,608	3,748,519,722
Business		11,655,598,251	17,186,060,098	16,977,093,511
Corporate		159,818,263,613	85,481,931,682	94,195,075,391
	¢	<u><b>322,775,695,568</b></u>	<u><b>243,256,893,171</b></u>	<u><b>255,992,026,138</b></u>

The total loans in judicial collection originated by the Bank are detailed as follows:

		<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Judicial collection</b>				
Personal	¢	32,877,853,581	29,306,781,962	30,341,103,287
Development Banking System		810,590,802	952,731,705	243,874,060
Business		4,231,774,316	4,281,509,660	5,858,121,512
Corporate		19,642,661,413	19,474,356,582	20,065,791,272
	¢	<u><b>57,562,880,112</b></u>	<u><b>54,015,379,909</b></u>	<u><b>56,508,890,131</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Total minimum payments	¢ 176,727,219,815	26,657,265,887	39,653,650,046
	<u>¢ 176,727,219,815</u>	<u>26,657,265,887</u>	<u>39,653,650,046</u>

The maturities of the financial leases are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Less than a year	¢ 1,173,564,673	1,430,091,146	1,161,073,469
From 1 to 5 years	175,553,655,142	25,227,174,741	38,492,576,577
	<u>¢ 176,727,219,815</u>	<u>26,657,265,887</u>	<u>39,653,650,046</u>

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Current	¢ 3,679,262,407,793	3,937,462,584,878	3,847,972,657,106
1 to 30 days	210,835,219,163	129,773,865,997	126,645,504,077
31 to 60 days	46,226,938,201	36,010,711,070	51,279,176,366
61 to 90 days	15,250,959,711	19,778,785,196	18,171,041,706
91 to 120 days	6,688,311,363	5,275,660,883	6,257,643,712
121 to 180 days	4,349,669,196	9,078,580,043	7,818,592,438
Over 181 days	39,424,597,934	43,339,289,982	45,820,067,839
Judicial collection	57,562,880,112	54,015,379,909	56,508,890,131
	<u>¢ 4,059,600,983,473</u>	<u>4,234,734,857,958</u>	<u>4,160,473,573,375</u>

Loans with contractual non-compliance in the payments of the principal or interest are classified as past due.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

e) Past due loans

Past due loans, including loans in accrual status (for which interest is recognized on a cash basis) and unearned interest on past due loans, are as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Number of operations	2,068	1,832	1,845
Past due loans in non-accrual status	¢ 93,830,661,315	94,718,233,423	100,303,800,211
Past due loans bearing interest	¢ 286,507,914,365	202,554,039,657	212,197,116,058
Total of unearned interest	¢ 15,224,395,713	16,296,571,125	16,823,717,338

Loans in legal collection as of September 30, 2023:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,263	1.42%	¢ <u>57,562,880,112</u>

Loans in legal collection as of December 31, 2022:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,145	1.28%	¢ <u>54,015,379,909</u>

Loans in legal collection as of September 30, 2022:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,050	1.36%	¢ <u>56,508,890,131</u>

As of September 30, 2023, the average annual interest rate earned on loans is de 8.85%, (8.99% y 7.91%, for December and September 2022, respectively) in colones and 7.14% (7.47% y 6.51% for December and September 2022, respectively) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 8.25% (7.61% and 6.54% for December and September 2022, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Personal	9,681,966,249	9,250,550,721	8,867,052,247
Development Banking System	271,029,266	272,436,252	215,620,889
Business	1,103,916,517	1,138,731,425	1,277,096,543
Corporate	14,830,051,610	12,231,158,384	13,888,844,927
Public sector	504,020,260	327,112,407	542,652,874
Financial sector	138,389,959	262,931,646	277,138,076
	<b>26,529,373,861</b>	<b>23,482,920,835</b>	<b>25,068,405,556</b>

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

<b>2023 Initial balance</b>	<b>160,471,231,286</b>
Currency translation effect	(1,453,536,277)
<b>Adjusted balance at the beginning of 2023</b>	<b>159,017,695,009</b>
Plus:	
Allowance charged through profit or loss (see note 29)	6,398,051,288
Recoveries	8,202
Reversal of unsolved	318,731,125
Less:	
Adjustments for exchange differences	(5,819,414,565)
Transfer to unpaid balances	(5,005,467,826)
Reversal of allowance against income (see note 30)	(722,669,534)
Transfer of balances	4,881,150
<b>Balance as of September 30, 2023</b>	<b>154,191,814,849</b>
<b>2022 Initial balance</b>	<b>171,218,633,346</b>
Currency translation effect	(1,506,459,025)
<b>Adjusted balance at the beginning of 2022</b>	<b>169,712,174,321</b>
Plus:	
Allowance charged through profit or loss (see note 29)	15,671,760,725
Adjustments for exchange differences	4,373,505,583
Less:	
Adjustments for exchange differences	(8,467,380,940)
Transfer to unpaid balances	(13,129,039,580)
Reversal of allowance against income (see note 30)	(7,714,046,765)
Transfer of balances	24,257,942
<b>Balance as of December 31, 2022</b>	<b>160,471,231,286</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

<b>2022 Initial balance</b>	¢ 171,218,633,346
Currency translation effect	(472,961,100)
<b>Adjusted balance at the beginning of 2022</b>	<u>170,745,672,246</u>
Plus:	
Allowance charged through profit or loss (see note 29)	14,199,274,803
Adjustments for exchange differences	4,373,505,175
Less:	
Adjustments for exchange differences	(5,599,585,459)
Transfer to unpaid balances	(11,418,980,451)
Reversal of allowance against income (see note 30)	(1,373,652,911)
Transfer of balances	(8,450,175)
<b>Balance as of September, 2022</b>	<u>¢ 170,917,783,228</u>

h) Syndicated loans

As of September 30, 2023, the syndicated loan portfolio is detailed as follows:

Banco de Costa Rica syndicated loan portfolio:

The Bank does not maintain a syndicated loan portfolio with other banks.

BICSA - Syndicated loans

As of September 30, 2023:

No.		Syndicated balances	Syndicated		Total balance
Operations		other banks	balance BICSA		
3	Global Bank	¢ 68,550,532,965	5,132,736,452	¢	73,683,269,417
1	Banco Agromercantil de Guatemala, S.A.	297,635,282,982	2,826,617,018		300,461,900,000
13	Credicorp Bank	25,535,093,502	1,582,406,498		27,117,500,000
2	Credit Suisse AG	117,825,537,500	9,626,712,500		127,452,250,000
1	Prival Bank	24,375,053,235	1,122,543,800		25,497,597,035
1	Banistmo	35,447,576,883	6,667,783,114		42,115,359,997
3	Bladex	126,450,877,663	14,560,122,337		141,011,000,000
1	Banco Centroamericano de Integración Económica	112,537,624,995	9,491,125,005		122,028,750,000
1	Bancolombia	182,226,463,075	6,511,336,925		188,737,800,000
2	Banco Aliado	39,591,550,000	5,423,500,000		45,015,050,000
1	MMG Bank Corporation	1,515,597,417	708,714,425		2,224,311,842
1	Banco Santander, Natixis, ING Bank	390,323,246,463	8,846,353,537		399,169,600,000
1	BNCR	68,804,465,054	1,701,034,946		70,505,500,000
3	JP Morgan	15,931,531,250	1,966,018,750		17,897,550,000
1	Banco Agente Santander	240,261,050,000	2,711,750,000		242,972,800,000
<b>35</b>		<u>¢ 1,747,011,482,984</u>	<u>78,878,755,307</u>	<u>¢</u>	<u>1,825,890,238,291</u>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

As of December 31, 2022

<b>No. Operations</b>		<b>Syndicated balances other banks</b>	<b>Syndicated balance BICSA</b>	<b>Total balance</b>
4	Global Bank	¢ 74,145,258,987	7,640,656,489	¢ 81,785,915,476
1	Banco Agromercantil de Guatemala, S.A.	330,283,553,251	3,218,906,749	333,502,460,000
12	Credicorp Bank	4,606,271,565	1,721,147,045	6,327,418,610
2	Credit Suisse Ag	130,029,840,000	11,437,810,000	141,467,650,000
2	Prival Bank	18,025,627,366	10,275,835,339	28,301,462,705
1	Citibank New York	40,924,790,593	3,184,394,313	44,109,184,906
1	Banistmo	39,695,502,933	7,051,110,122	46,746,613,055
1	The Bank of Nova Scotia (Scotiabank)	12,273,538,269	5,883,224,323	18,156,762,592
1	Scotiabank CR	238,388,040,000	6,019,900,000	244,407,940,000
2	Bladex	138,489,374,306	18,028,025,821	156,517,400,127
1	Banco Centroamericano de Integracion Economica	124,411,266,867	11,036,483,337	135,447,750,204
1	Bancolombia	201,815,714,764	7,676,805,369	209,492,520,133
2	Banco Aliado	42,401,359,491	7,563,810,726	49,965,170,217
1	Mmg Bank Corporation	1,672,324,006	796,586,554	2,468,910,560
1	Banco Santander, Natixis, Ing Bank	433,614,493,826	9,450,146,228	443,064,640,054
<b>33</b>		¢ <b>1,830,776,956,224</b>	<b>110,984,842,415</b>	¢ <b>1,941,761,798,639</b>

As of September 30, 2022

<b>No. Operations</b>		<b>Syndicated balances other banks</b>	<b>Syndicated balance BICSA</b>	<b>Total balance</b>
4	Global Bank	¢ 77,682,845,905	8,278,025,082	¢ 85,960,870,987
1	Banco Agromercantil de Guatemala, S.A.	347,074,610,991	3,452,269,009	350,526,880,000
12	Credicorp Bank	4,711,479,881	1,938,936,906	6,650,416,787
1	Credit Suisse Ag	32,268,720,000	5,694,480,000	37,963,200,000
2	Prival Bank	18,945,788,048	10,800,389,303	29,746,177,351
1	Citibank New York	43,013,893,094	3,346,948,969	46,360,842,063
1	Banistmo	42,152,399,259	6,980,504,912	49,132,904,171
1	The Bank of Nova Scotia (Scotiabank)	12,882,835,963	6,200,781,279	19,083,617,242
1	Scotiabank Cr	250,557,120,000	6,327,200,000	256,884,320,000
3	Bladex	144,996,473,347	19,510,726,653	164,507,200,000
1	Banco Centroamericano de Integración Económica	130,234,866,456	12,127,133,544	142,362,000,000
1	Bancolombia	217,022,960,000	3,163,600,000	220,186,560,000
2	Banco Aliado	43,522,845,470	8,992,914,530	52,515,760,000
1	MMG Bank Corporation	1,742,205,276	852,736,358	2,594,941,634
<b>32</b>		¢ <b>1,366,809,043,690</b>	<b>97,666,646,545</b>	¢ <b>1,464,475,690,235</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

7). Held-for-sale assets, net

Held-for-sale assets are presented net of the allowance for impairment and per legal requirement, as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Financial instruments	¢ 106,093,874,091	115,127,502,923	120,078,935,902
Other assets	584,524,641	658,544,163	551,706,464
Purchased-for-sale	2,301,255,101	1,044,557,850	1,413,684,795
Idle real property, furniture, and equipment	1,991,016,397	1,977,878,927	2,083,743,067
	<u>110,970,670,230</u>	<u>118,808,483,863</u>	<u>124,128,070,228</u>
Allowance for impairment and per legal requirement	(67,384,879,619)	(67,864,844,691)	(69,434,960,477)
	<u>¢ <b>43,585,790,611</b></u>	<u><b>50,943,639,172</b></u>	<u><b>54,693,109,751</b></u>

Movement in the allowance for impairment of realizable assets is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>Septmeber 2022</b>
<b>At the beginning of the year</b>	¢ <b>118,808,483,863</b>	<b>140,834,468,459</b>	<b>140,834,468,459</b>
Translation effect	(1,782,389,500)	(1,331,880,003)	(356,722,278)
<b>Adjusted balance</b>	<b>117,026,094,363</b>	<b>139,502,588,456</b>	<b>140,477,746,181</b>
Increase for awarded assets	12,490,780,088	18,526,514,432	13,004,364,746
Transfer to unused property, furniture, and equipment	166,053,285	1,288,622,589	1,049,759,786
Increase goods acquired for sale	9,916,267,637	4,914,343,178	3,250,795,991
Sales of goods	(28,475,609,329)	(44,130,509,335)	(31,385,265,725)
Withdrawal of unused property, furniture, and equipment	(152,915,814)	(1,293,075,457)	(2,269,330,751)
<b>Balance at the end of the period</b>	<u>¢ <b>110,970,670,230</b></u>	<u><b>118,808,483,863</b></u>	<u><b>124,128,070,228</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Movement in the allowance for held-for-sale assets is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Opening balance</b>	¢ 67,864,844,691	77,758,590,537	77,758,590,537
Currency conversion effect	(49,164,717)	(24,136,255)	(6,989,690)
<b>Adjusted Balance</b>	<b>67,815,679,974</b>	<b>77,734,454,282</b>	<b>77,751,600,847</b>
Increase in the allowance	12,554,202,646	18,521,186,919	13,959,179,854
Reversal in the allowance	(12,884,944,546)	(28,546,716,197)	(22,528,889,469)
Transfer of balances	1,131,593,989	160,372,544	257,522,102
Adjustment of the estimate for appraisal of assets	(1,231,652,444)	(4,452,857)	(4,452,857)
<b>Closing balance</b>	¢ <b>67,384,879,619</b>	<b>67,864,844,691</b>	<b>69,434,960,477</b>

8). Interest in other companies' capital

Interest in other companies' capital is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Capital interest in Bolsa Nacional Valores, S.A.	¢ 29,057,201	29,057,201	29,057,201
Capital interest in Interclar Central de Valores, S.A.	36,359,987	36,359,987	36,359,987
Capital interest in BCR Pensiones, Operadora de Planes de Pensiones Complementarias SA	350,000,000	0	0
Capital interest in Banprocesa. S.R.L.	0	283,878,098	256,194,036
	¢ <b>415,417,188</b>	<b>349,295,286</b>	<b>321,611,224</b>

As of September 30, 2023, the interest in Bolsa Nacional de Valores, S.A., is of 1,514,974 common shares with a par value of ¢19,18 each, recorded at cost since these shares are not subject to public offering.

As of September 30, 2023, the interest in Interclar Central de Valores, S.A. is of 24,545,455 common shares with a par value of ¢1.4813 each, recorded at cost since these shares are not subject to public offering.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

Interest in the equity of the financial conglomerate:

As of September 30, 2023, the capital stock of BCR Pensi3n Operadora de Planes de Pensiones Complementarias, S.A., is represented by 1,279,450,000 common and registered shares, with a par value of ¢1 each, for a total of ¢1,279,450,000.

As of September 30, 2023, the capital stock of BCR Sociedad Administradora de Fondos de Inversi3n, S.A. is represented by 96,784 common and registered shares, with a par value of ¢50,000 each, for a total of ¢4,839,200,000.

As of September 30, 2023, the capital stock of BCR Valores, S.A. - Puesto de Bolsa, S.A., is represented by 12,626 common and registered shares, subscribed, and paid in full, with a par value of ¢1,000,000 each, for a total of ¢12,626,000,000.

As of September 30, 2023, the capital stock of BCR Sociedad Corredora de Seguros, S.A., is represented by 45,000 common and registered shares, subscribed, and paid in full, and with a par value of ¢50,000 each, for a total of ¢2,250,000,000. At the extraordinary Shareholders' Meeting 04-19 of BCR Corredora de Seguros on December 4, 2019, an increase in the Company's share capital was authorized in the amount of 1,000,000,000, representing an increase of 20,000 shares with which the share capital reaches the amount of ¢2,250,000,000 comprised of 45,000 common and registered, authorized and issued shares with a par value of ¢50,000 each.

As of September 30, 2023, the capital stock of Dep3sito Agr3cola de Cartago S. A., is represented by 1 common and registered shares, which are authorized and issued, with a par value for a total of ¢305,842,762.

As of September 30, 2023, the capital stock of Banprocesa, S.R.L., is represented by 100 common and registered shares, which are authorized and issued with a par value of ¢100,000, for a total of ¢10,000,000.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of September 30, 2023, ownership interest is represented by 6,772,137 common shares of US\$10 par value each. The remaining 49% of shares is owned by Banco Nacional de Costa Rica.

The Bank's income statement for the period ended September 2023, includes the amounts of ¢2,475,190,879, (¢2,002,326,916 and ¢1,515,928,167, for December and September 2022, respectively), corresponding to the net operating income of BICSA.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

The Bank's statement of changes in equity for the period ended September 30, 2023, includes an equity decrease of ¢7,486,883,481, (¢5,350,104,171 and ¢1,545,275,423, for December and September 2022, respectively) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of September 30, 2023, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance sheet amounts to ¢68,427,232,460, (¢73,316,067,683 and ¢76,368,316,957, for December and September 2022, respectively) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢2,378,123,756, (¢1,923,801,052 and ¢1,456,478,091 for December and September 2022, respectively).

The composition of BICSA's common shares is as follows:

	September 2023		December 2022		September 2022	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	13,278,700	132,787,000	13,278,700	132,787,000	13,278,700	132,787,000
Balance at the end of the period	<b>13,278,700</b>	<b>132,787,000</b>	<b>13,278,700</b>	<b>132,787,000</b>	<b>13,278,700</b>	<b>132,787,000</b>

The Bank follows the policy of adjusting the value of its investment in BICSA's equity by the equity method. In applying this policy, the Bank considers the entity's operating results, as well as the variation in equity (in colones), because of the update of this equity, arising from adjustments by applying the year-end exchange rate, in addition to changes resulting from revaluations. Such variation results from the fact that BICSA's accounting records are kept in U.S. dollars.

As of September 30, 2023, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢289,836,910, (¢860,236,658 and ¢776,345,562, for December and September 2022, respectively), corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

9). Property, furniture, and equipment

As of September 30, 2023, property, furniture, and equipment are detailed as follows:

	<u>Property</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Computer hardware</u>	<u>Vehicles</u>	<u>Assets for the right-of-use, buildings, and facilities</u>	<u>Total</u>
<b>Cost:</b>							
<b>Balance as of December 31, 2022</b>	€ 36,112,762,169	101,494,422,613	39,930,981,792	54,066,568,409	5,960,479,952	32,152,214,688	269,717,429,623
Conversion effect	(46,692,138)	(743,204,783)	(87,897,786)	(156,988,082)	(5,722,545)	(140,085,248)	(1,180,590,582)
<b>Adjusted balance</b>	<b>36,066,070,031</b>	<b>100,751,217,830</b>	<b>39,843,084,006</b>	<b>53,909,580,327</b>	<b>5,954,757,407</b>	<b>32,012,129,440</b>	<b>268,536,839,041</b>
Additions	0	801,689,831	955,571,149	3,680,154,188	30,135,135	197,250,348	5,664,800,651
Withdrawals	0	0	(161,552,130)	(1,163,466,272)	0	0	(1,325,018,402)
Transfers	0	1,310,774,228	(1,811,244,497)	(6,163,231,792)	273,128,739	134,914,355	(6,255,658,967)
Revaluation	0	0	4,775,204	0	0	5,494,869	10,270,073
<b>Balance as of September, 2023</b>	<b>36,066,070,031</b>	<b>102,863,681,889</b>	<b>38,830,633,732</b>	<b>50,263,036,451</b>	<b>6,258,021,281</b>	<b>32,349,789,012</b>	<b>266,631,232,396</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as of December 31, 2022</b>	0	37,958,884,721	26,458,862,052	39,611,176,674	4,692,318,066	9,807,713,141	118,528,954,654
Conversion effect	0	(143,520,968)	(84,064,598)	(129,986,675)	(5,643,614)	(97,536,253)	(460,752,108)
<b>Adjusted balance</b>	<b>0</b>	<b>37,815,363,753</b>	<b>26,374,797,454</b>	<b>39,481,189,999</b>	<b>4,686,674,452</b>	<b>9,710,176,888</b>	<b>118,068,202,546</b>
Depreciation expenses	0	1,568,668,673	1,899,751,383	4,307,616,005	231,080,236	2,707,360,145	10,714,476,442
Withdrawals	0	0	(1,732,562,234)	(5,753,581,254)	0	0	(7,486,143,488)
Transfers	0	0	45,051,407	(53,724,918)	0	364,180,991	355,507,480
<b>Balance as of September 30, 2023</b>	€ <b>0</b>	<b>39,384,032,426</b>	<b>26,587,038,010</b>	<b>37,981,499,832</b>	<b>4,917,754,688</b>	<b>12,781,718,024</b>	<b>121,652,042,980</b>
<b>September 30, 2023</b>	€ <b>36,066,070,031</b>	<b>63,479,649,463</b>	<b>12,243,595,722</b>	<b>12,281,536,619</b>	<b>1,340,266,593</b>	<b>19,568,070,988</b>	<b>144,979,189,416</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2023

As of December 31, 2022, property, furniture, and equipment are detailed as follows:

<b>Cost:</b>		<b>Property</b>	<b>Buildings</b>	<b>Furniture and equipment</b>	<b>Computer hardware</b>	<b>Vehicles</b>	<b>Assets for the right-of-use, buildings, and facilities</b>	<b>Total</b>
<b>Balance as of December 31, 2021</b>	€	<b>35,822,827,602</b>	<b>81,913,344,038</b>	<b>38,986,780,302</b>	<b>50,694,400,676</b>	<b>5,809,582,106</b>	<b>28,144,296,674</b>	<b>241,371,231,398</b>
Conversion effect		(33,868,435)	(539,085,495)	(74,128,504)	(137,293,735)	(4,150,797)	(142,975,038)	(931,502,004)
<b>Adjusted balance</b>		<b>35,788,959,167</b>	<b>81,374,258,543</b>	<b>38,912,651,798</b>	<b>50,557,106,941</b>	<b>5,805,431,309</b>	<b>28,001,321,636</b>	<b>240,439,729,394</b>
Additions		0	100,673,617	2,027,109,099	12,219,546,200	154,310,718	9,255,293,291	23,756,932,925
Withdrawals		333,747,430	0	(86,158,623)	(417,271,278)	0	(5,997,085,375)	(6,166,767,846)
Transfers		0	0	(948,097,235)	(8,292,813,454)	737,926	892,685,136	(8,347,487,627)
Revaluation		(9,944,428)	20,019,490,453	25,476,753	0	0	0	20,035,022,778
<b>Balance as of December 31, 2022</b>		<b>36,112,762,169</b>	<b>101,494,422,613</b>	<b>39,930,981,792</b>	<b>54,066,568,409</b>	<b>5,960,479,953</b>	<b>32,152,214,688</b>	<b>269,717,429,624</b>
<b><u>Accumulated depreciation and impairment</u></b>								
<b>Balance as of December 31, 2021</b>		<b>0</b>	<b>27,522,164,868</b>	<b>24,489,329,401</b>	<b>36,343,486,976</b>	<b>4,399,535,599</b>	<b>7,053,472,004</b>	<b>99,807,988,848</b>
Conversion effect		0	(104,057,337)	(72,084,479)	(130,642,078)	(4,093,608)	(97,079,922)	(407,957,424)
<b>Adjusted balance</b>		<b>0</b>	<b>27,418,107,531</b>	<b>24,417,244,922</b>	<b>36,212,844,898</b>	<b>4,395,441,991</b>	<b>6,956,392,082</b>	<b>99,400,031,424</b>
Depreciation expenses		0	2,047,650,428	2,696,546,928	3,958,803,534	274,158,752	3,340,713,397	12,317,873,039
Adjustment for previous periods		0	0	(1,547,561,041)	(908,117,303)	0	(2,851,805,277)	(5,307,483,621)
Withdrawals		0	0	892,631,242	349,961,891	22,717,323	2,362,412,939	3,627,723,395
Transfers		0	8,493,126,762	0	0	0	0	8,493,126,762
Reversal of accumulated depreciation		0	0	0	(2,316,346)	0	0	(2,316,346)
<b>Balance as of December 31, 2022</b>	€	<b>0</b>	<b>37,958,884,721</b>	<b>26,458,862,051</b>	<b>39,611,176,674</b>	<b>4,692,318,066</b>	<b>9,807,713,141</b>	<b>118,528,954,653</b>
<b>December 31, 2022</b>	€	<b>36,112,762,169</b>	<b>63,535,537,892</b>	<b>13,472,119,741</b>	<b>14,455,391,735</b>	<b>1,268,161,887</b>	<b>22,344,501,547</b>	<b>151,188,474,971</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of September 30, 2023

As of September 30, 2022, property, furniture, and equipment are detailed as follows:

	Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Assets for the right-of-use, buildings, and facilities	Total
<b>Cost:</b>							
<b>Balance as of December 31, 2020</b>	₡ 35,822,827,602	81,913,344,038	38,986,780,302	50,694,400,676	5,809,582,106	28,144,296,674	241,371,231,398
Conversion effect	(9,809,737)	(156,143,428)	(21,470,948)	(39,766,286)	(1,202,254)	(41,411,774)	(269,804,427)
<b>Adjusted balance</b>	<b>35,813,017,865</b>	<b>81,757,200,610</b>	<b>38,965,309,354</b>	<b>50,654,634,390</b>	<b>5,808,379,852</b>	<b>28,102,884,900</b>	<b>241,101,426,971</b>
Additions	0	100,673,617	1,574,634,238	10,689,803,032	0	6,969,245,014	19,334,355,901
Withdrawals	333,747,430	0	(20,480,104)	(326,471,728)	0	(281,411,919)	(294,616,321)
Transfers	0	0	(941,924,726)	(8,251,494,956)	0	(524,316,215)	(9,717,735,897)
<b>Balance as of September 30, 2022</b>	<b>36,136,820,867</b>	<b>101,877,364,680</b>	<b>39,603,015,515</b>	<b>52,766,470,738</b>	<b>5,808,379,852</b>	<b>34,266,401,780</b>	<b>270,458,453,432</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as of December 31, 2020</b>	0	27,522,164,868	24,489,329,401	36,343,486,976	4,399,535,599	7,053,472,004	99,807,988,848
Conversion effect	0	(31,940,362)	(21,521,297)	(39,313,703)	(1,185,689)	(28,118,401)	(122,079,452)
<b>Adjusted balance</b>	<b>0</b>	<b>27,490,224,506</b>	<b>24,467,808,104</b>	<b>36,304,173,273</b>	<b>4,398,349,910</b>	<b>7,025,353,603</b>	<b>99,685,909,396</b>
Depreciation expenses	0	1,542,925,171	2,027,928,196	2,573,695,154	222,369,280	2,490,196,912	8,857,114,713
Withdrawals	0	0	(1,193,674,276)	(827,563,760)	0	(688,718,620)	(2,709,956,656)
Transfers	0	0	888,490,439	353,601,559	0	183,254,498	1,425,346,496
Revaluation	0	8,493,126,762	0	0	0	0	8,493,126,762
<b>Balance as of September 30, 2022</b>	<b>0</b>	<b>37,526,276,439</b>	<b>26,190,552,463</b>	<b>38,401,589,880</b>	<b>4,620,719,190</b>	<b>9,010,086,393</b>	<b>115,749,224,365</b>
Balances, net:							
<b>September 30, 2022</b>	<b>₡ 36,136,820,867</b>	<b>64,351,088,241</b>	<b>13,412,463,052</b>	<b>14,364,880,858</b>	<b>1,187,660,662</b>	<b>25,256,315,387</b>	<b>154,709,229,067</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

10). Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Improvement of properties in operating lease	¢ 634,779,118	872,974,288	937,794,602
Pre-issuance cost of financial instruments	0	0	69,873,947
Other deferred charges	<u>1,038,702,792</u>	<u>1,291,337,063</u>	<u>1,406,150,601</u>
	<u>¢ 1,673,481,910</u>	<u>2,164,311,351</u>	<u>2,413,819,150</u>

(b) Intangible assets

Net intangible assets correspond to computer systems. These assets are detailed as follows:

*Cost:*

<b>Balance as of December 31, 2022</b>	¢ <b>83,282,029,043</b>
Currency translation effect	(767,782,800)
<b>Adjusted balance</b>	<b>82,514,246,242</b>
Additions to computer systems	12,024,086,438
Transfers	(2,699,330,491)
Withdrawals	(1,920,011,540)
<b>Balance as of September, 2023</b>	<u><b>89,918,990,649</b></u>

*Accumulated depreciation and impairment:*

<b>Balance as of December 31, 2022</b>	<b>59,734,564,757</b>
Currency translation effect	(558,852,380)
<b>Adjusted balance</b>	<b>59,175,712,377</b>
Amortization expense on computer systems	15,061,359,812
Transfers	(4,441,544,524)
Withdrawals	(4,471,106)
<b>Amortized balance and impairment as of September 30, 2023</b>	<u><b>69,791,056,559</b></u>
<b>Balance as of September 30, 2023</b>	¢ <u><b>20,127,934,090</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

<b>December</b>	<b>2022</b>
<i>Cost:</i>	
<b>Balance as of December 31, 2021</b>	€ 57,790,466,417
Currency translation effect	(561,053,101)
<b>Adjusted balance</b>	<u>57,229,413,316</u>
Additions to computer systems	16,763,207,200
Transfers	11,054,576,512
Withdrawals	(1,765,167,985)
<b>Balance as of December 31, 2022</b>	<u><u>83,282,029,043</u></u>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2022</b>	40,609,976,820
Currency translation effect	(467,031,260)
<b>Adjusted balance</b>	<u>40,142,945,560</u>
Amortization expense on computer systems	14,376,037,116
Transfers	6,339,283,869
Withdrawals	(1,123,701,788)
<b>Amortized balance and impairment as of December 31, 2022</b>	<u>59,734,564,757</u>
<b>Balance as of December 31, 2022</b>	€ <u><u>23,547,464,286</u></u>
<i>Cost:</i>	
<b>Balance as of December 31, 2021</b>	€ 57,790,466,417
Currency translation effect	(162,505,659)
<b>Adjusted balance</b>	57,627,960,758
Additions to computer systems	10,740,145,579
Transfers	10,948,159,031
Withdrawals	(1,675,447,455)
<b>Balance of costs as of September 30, 2022</b>	<u>77,640,817,913</u>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2021</b>	40,609,976,820
Currency translation effect	(145,587,655)
<b>Adjusted balance</b>	40,464,389,165
Amortization expense on computer systems	9,836,475,791
Transfers	6,202,133,571
Withdrawals	(1,080,569,589)
<b>Balance of amortization and impairment as of September 30, 2022</b>	<u>55,422,428,938</u>
<b>Balance as of September 30, 2022</b>	€ <u><u>22,218,388,975</u></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

(c) Other assets

Other assets are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Prepaid taxes	22,240,930,850	34,363,327,777	25,147,123,763
Other prepaid taxes	216,450,164	14,073,563	589,263,160
Prepaid leases	78,383	78,383	78,383
Prepaid insurance policy	476,634,363	382,800,446	298,221,273
Other prepaid expenses	204,986,853	394,986,914	749,433,973
<b>Prepaid expenses</b>	<b>23,139,080,613</b>	<b>35,155,267,083</b>	<b>26,784,120,552</b>
Stationery, supplies and other materials	244,629,272	198,957,184	158,362,040
Library and works of art	48,028,057	36,986,766	38,769,789
Construction in process	8,204,893,887	8,612,541,177	5,935,546,139
Automated applications under development	5,220,662,567	4,478,123,483	4,061,562,795
Membership in social and professional institutions	36,633,800	36,633,800	36,633,800
Other miscellaneous goods	23,896,919,616	24,525,107,060	24,927,493,309
<b>Miscellaneous goods</b>	<b>37,651,767,199</b>	<b>37,888,349,470</b>	<b>35,158,367,872</b>
Missing cash	48,426,766	47,702,442	56,871,048
Transactions to be settled	32,390,755,676	57,745,803,194	26,415,567,428
Other operations pending allocation	180,994,510	353,394,564	182,830,650
<b>Operations pending allocation</b>	<b>32,620,176,952</b>	<b>58,146,900,200</b>	<b>26,655,269,126</b>
Guarantee deposits	1,112,282,611	1,166,642,799	1,192,763,057
Judicial and administrative deposits	0	2,081,316,906	0
<b>Restricted assets</b>	<b>1,112,282,611</b>	<b>3,247,959,705</b>	<b>1,192,763,057</b>
	<b>94,523,307,375</b>	<b>134,438,476,458</b>	<b>89,790,520,607</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

11). Demand obligations with the public

Demand obligations with the public are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Checking accounts	¢ 1,910,236,671,209	2,237,956,431,734	2,064,155,814,992
Cashier's checks	72,977,700	451,515,080	495,128,560
Demand savings deposits	976,583,249,662	1,064,529,165,087	1,008,154,165,138
Overdue term borrowings	1,444,255,008	1,897,451,094	2,511,348,373
Overnight deposits	2,817,508,250	3,780,497,200	4,017,772,000
Other demand obligations with the public	13,970,349,072	4,100,150,200	5,439,162,190
	<b>¢ <u>2,905,125,010,901</u></b>	<b><u>3,312,715,210,395</u></b>	<b><u>3,084,773,391,253</u></b>

12). Term and demand obligations with the public and entities

Term and demand obligations with the public and entities per number of customers and accumulated amount are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
	<b>Demand</b>	<b>Demand</b>	<b>Demand</b>
<u>Obligations with the public</u>			
Deposits from the public	¢ 2,891,154,661,829	3,308,615,060,195	3,079,334,229,063
Other obligations with the public (See note 11)	13,970,349,072	4,100,150,200	5,439,162,190
	<u>2,905,125,010,901</u>	<u>3,312,715,210,395</u>	<u>3,084,773,391,253</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	26,438,174,223	9,856,961,912	7,660,239,294
Deposits from other Banks	4,202,689,363	4,099,984,761	4,813,297,999
Other obligations with entities	58,361,978,069	72,277,495,403	71,073,796,701
	89,002,841,655	86,234,442,076	83,547,333,994
	<b>¢ <u>2,994,127,852,556</u></b>	<b><u>3,398,949,652,471</u></b>	<b><u>3,168,320,725,247</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
	<b>Term</b>	<b>Term</b>	<b>Term</b>
<b>Obligations with the public</b>			
Deposits from the public	¢ 1,967,497,226,446	1,864,983,147,193	1,908,079,376,857
Other obligations with the public	15,813,318	11,063,795	11,124,865
	<u>1,967,513,039,764</u>	<u>1,864,994,210,988</u>	<u>1,908,090,501,722</u>
<b>Obligations with entities</b>			
Deposits from state-owned entities	56,980,000,000	37,638,852,986	42,160,936,772
Deposits from other Banks	798,776,678	10,022,032,121	10,470,952,213
Other obligations with entities	571,758,688,259	721,770,058,668	832,957,672,312
	<u>629,537,464,937</u>	<u>769,430,943,775</u>	<u>885,589,561,297</u>
	<u>¢ 2,597,050,504,701</u>	<u>2,634,425,154,763</u>	<u>2,793,680,063,019</u>

As of September 30, 2023, demand deposits with the public include court-ordered deposits for ¢249,963,861,440, (¢260,468,163,133 and ¢252,304,799,624, for December and September 2022, respectively), which are restricted because of their nature.

As of September 30, 2023, the Bank has a total of de 1,864,373 (1,751,780 and 1,728,575, for December and September 2022, respectively) employees with demand deposits and with term deposits 39,044 (36,213, for December and 36,429 for September 2022 respectively). The subsidiary BICSA has a total of 914 customers (855 and 875, for December and September 2022, respectively) with demand deposits and 1,311, (1,157 and 1,151, for December and September 2022, respectively).

13). Other obligations with the public

Other obligations with the public are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Obligations for confirmed letters of credit	¢ 5,159,087,465	6,642,720,100	3,397,105,917
Obligations for security tripartite agreements forward buyer	0	5,558,776,494	6,633,218,505
	<u>¢ 5,159,087,465</u>	<u>12,201,496,594</u>	<u>10,030,324,422</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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September 30, 2023

Repurchase agreements:

The Bank raises funds through the sale of financial instruments under agreements in which the Bank undertakes to repurchase them at future dates and at a predetermined price and yield.

As of September 30, 2023, there are no repurchase agreements.

Changes in the amendment to the Securities Clearing and Settlement Regulations (SUGEVAL) have no impact on the custodian. In the event of a default in payments, the Default Guarantee Fund would be used.

As of December 31, 2022, the Bank's repurchase agreements are as follows:

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase price</b>
Investments	¢ <u>25,157,175,774</u>	<u>5,558,776,494</u>	01/09/2022 to 31/12/2022	100%

As of September 30, 2022, the Bank's repurchase agreements are as follows:

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase price</b>
Investments	¢ <u>28,995,169,492</u>	<u>7,558,417,594</u>	01/09/2022 to 31/12/2022	100%

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14). Obligations with entities and the Central Bank of Costa Rica

Obligations with entities and with the Central Bank of Costa Rica are detailed as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Term obligations with the Central Bank of Costa Rica	¢ 104,826,771,127	134,495,032,211	215,749,270,823
Charges payable for obligations with the Central Bank of Costa Rica	<u>1,987,983,819</u>	<u>1,424,026,345</u>	<u>1,284,223,817</u>
	106,814,754,946	135,919,058,556	217,033,494,640
Checking accounts of local financial entities	40,470,208,574	30,608,697,132	21,711,569,086
Checking accounts of foreign financial entities	214,274,838	410,914,142	1,227,559,054
Overdrafts on demand checking accounts of foreign financial entities	8,344,467,646	7,249,152,774	9,293,266,113
Obligations for check deposits	1,192,069,147	1,071,873,752	1,606,558,381
Overnight deposits	38,781,821,450	46,893,804,276	49,708,381,360
Term deposits from local financial entities	67,615,749,530	57,798,344,956	63,639,679,786
Term deposits from financial entities abroad	29,015,725,000	54,188,524,135	28,484,539,366
Loan from foreign financial entities (See note 14-a)	252,523,640,978	327,749,783,825	324,120,638,195
Obligations for right-of-use assets received under leases (note 14-a)	20,056,168,551	24,383,913,051	28,517,207,928
Obligations for resources taken from the liquidity market	0	0	20,402,450,478
Obligations with related financial entities	2,123,719,000	0	0
Obligations with resources from the Development Credit Fund (DCF)	143,481,127,128	192,026,399,851	185,784,185,490
Charges payable for obligations with financial and non-financial entities	<u>8,251,643,773</u>	<u>6,469,427,755</u>	<u>5,784,084,809</u>
	612,070,615,615	748,850,835,649	740,280,120,046
Loans from local financial entities (See note 14-a)	85,801,939,397	84,125,694,537	79,415,218,077
Obligations for deferred liquidity operations (See note 14-a)	<u>28,919,395,350</u>	<u>29,158,283,416</u>	<u>155,225,641,974</u>
	726,791,950,362	862,134,813,602	974,920,980,097
Loans of subsidiaries			
Subordinated obligations	49,957,295,493	49,955,433,414	19,982,245,196
Charges payable for subordinated obligations	<u>184,422,222</u>	<u>184,422,222</u>	<u>90,288,889</u>
	50,141,717,715	50,139,855,636	20,072,534,085
	<u>¢ 883,748,423,023</u>	<u>1,048,193,727,794</u>	<u>1,212,027,008,822</u>

The maturities of the term obligations with entities are from January 1, 2023, to December 23, 2026.

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Annual interest rates for the new obligations with entities are as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Colones	7.92 % to 9.75%	0.01 % to 9.75%	0.01 % to 6.25%
US dollars	2.96% to 3.43%	0.01% to 7.68%	0.01% to 7.68%

As of September 30, 2023, December and September 2022, there are no term obligations with foreign financial entities for the international issuance.

a) Maturity of loans payable

As of September 30, 2023, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 104,826,771,127	55,423,288,850	130,607,209,206	0	290,857,269,183
From one to two years	0	26,853,375,550	79,226,018,035	0	106,079,393,585
From three to five years	0	3,525,275,000	40,398,984,986	2,291,428,750	46,215,688,736
<b>Total</b>	<b>¢ 104,826,771,127</b>	<b>85,801,939,400</b>	<b>250,232,212,227</b>	<b>2,291,428,750</b>	<b>443,152,351,504</b>

As of December 31, 2022, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 35,027,717,170	59,424,238,870	241,387,218,173	0	335,839,174,213
From one to two years	0	6,934,924,800	18,792,936,101	0	25,727,860,901
From three to five years	109,474,722,461	17,766,530,870	54,546,509,693	3,130,348,000	184,918,111,024
Over five years	0	0	9,892,771,930	0	9,892,771,930
<b>Total</b>	<b>¢ 144,502,439,631</b>	<b>84,125,694,540</b>	<b>324,619,435,897</b>	<b>3,130,348,000</b>	<b>556,377,918,068</b>

As of September 30, 2022, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 123,919,939,444	0	0	12,216,176,489	136,136,115,933
From one to two years	117,212,739,184	0	0	0	117,212,739,184
Over five years	0	0	0	3,599,700,000	3,599,700,000
<b>Total</b>	<b>¢ 241,132,678,628</b>	<b>0</b>	<b>0</b>	<b>15,815,876,489</b>	<b>256,948,555,117</b>



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b) Lease obligations

As of September 30, 2023, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,308,639,610	1,044,052,428	0	3,264,587,181
From one to five years		<u>20,321,057,479</u>	<u>2,840,917,170</u>	<u>0</u>	<u>17,480,140,308</u>
	¢	<u><b>24,629,697,088</b></u>	<u><b>3,884,969,599</b></u>	<u><b>0</b></u>	<u><b>20,744,727,490</b></u>

As of December 31, 2022, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	5,142,389,109	1,377,544,261	0	3,764,844,848
From one to five years		<u>25,522,755,507</u>	<u>3,887,736,893</u>	<u>0</u>	<u>21,635,018,614</u>
	¢	<u><b>30,665,144,616</b></u>	<u><b>5,265,281,154</b></u>	<u><b>0</b></u>	<u><b>25,399,863,462</b></u>

As of September 30, 2022, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	5,009,246,411	1,687,677,523	0	3,321,568,888
From one to five years		<u>33,671,990,370</u>	<u>5,558,824,513</u>	<u>0</u>	<u>28,113,165,857</u>
	¢	<u><b>38,681,236,781</b></u>	<u><b>7,246,502,036</b></u>	<u><b>0</b></u>	<u><b>31,434,734,745</b></u>

As of September 30, 2023, the allowance for future lease payments is as follows:

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	736,754,367	2,913,455,344
2 years		994,827,028	2,793,396,776
3 years		890,492,876	1,903,159,783
4 years		910,709,896	2,065,656,964
5 years		974,823,873	2,147,502,641
Over 5 years		<u>1,407,344,689</u>	<u>3,006,603,253</u>
	¢	<u><b>5,914,952,730</b></u>	<u><b>14,829,774,761</b></u>

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As of December 31, 2022, the allowance for future lease payments is as follows:

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	826,697,198	3,402,033,207
2 years		811,991,808	3,321,038,028
3 years		852,533,153	2,795,940,316
4 years		865,407,153	2,111,496,817
5 years		926,331,817	2,238,186,594
Over 5 years		2,144,644,630	5,103,562,741
	¢	<u><b>6,427,605,759</b></u>	<u><b>18,972,257,703</b></u>

As of September 30, 2022, the allowance for future lease payments is as follows:

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	731,251,274	3,001,083,825
2 years		822,213,418	3,231,727,672
3 years		936,480,955	3,454,789,140
4 years		907,380,065	3,316,667,488
5 years		910,709,896	3,285,901,461
Over 5 years		2,382,168,828	8,454,360,723
	¢	<u><b>6,690,204,437</b></u>	<u><b>24,744,530,308</b></u>

As of September 30, 2023, future payments of the lease liability are presented as follows:

Year		<b>Payments</b>	<b>Present value</b>	<b>Amortization</b>	<b>Interest</b>	<b>Balance of the agreement</b>
1 31/12/2022	¢	4,601,071,544	3,541,842,970	2,250,172,011	1,194,007,637	17,440,121,054
2 31/12/2023		4,992,814,679	3,915,414,692	3,136,490,305	950,362,108	13,529,533,493
3 31/12/2024		3,835,347,024	3,067,449,833	2,302,200,823	767,899,018	10,308,904,398
4 31/12/2025		3,477,443,541	2,930,544,418	2,383,645,296	546,899,122	7,289,475,578
5 31/12/2026		3,279,926,613	2,933,149,862	2,586,373,112	346,776,750	4,356,325,716
6 31/12/2027		3,477,443,541	3,302,087,063	3,126,730,585	175,356,478	1,054,238,653
7 31/12/2028		1,066,877,813	1,054,238,653	1,041,599,493	12,639,160	0
8 31/12/2029		0	0	0	0	0
9 31/12/2030		0	0	0	0	0
10 31/12/2031		0	0	0	0	0
	¢	<u><b>24,730,924,754</b></u>	<u><b>20,744,727,490</b></u>	<u><b>16,827,211,624</b></u>	<u><b>3,993,940,273</b></u>	<u><b></b></u>

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As of December 31, 2022, future payments of the lease liability are presented as follows:

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	31/12/2022	¢ 5,664,891,072	4,111,991,909	2,513,604,199	1,566,972,287	21,575,550,054
2	31/12/2023	5,374,544,019	4,213,626,763	3,113,779,599	1,131,262,707	17,346,313,483
3	31/12/2024	4,821,475,457	3,843,539,419	2,865,601,400	977,937,957	13,372,969,189
4	31/12/2025	3,738,085,036	3,010,906,521	2,283,728,006	727,178,515	10,219,798,850
5	31/12/2026	3,738,085,036	3,200,612,299	2,663,139,562	537,472,737	7,019,186,551
6	31/12/2027	3,518,847,983	3,196,512,153	2,874,176,322	322,335,830	3,822,674,398
7	31/12/2028	3,957,322,088	3,822,674,398	3,688,026,709	134,647,690	0
8	31/12/2029	0	0	0	0	0
9	31/12/2030	0	0	0	0	0
10	31/12/2031	0	0	0	0	0
		¢ <u>30,813,250,691</u>	<u>25,399,863,462</u>	<u>20,002,055,797</u>	<u>5,397,807,723</u>	

As of September 30, 2022, future payments of the lease liability are presented as follows:

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	30/9/2022	¢ 5,413,217,649	3,507,041,646	1,694,235,370	1,892,435,953	27,911,741,526
2	30/9/2023	5,480,514,351	4,127,919,127	2,596,828,944	1,502,678,852	23,927,791,825
3	30/9/2024	6,089,566,961	4,689,816,703	3,335,818,159	1,410,312,490	19,246,763,499
4	30/9/2025	5,391,123,613	4,345,189,467	3,318,445,518	1,046,660,930	14,902,298,985
5	30/9/2026	5,016,145,590	4,238,430,770	3,460,715,949	777,714,820	10,663,868,215
6	30/9/2027	4,690,403,491	4,200,869,118	3,711,334,745	489,534,373	6,325,467,915
7	30/9/2028	5,341,887,689	5,083,986,040	4,826,084,390	257,901,649	1,241,481,875
8	30/9/2029	1,254,036,397	1,241,481,875	1,228,927,353	12,554,522	0
9		0	0	0	0	0
10		0	0	0	0	0
		¢ <u>38,676,895,741</u>	<u>31,434,734,745</u>	<u>24,172,390,426</u>	<u>7,389,793,591</u>	

15). Income tax

Pursuant to the Costa Rican Income Tax Law, the Bank and its subsidiaries are required to file income tax returns for the twelve months period ending December 31 of each year.

As of September 30, 2023, the consolidated balance of income tax payable amounts to ¢4,524,093,505, (¢21,142,937,266 and ¢13,695,136,053, for December and September 2022, respectively) (see note 17) and the income tax advance payments amounted to ¢22,240,930,850, (¢34,363,327,777 and ¢25,147,123,763, for December and September 2022, respectively) (see note 10.c), recorded as other assets.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

Income tax expenses are detailed below:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Current income tax	¢ 16,674,669,622	26,084,988,435	17,310,864,281
Decrease in income tax	(12,193,805,570)	(4,182,365,234)	(3,615,728,228)
Increase in income tax	66,963,832	0	0
Adjustment for income tax of the previous period	(23,734,379)	0	0
Advances of settled income taxes	0	(759,685,935)	0
	<b><u>4,524,093,505</u></b>	<b><u>21,142,937,266</u></b>	<b><u>13,695,136,053</u></b>
<b><u>Expenses for income taxes:</u></b>			
Expense for current income tax of the period	16,674,669,622	26,084,988,435	17,310,864,281
Expense for deferred income tax	17,263,662,665	14,021,704,080	12,324,604,167
	<b><u>33,938,332,287</u></b>	<b><u>40,106,692,515</u></b>	<b><u>29,635,468,448</u></b>
<b><u>Income for income taxes</u></b>			
Decrease of income taxes for the period	(12,192,680,135)	(3,587,974,505)	(3,587,974,505)
Income for deferred income tax	(11,458,510,837)	(6,335,574,091)	(3,477,100,907)
Decrease in the deferred income tax from the previous period	(1,125,436)	(736,424,170)	(735,833,886)
	<b><u>(23,652,316,408)</u></b>	<b><u>(10,659,972,766)</u></b>	<b><u>(7,800,909,298)</u></b>
<b>Income tax, net</b>	¢ <b><u>10,286,015,879</u></b>	<b><u>29,446,719,749</u></b>	<b><u>21,834,559,150</u></b>
<b>Realization of deferred income tax</b>	¢ <b><u>(5,805,151,828)</u></b>	<b><u>(7,686,129,989)</u></b>	<b><u>(8,847,503,260)</u></b>

BICSA is subject to tax legislation in the following jurisdictions.

Panamá

According to tax legislation in effect in Panama, BICSA is exempt from payment of income tax on foreign source income. BICSA is further exempt from payment of income tax on interest income earned on term deposits placed in local banks, on securities issued by the Panamanian and foreign governments and on investments in securities traded in the Panamanian Stock Exchange.

Miami

Income tax is not levied on any income that is unrelated to transactions or business dealings in the United States of America. Finance expense is calculated based on the cost of liabilities denominated in U.S. dollars.

A deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

Deferred tax assets and liabilities are attributed to the following:

As of September 30, 2023

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 4,477,209,790	(3,772,801,478)	704,408,312
Revaluation of assets	242,823,928	(14,227,649,940)	(13,984,826,012)
Provisions	20,689,550	(40,806,290)	(20,116,740)
Financial leases	6,348,579,691	(5,926,118,242)	422,461,449
Deferred taxes for exchange differences	6,017,345,246	(18,799,972,175)	(12,782,626,928)
Losses and unused tax credits	11,939,646	0	11,939,646
Allowance for doubtful accounts	142,462,632	0	142,462,632
	<b>¢ 17,261,050,483</b>	<b>(42,767,348,125)</b>	<b>(25,506,297,641)</b>

As of December 31, 2022

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 19,159,652,189	(469,153,500)	18,690,498,689
Revaluation of assets	242,823,928	(14,409,449,035)	(14,166,625,107)
Provisions	23,293,290	(58,294,700)	(35,001,410)
Financial leases	7,647,460,580	(6,733,911,989)	913,548,591
Deferred taxes for exchange differences	0	(7,280,460,003)	(7,280,460,003)
Losses and unused tax credits	124,687,031	0	124,687,031
Allowance for doubtful accounts	88,615,187	0	88,615,187
	<b>¢ 27,286,532,205</b>	<b>(28,951,269,227)</b>	<b>(1,664,737,022)</b>

As of September 30, 2022

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 18,744,053,438	(1,031,569,691)	17,712,483,747
Revaluation of assets	242,823,928	(14,348,225,735)	(14,105,401,807)
Provisions	19,180,659	0	19,180,659
Financial leases	9,384,794,844	(8,197,595,372)	1,187,199,472
Deferred taxes for exchange differences	0	(8,848,052,053)	(8,848,052,053)
Losses and unused tax credits	156,605,928	0	156,605,928
Allowance for doubtful accounts	98,481,444	0	98,481,444
	<b>¢ 28,645,940,241</b>	<b>(32,425,442,851)</b>	<b>(3,779,502,610)</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

The movement of temporary differences is as follows:

As of September 30, 2023

	<b>December 31, 2022</b>	<b>Effects on income statement</b>	<b>Effects on equity</b>	<b>September 30, 2023</b>
<b>On liabilities account</b>				
Valuation of investments	¢ (469,153,500)	0	(3,303,647,978)	(3,772,801,478)
Revaluation of assets	(8,632,345,029)	181,799,095	0	(8,450,545,934)
Revaluation of land	(5,777,104,006)	0	0	(5,777,104,006)
Financial leases	(6,733,911,989)	807,793,747	0	(5,926,118,242)
For exchange differences	(7,280,460,002)	(11,519,512,174)	0	(18,799,972,176)
Allowance for doubtful accounts	(58,294,700)	17,488,410	0	(40,806,290)
<b>On assets account</b>				
Valuation of investments	19,159,652,189	0	(14,682,442,399)	4,477,209,790
Financial leases	7,647,460,580	(1,294,203,174)	(4,677,715)	6,348,579,691
Income tax for asset revaluation	242,823,928	0	0	242,823,928
Losses and unused tax credits	124,687,031	(67,106,684)	(45,640,701)	11,939,646
Provisions	23,293,290	(2,603,740)	0	20,689,550
Allowance for doubtful accounts	88,615,188	53,847,444	0	142,462,632
For exchange differences	0	6,017,345,248	0	6,017,345,248
	<b>¢ (1,664,737,020)</b>	<b>(5,805,151,828)</b>	<b>(18,036,408,793)</b>	<b>(25,506,297,641)</b>

As of December 31, 2022

	<b>December 31, 2021</b>	<b>Effects on income statement</b>	<b>Effects on equity</b>	<b>December 31, 2022</b>
<b>On liabilities account</b>				
Valuation of investments	¢ (20,960,716,763)	0	20,491,563,263	(469,153,500)
Revaluation of assets	(4,971,062,820)	23,807,231	(3,685,089,440)	(8,632,345,029)
Revaluation of land	(6,077,988,389)	0	300,884,383	(5,777,104,006)
Financial leases	(6,864,537,103)	130,625,114	0	(6,733,911,989)
For exchange differences	0	(7,280,460,002)	0	(7,280,460,002)
Allowance for doubtful accounts	(81,612,581)	23,317,881	0	(58,294,700)
<b>On assets account</b>				
Valuation of investments	640,405,854	0	18,519,246,335	19,159,652,189
Financial leases	8,439,752,060	(792,666,181)	374,701	7,647,460,580
Income tax for asset revaluation	0	242,823,928	0	242,823,928
Losses and unused tax credits	169,620,742	(11,919,053)	(33,014,658)	124,687,031
Provisions	16,781,892	6,511,398	0	23,293,290
Allowance for doubtful accounts	116,785,493	(28,170,305)	0	88,615,188
	<b>¢ (29,572,571,615)</b>	<b>(7,686,129,989)</b>	<b>35,593,964,584</b>	<b>(1,664,737,020)</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

As of September 30, 2022

	<b>December 31, 2021</b>	<b>Effects on income statement</b>	<b>Effects on equity</b>	<b>September 30, 2022</b>
<b>On liabilities account</b>				
Valuation of investments	¢ (20,960,716,763)	0	19,929,147,072	(1,031,569,691)
Revaluation of assets	(4,971,062,820)	85,030,531	(3,698,475,786)	(8,584,508,075)
Revaluation of land	(6,077,988,389)	0	314,270,729	(5,763,717,660)
Financial leases	(6,864,537,103)	(1,333,058,269)	0	(8,197,595,372)
Deferred income tax on exchange differences	(81,612,581)	(8,766,439,472)	0	(8,848,052,053)
Allowance for doubtful accounts	0	0	0	0
<b>On assets account</b>				
Valuation of investments	640,297,065	0	18,103,756,373	18,744,053,438
Financial leases	8,435,688,786	949,106,058	0	9,384,794,844
Income tax for asset revaluation	0	242,823,928	0	242,823,928
Losses and unused tax credits	169,620,742	(9,060,753)	(3,954,061)	156,605,928
Provisions	16,781,892	2,398,767	0	19,180,659
Allowance for doubtful accounts	116,785,493	(18,304,050)	0	98,481,443
	<b>¢ (29,576,743,678)</b>	<b>(8,847,503,260)</b>	<b>34,644,744,327</b>	<b>(3,779,502,611)</b>

As of September 30, 2023, the consolidated group presents a balance for income tax receivable of ¢9,002,785,767, (¢120,020,911 and ¢119,938,735, for December and September 2022, respectively), in addition to supported value added tax for ¢786,230,324, (¢2,224,254,862 and ¢801,721,934, for December and September 2022, respectively) and deductible value added tax for ¢29,952,189, (¢28,209,555 y ¢40,922,093, for December and September 2022, respectively).

The balance of income tax receivable originated by an excess of advanced payments for the returns on investments of the Development Credit Fund which are exempt from the obligation and from income and value added tax advances.

In conducting the analysis of the deferred tax BICSA's management considers whether it is probable that some or all portion of the deferred tax asset is not realizable. Performing or not the deferred tax assets depend on the generation of future taxable income during the periods in which those temporary differences become deductible. BICSA's management considers the detail of reversals of deferred tax assets and liabilities. Project future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income for the periods in which the deferred tax assets will be deductible. BICSA's management considers it may be able to realize the benefits of this deductible temporary difference.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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IFRIC-23 "Uncertainty over Income Tax Treatments" introduces the concept of uncertain tax treatment, after the tax administration initiates a process of transferring charges; from there the entity is already facing an uncertain tax treatment where the tax authority has already indicated that it does not accept the treatment provided, and therefore it is in dispute, in which case what proceeds is to reflect the uncertainty according to the method that better predicts its resolution and by registering the corresponding provision. Therefore, the provision data is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Banco de Costa Rica	¢ 13,766,003,528	14,186,632,789	14,158,984,457
BCR Valores, S.A.- Puesto de Bolsa	635,236,468	635,236,468	635,236,468
BCR Sociedad Administradora de Fondos de inversión, S.A.	155,205,344	155,205,344	233,984,908
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	166,162,078	164,453,335	249,398,960
BCR Corredora de Seguros, S.A.	152,719,661	152,719,661	187,286,522
	<b>¢ 14,875,327,079</b>	<b>¢ 15,294,247,597</b>	<b>¢ 15,464,891,314</b>

On April 04, 2022, resolution No. DGT-R-09-2022, "Quantification exchange differences in entities subject to surveillance and inspection of the General Superintendence of Financial Entities (SUGEF) and the General Superintendence of Securities (SUGEVAL)" of the General Directorate of Taxation is published in the official paper La Gaceta, in effect from the 2022 period.

In articles 1 (paragraph 1) and 5 (paragraphs 2 and 27 bis) of the Income Tax Law (LSIR), the General Directorate of Taxation has defined the exchange differential that may arise, taxable or deductible as appropriate, for the Tax on Income, Capital Gains and Losses (IRGPC for its acronym in Spanish), and for the Income Tax (ISU for its acronym in Spanish). Therefore, the line to follow related to the treatment of the exchange differential under the realization criterion, has been established.

For tax purposes, in article 4 of the LSIR, on the closing day of the fiscal period, the entity must quantify the exchange differential, in accordance with the regulation of the position in foreign currency on that day, using the selling exchange rate of the US dollar, suggested by the Central Bank of Costa Rica, for that day. The result must be compared with the position in foreign currency corresponding to the closing day of the previous fiscal period, using the selling exchange rate for the US dollar, suggested by the Central Bank of Costa Rica, for that day.



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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If, as a result of that comparison (the foreign currency position of the entity, at the end of the current fiscal period, compared to the foreign currency position of the entity, at the end of the previous fiscal period), a decrease is determined, it will be considered as a loss and, therefore, the amount corresponding to that decrease will be applied as a deductible expense of the Income Tax. Otherwise, if an increase is determined, it will be considered as a profit and, therefore, the amount corresponding to that increase will be included as income within the gross income of the Income Tax.

As of September 30, 2023, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢18,799,972,176, (¢7,280,460,002 and ¢8,848,052,053, for December and September 2022, respectively) and assets of ¢6,017,345,248 (for December and September 2022, there were no amounts).

16). Provisions

The movement of provision is as follows:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2022</b> ¢	<b>10,660,273,061</b>	<b>15,460,700,748</b>	<b>15,294,247,597</b>	<b>41,415,221,405</b>
Currency conversion effect	10,303,828	(174)	1,708,743	12,012,397
<b>Adjusted balance</b>	<b>10,670,576,889</b>	<b>15,460,700,574</b>	<b>15,295,956,340</b>	<b>41,427,233,802</b>
Provision made	687,610,939	2,257,447,413	1,517,915,380	4,462,973,732
Provision used	(33,737,003)	(1,192,972,261)	(960,683,455)	(2,187,392,719)
Adjustment for exchange rate differences	0	(3,109,809)	0	(3,109,809)
Provisions reversed	(603,345,463)	(18,383,003)	0	(621,728,466)
<b>Balance as of September 30, 2023</b> ¢	<b>10,721,105,362</b>	<b>16,503,682,914</b>	<b>15,853,188,265</b>	<b>43,077,976,540</b>

As of December 31, 2022:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2021</b> ¢	<b>9,764,254,097</b>	<b>16,159,621,263</b>	<b>47,703,909,944</b>	<b>73,627,785,304</b>
Currency conversion effect	(134,621,410)	(11,775,540)	0	(146,396,950)
<b>Adjusted balance</b>	<b>9,629,632,687</b>	<b>16,147,845,723</b>	<b>47,703,909,944</b>	<b>73,481,388,354</b>
Provision made	2,453,097,516	3,940,535,540	1,050,212,141	7,443,845,197
Provision used	(1,351,723,863)	(530,378,611)	(33,261,582,440)	(35,143,684,914)
Adjustment for exchange rate differences	0	(40,731,997)	0	(40,731,997)
Provisions reversed	0	(4,049,413,088)	(198,292,050)	(4,247,705,138)
<b>Balance as of December 31, 2022</b> ¢	<b>10,731,006,340</b>	<b>15,467,857,567</b>	<b>15,294,247,595</b>	<b>41,493,111,502</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2022:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2021</b>	<b>9,764,254,097</b>	<b>16,159,621,261</b>	<b>26,573,315,795</b>	<b>52,497,191,153</b>
Currency conversion effect	(60,963,828)	(1,616,471)	0	(62,580,299)
<b>Adjusted balance</b>	<b>9,703,290,269</b>	<b>16,158,004,790</b>	<b>26,573,315,795</b>	<b>52,434,610,854</b>
Provision made	1,390,936,636	3,410,419,860	776,349,380	5,577,705,876
Provision used	(1,150,116,622)	(157,409,240)	(11,884,773,861)	(13,192,299,723)
Adjustment for exchange rate differences	0	(38,208,442)	0	(38,208,442)
Provisions reversed	0	(1,238,595,549)	0	(1,238,595,549)
<b>Balance as of September 30, 2022</b> ¢	<b><u>9,944,110,283</u></b>	<b><u>18,134,211,419</u></b>	<b><u>15,464,891,314</u></b>	<b><u>43,543,213,016</u></b>

As of September 30, 2023, the Bank is a defendant in litigation, for which the following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ¢32,807,090,362 and US\$372,822,817 for which the Bank has provisions recorded in the amounts of ¢709,111,337 and US\$5,610, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢476,459,162 and US\$5,857, for which the Bank has recorded a provision in the amount of ¢182,966,542.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢6,719,840,888 and US\$825,001 for which the Bank has provisions recorded in the amount ¢3,502,339,141, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US\$2,000.
- A provision in the amount of ¢442,118,302 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of September 30, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. maintains amounts provisions for ¢1,708,743 for legal processes in labor matters.

As of September 30, 2023, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

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Notes to the consolidated financial statements

September 30, 2023

As of September 30, 2023, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On February 7, 2023, BCR Valores filed an appeal for revocation against the resolution of the First Chamber that processed the appeal. On September 12, 2023, the First Chamber rejected the appeal filed by BCR Valores. The First Chamber must resolve on the merits the appeal presented by the plaintiff.

As of September 30, 2023, BICSA there are no provision for litigation.

As of December 2022, the Bank is a defendant in litigation, for which the following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ₡25,313,172,429 and US\$373,822,285 for which the Bank has provisions recorded in the amounts of ₡1,627,475,428 and US\$46,656, respectively.
- The criminal lawsuits against the Bank have been estimated in ₡1,879,803,039 and \$5,857, for which the Bank has recorded a provision in the amount of ₡196,032,439.
- For their nature, labor suits are difficult to estimate, however they are estimated in ₡5,440,126,674 and \$825,001 for which the Bank has provisions recorded in the amount of ₡2,021,340,774, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ₡15,096,422 and US\$2,000.
- A provision in the amount of ₡243,935,865 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of December 31, 2022, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of December 31, 2022, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

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As of December 31, 2022, there is a process against BCR Valores S.A., processed under file 08-001181-1027-CA of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. Given de sentence, the plaintiff filed an appeal, which was awaiting resolution. On March 15, 2021, the First Chamber of the Supreme Court of Justice, through vote number 169-F-S1-2021, states: "The appeal is declared inadmissible...its costs are responsibility of the interposing person". Consequently, the ruling by the executing judge in sentence number 402-2019, exonerating BCR Valores S.A., remains firm. For this litigation, there was a provision of ¢125,148,933 (US\$202,736), which was reversed in April 2021.

As of December 31, 2022, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On September 22, 2021, the Court issued a ruling in favor of BCR Valores. On October 11, 2021, the losing plaintiff in the process filed an appeal before the First Chamber of the Supreme Court of Justice, which has not yet been resolved.

As of December 31, 2022, BICSA there are no provision for litigation.

As of September 30, 2022, following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ¢23,881,682,835 and US\$373,872,285 for which the Bank has provisions recorded in the amounts of ¢1,574,987,887 and US\$95,513, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢1,968,803,039 and \$5,857, for which the Bank has recorded a provision in the amount of ¢267,903,559.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5,440,126,674 and \$825,001, for which the Bank has provisions recorded in the amount of ¢2,181,714,717, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢14,016,914,657 and US\$2,000, for which ¢14,001,818,234.
- A provision in the amount of ¢232,577,907 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of September 30, 2022, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2022, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of September 30, 2022, there is a process against BCR Valores S.A., processed under file 08-001181-1027-CA of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. Given de sentence, the plaintiff filed an appeal, which was awaiting resolution. On March 15, 2021, the First Chamber of the Supreme Court of Justice, through vote number 169-F-S1-2021, states: “The appeal is declared inadmissible...its costs are responsibility of the interposing person”. Consequently, what was resolved by the executing judge in judgment number 402-2019, exonerating BCR Valores S.A., remains firm. For this litigation, a provision of ¢125,148,933 (US\$202,736) was maintained, which was reversed in April 2021.

As of September 30, 2022, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On September 22, 2021, the Court issued a ruling in favor of BCR Valores. On October 11, 2021, the losing plaintiff in the process filed an appeal before the First Chamber of the Supreme Court of Justice, which has not yet been resolved.

As of September 30, 2022, BICSA there are no provision for litigation.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

17). Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Fees payable	¢ 67,419,427	83,939,092	83,382,744
Due for goods and services	699,532,375	606,770,053	684,974,447
Current income tax	4,524,093,505	21,142,937,266	13,695,136,053
Tax on DU propts	(11,517,516)	(11,447,375)	5,688,318
Value added tax	209,250,928	367,234,741	383,904,697
Employer contributions	3,053,489,742	6,429,908,818	4,266,289,637
Court-ordered withholdings	818,182,931	847,422,981	897,863,440
Tax withholdings payable	3,811,842,889	3,153,820,271	3,088,218,482
Withheld employer contributions payable	1,220,999,314	2,573,583,492	1,334,723,805
Other third-party withholdings payable	17,334,215,975	14,178,395,035	15,867,048,239
Compensations and salaries payable	7,231,843,114	7,880,978,383	6,007,217,717
Interests (distributions) payable on results of the period (see note 33)	6,051,284,243	26,980,949,139	19,451,260,578
Obligations payable on loans with related parties	0	880,828	880,655
Accrued vacations	7,416,190,448	7,616,009,684	7,750,541,486
Accrued statutory Christmas bonus	5,997,165,548	1,265,061,202	5,365,608,983
Commissions payable from insurance placement	591,245,605	342,200,944	125,811,936
Commissions payable from insurance placement	10,966,606	24,143,806	0
Contribution to the Superintendence budget	4,825,261	12,938,089	24,299,739
Miscellaneous creditors	21,756,076,783	27,945,771,595	22,420,312,885
	¢ <b><u>80,787,107,178</u></b>	<b><u>121,441,498,044</u></b>	<b><u>101,453,163,841</u></b>

18). Equity

a) Capital Stock

The Bank's capital stock is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Capital under Law No. 1644	¢ 30,000,000	30,000,000	30,000,000
Bank capitalization bonds	1,288,059,486	1,288,059,486	1,288,059,486
Capital increase per Law No. 7107	118,737,742,219	118,737,742,219	118,737,742,219
Capital increase per Law No. 8703	27,619,000,002	27,619,000,002	27,619,000,002
Capital increase per Law No. 9605	18,907,432,694	18,907,432,694	18,907,432,694
Increase for revaluation of assets	14,130,125,230	14,130,125,230	14,130,125,230
Other	697,630,970	697,630,970	697,630,970
	¢ <b><u>181,409,990,601</u></b>	<b><u>181,409,990,601</u></b>	<b><u>181,409,990,601</u></b>

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On December 23, 2008, the Executive Branch of the Costa Rican Government authorized a capital contribution funded under Law No. 8703 "Amendment to the Law on Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)." Such law grants funds to capitalize three State owned banks, including Banco de Costa Rica, in order to stimulate productive sectors and particularly small and medium sized enterprises. For such purposes, the Bank received four securities for a total of US\$50,000,000 equivalent to ₡27,619,000,002.

b) Surplus from revaluation of property, furniture, and equipment

This includes the increase in fair value of real property (land and buildings) owned by the Bank.

As of September 30, 2023, the revaluation surplus amounts to ₡41,085,212,831, (₡41,085,212,831 and ₡ 41,085,212,831, for December and September 2022, respectively).

c) Adjustments for revaluation of investments at fair value with changes in other comprehensive income.

They include variations at the fair value with changes through comprehensive income.

As of September 30, 2023, the balance of the adjustment for valuation of investments at fair value with changes through other comprehensive income corresponds to unrealized net losses in the amount of ₡11,875,68,697, (₡52,858,371,308 and ₡50,040,736,673, for December and September 2022, respectively).

d) Adjustments for valuations of interest in other companies

This mainly corresponds to foreign exchange differences arising from translation of BICSA's consolidated financial statements and the unrealized gain or loss on valuation of investments in subsidiaries.

As of September 30, 2023, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ₡11,685,926,427, (₡19,172,809,908 and ₡22,977,638,656, for December and September 2022, respectively).

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e) Equity of the Development Financing Fund (FOFIDE)

As of September 30, 2023, the amount for the constitution of the equity of the Development Financing Fund is of ¢ 45,766,617,523, (¢40,476,721,777 and ¢40,476,721,777 for December and September 2022, respectively). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

f) Special reserves of retained earnings from BICSA

As of September 30, 2023, from Banco de Costa Rica's retained earnings resulting from the investment in other companies, it should be considered for any purpose, that there are amounts related to special reserves applied to equity accounts of BICSA for US\$36,431,870, (51% de US\$71,435,039) (US\$36,180,744 and US\$32,721,338 equivalent to 51% for US\$ 70,942,635 and US\$64,159,486, for December and September 2022, respectively) due to changes made to policies concerning the subsidiary.

Laws and regulations applicable in the Republic of Panama establish that, for purposes of compliance with standards issued by the Superintendence of Banks of Panama, from the year 2014 on, an estimated of credits reserves should be prepared based on regulatory guidelines.

The General Board of Directors resolution SBP-GJD-003-2013 dated July 9, 2013 establishes the accounting for the differences that may arise between the regulations issued by the Superintendence of Banks and the IFRS, so that: 1) the accounting records and the financial statements are prepared in accordance with IFRS as required by agreement No.006-2012 dated December 18, 2012; 2) according to standards applicable to banks and presenting additional specific accounting aspects than those required by IFRS, in the event that an estimate of provision or reserve is greater than the correspondent calculation under IFRS, the excess of provision or reserve will be recognized in the equity.

This general resolution came into effect for the accounting periods ending on or after December 31, 2014. Subject to prior authorization of the Superintendence of Banks, banks can reverse the established provision, partially or totally, based on justification duly evidenced and presented to the Superintendence of Banks.



## BANCO DE COSTA RICA AND SUBSIDIARIES

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Agreement No.004-2013 indicates that specific provisions originate from concrete and objective evidence of impairment. These provisions should be constituted for credit facilities classified in the risk category known as special, subnormal, doubtful or irrecoverable, both for individual credit facilities or a group of them. At least from December 31, 2014, banks must calculate and always maintain the amount of specific provision determined by the methodology specified in this agreement, which considers the balance due from each credit facility in any of the categories subject to provision, the present value of each available collateral as mitigation of risk, as established by type of guarantee in this agreement, and a table of weightings applied to the net amount exposed to loss of such credit facilities.

Calculated in accordance with such Agreement, if there is an excess of specific provision over the provision calculated in accordance with IFRS, this excess will be accounted for in a regulatory reserve in equity that increases or decreases with allocations from or to undistributed profits. The balance of the regulatory reserves will not be considered as capital funds for purposes of calculating certain indices or prudential relationships mentioned in the Agreement. The Bank determines its country risk reserve in accordance with the provisions established in General Resolutions No. 7 2000 and No.1-2001 issued by the Superintendence of Banks of Panama.

Agreement No.004-2013 indicates that the dynamic provision is a reserve constituted to meet possible future needs of specific provisions ruled by prudential banking regulations criteria. It is constituted with quarterly periodicity on credit facilities that do not have a specific provision assigned. i.e., credit facilities classified in normal category. This agreement regulates the methodology to calculate the amount of the dynamic provision, considering a minimum or maximum restriction applicable to the provision's amount determined on credit facilities classified in normal category. The dynamic provision is an equity account that increases or decreases with assignments to or from undistributed earnings. The credit balance of the dynamic provision is part of the regulatory capital but does not replace or compensates the net worth equity requirements set forth by the Superintendence.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

Regulatory capital

As of September 30, 2023, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items	Transferable surplus and individual deficit
<b>Parent Company</b>					
Banco de Costa Rica	¢ 599,624,316,716	393,984,021,384	205,640,295,333	0	205,640,295,333
	<b>599,624,316,716</b>	<b>393,984,021,384</b>	<b>205,640,295,333</b>	<b>0</b>	<b>205,640,295,333</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	138,707,288,100	97,217,384,300	41,489,903,800	20,330,052,862	21,159,850,938
BCR Valores, S. A.- Puesto de Bolsa	18,306,378,100	6,143,758,566	12,162,619,534	0	12,162,619,534
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,105,281,270	2,605,565,110	2,499,716,160	0	2,499,716,160
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,250,408,141	3,589,196,759	661,211,381	0	661,211,381
BCR Comercializadora de Seguros, S.A.	4,719,634,730	1,649,524,240	3,070,110,490	0	3,070,110,490
	¢ <b>171,088,990,341</b>	<b>111,205,428,975</b>	<b>59,883,561,366</b>	<b>20,330,052,862</b>	<b>39,553,508,504</b>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1,178,277,300	308,743,800	869,533,500	0	869,533,500
Depósito Agrícola de Cartago S.A. and subsidiary	1,052,919,300	286,057,700	766,861,600	0	766,861,600
	¢ <b>2,231,196,600</b>	<b>594,801,500</b>	<b>1,636,395,100</b>	<b>0</b>	<b>1,636,395,100</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <b>246,830,198,936</b>

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As of December 31, 2022, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

	<u>Capital base</u>	<u>Minimum individual capital requirement</u>	<u>Individual surplus or deficit</u>	<u>Non-transferable items</u>	<u>Transferable surplus and individual deficit</u>
<b>Companies of the Financial Conglomerate</b>					
<b>Parent Company</b>					
Banco de Costa Rica	¢ 548,118,903,756	448,469,896,077	99,649,007,679	0	99,649,007,679
	<b>548,118,903,756</b>	<b>448,469,896,077</b>	<b>99,649,007,679</b>	<b>0</b>	<b>99,649,007,679</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	149,624,614,500	116,629,542,600	32,995,071,900	16,167,585,231	16,827,486,669
BCR Valores, S. A.- Puesto de Bolsa	15,226,019,110	5,477,109,890	9,748,909,220	0	9,748,909,220
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,528,784,980	2,797,426,600	2,731,358,380	0	2,731,358,380
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,000,408,141	3,294,724,987	705,683,153	0	705,683,153
BCR Comercializadora de Seguros, S.A. insurance broker	3,536,995,260	1,722,245,521	1,814,749,739	0	1,814,749,739
	¢ <b>177,916,821,991</b>	<b>129,921,049,598</b>	<b>47,995,772,392</b>	<b>16,167,585,231</b>	<b>31,828,187,161</b>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1,387,986,700	371,363,000	1,016,623,700	0	1,016,623,700
Depósito Agrícola de Cartago S.A. and subsidiary	684,061,600	262,102,800	421,958,800	0	421,958,800
	¢ <b>2,072,048,300</b>	<b>633,465,800</b>	<b>1,438,582,500</b>	<b>0</b>	<b>1,438,582,500</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					<b>132,915,777,340</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2022, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items	Transferable surplus and individual deficit
<b>Companies of the Financial Conglomerate</b>					
<b>Parent Company</b>					
Banco de Costa Rica	¢ 508,737,140,527	443,626,617,670	65,110,522,857	0	65,110,522,857
	<b>508,737,140,527</b>	<b>443,626,617,670</b>	<b>65,110,522,857</b>	<b>0</b>	<b>65,110,522,857</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	155,854,121,280	110,042,662,400	45,811,458,880	22,447,614,851	23,363,844,029
BCR Valores, S. A.- Puesto de Bolsa	16,116,090,270	5,827,369,236	10,288,721,034	0	10,288,721,034
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,480,653,670	3,064,233,090	2,416,420,580	0	2,416,420,580
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,000,408,141	3,278,854,523	721,553,618	0	721,553,618
BCR Comercializadora de Seguros, S.A. Insurance broker	3,880,977,610	1,664,340,340	2,216,637,270		2,216,637,270
	¢ <b>185,332,250,971</b>	<b>123,877,459,588</b>	<b>61,454,791,382</b>	<b>22,447,614,851</b>	<b>39,007,176,531</b>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1,369,237,700	388,927,400	980,310,300	0	980,310,300
Depósito Agrícola de Cartago S.A. and subsidiary	684,061,600	257,142,200	426,919,400	0	426,919,400
	¢ <b>2,053,299,300</b>	<b>646,069,600</b>	<b>1,407,229,700</b>	<b>0</b>	<b>1,407,229,700</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <b>105,524,929,088</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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19). Contingent accounts

The Bank has consolidated off balance sheet commitments and contingencies that arise in the ordinary course of business and involve elements of credit and liquidity risk.

Off balance financial instruments with risk are as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Guarantees granted:			
Performance bonds	¢ 73,057,768,164	93,774,550,153	108,974,417,606
Bid bonds	155,692,908	779,929,923	679,734,808
Other guarantees	48,337,959,571	77,966,863,074	83,269,129,519
Issued non-negotiated letters of credit	20,165,639,309	18,199,014,145	14,902,383,251
Confirmed non-negotiated letters of credit	5,248,093,754	4,980,696,065	11,404,219,308
Credit lines to be used automatically	130,081,379,475	118,810,114,853	105,644,082,011
Other contingencies	239,975,710,436	254,313,912,940	264,304,107,812
Credits pending disbursement	49,450,151	49,499,652	128,225,158
	¢ <u><b>517,071,693,768</b></u>	<u><b>568,874,580,805</b></u>	<u><b>589,306,299,473</b></u>

Off balance financial instruments involving risk by type of deposit are as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
With prior deposit	¢ 5,248,449,074	10,243,925,114	6,001,262,192
Without prior deposit	271,847,534,258	304,316,742,751	319,000,929,469
Pending lawsuits and claims	239,975,710,436	254,313,912,940	264,304,107,812
	¢ <u><b>517,071,693,768</b></u>	<u><b>568,874,580,805</b></u>	<u><b>589,306,299,473</b></u>

These commitments and contingent liabilities expose the Bank to credit risk since commissions and losses are recognized in the consolidated balance sheet until the obligations are fulfilled or expire.

As of September 30, 2023, letters of credit are backed 100% by guaranteed deposits or credit facilities.

As of September 2023, floating guarantees in custody are for ¢239,808,977,369, (¢248,069,572,706 and ¢186,389,917,823, for December and September 2022, respectively).

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

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The Bank has off balance financial instruments with risk that arise in the ordinary course of business to meet the financial needs of its customers. These financial instruments include letters of credit and guarantees that involve varying levels of credit risk.

#### Other contingencies

As of September 30, 2023, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡32,097,979,025 and US\$372,775,026. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In criminal matters there are active ordinary labor processes which were estimated at ₡293,492,620 and US\$5,857
- In labor matters there are active ordinary processes estimated in the amounts of ₡3,217,501,746 y US\$825,001.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡15,096,422 y US\$2,000.

As of September 30, 2023, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of September 30, 2023, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias. S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2023, there is a process against BCR Valores in the amount of US\$175,000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. The Contentious Administrative Court set the time and date for the oral and public trial, which will be on October 17, 18 and 19, 2023. After that, the Court will issue the judgment of the process.

As of September 30, 2023, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA, which has been estimated in an amount of ₡8,441,966. The trial is currently suspended due to unconstitutionality action No. 19-014055-0007-CO.

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As of September 30, 2023, BCR Valores S.A. has an established process, judicial file number 23-000523-1178-LA. The demand was received and the response with the corresponding proof is sent.

As of December 31, 2022, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢22,295,598,168 and US\$373,625,117. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ¢3,230,486,292 and US\$825,001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ¢280,426,723 and US\$5,857.
- Administrative proceedings against the Bank have been estimated in the amounts of ¢15,096,422 and US\$2,000.

As of December 31, 2022, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of December 31, 2022, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of December 31, 2022, there is a process against BCR Valores in the amount of US\$175,000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. To date and in accordance with the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of December 31, 2022, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA, which has been estimated in an amount of ¢8,441,966.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

As of September 30, 2022, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢22,306,694,948 and US\$373,776,772. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ¢3,258,411,957 and US\$825,001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ¢1,700,899,480 y US\$5,857.
- In administrative proceedings against the Bank, the amounts of ¢15,096,422 y US\$2,000 have been provisioned.

As of September 30, 2022, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of September 30, 2022, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias. S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2022, there is a process against BCR Valores S.A. in the amount of US\$175,000, under file 16-000207-1027-CA-8 of the Administrative and Civil Litigation Court of Finance of the II Judicial Circuit of San José. To date and according to the criteria of the lawyers, an estimate of the eventual result is not feasible.

As of September 30, 2022, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA, which has been estimated in an amount of ¢8,441,966.



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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20). Trusts

The Bank provides trust services, whereby it manages assets at the direction of the customer. The Bank receives a fee for giving those services. The underlying assets and liabilities are not recognized in the Bank's consolidated financial statements. The Bank is not exposed to any credit risk and does not guarantee these assets or liabilities.

The types of trusts managed by the Bank are as follows:

- Management and investment trusts
- Management trusts with a testamentary clause
- Guarantee trusts
- Housing trusts
- Management and investment public trusts

The assets in which capital trust is invested are detailed as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Cash and due from banks	¢ 42,752,850,126	41,018,451,979	37,664,257,704
Investments in financial instruments	193,853,415,097	90,875,843,164	78,713,881,460
Loan portfolio	32,409,848,445	38,092,792,309	49,929,767,299
Allowance for doubtful accounts	(7,455,404,058)	(7,788,596,935)	(8,036,251,748)
Realizable assets	75,295,469,370	77,402,363,626	73,683,261,987
Investments in other companies	795,609,900	980,209,568	951,478,643
Other accounts receivable	32,608,613,504	43,277,417,175	53,652,893,633
Property, furniture, and equipment	156,620,305,304	141,968,008,610	144,270,846,430
Other assets	317,863,125,997	347,968,864,834	359,321,181,328
Buildings	0	0	76,680,000
	<u>¢ 844,743,833,685</u>	<u>773,795,354,330</u>	<u>790,227,996,736</u>

Trust capital held by subsidiaries and invested in assets is detailed as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Banco de Costa Rica	¢ 796,923,696,336	723,133,806,513	733,558,718,457
Banco Internacional de Costa Rica, S.A.	47,820,137,349	50,661,547,817	56,669,278,279
	<u>¢ 844,743,833,685</u>	<u>773,795,354,330</u>	<u>790,227,996,736</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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21). Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Own assets and securities held in			
Custody	¢ 9,093,948,639	8,080,187,921	7,936,212,834
Guarantees received and held in custody	5,011,577,465,100	6,936,158,006,564	6,713,582,891,355
Guarantees received and held by third parties	1,687,003,864	1,920,433,624	2,032,472,936
Granted and unused credit lines	627,124,874,123	558,968,883,860	578,188,404,161
Write-offs	248,623,989,908	252,576,020,032	255,324,259,254
Suspense interest receivable	24,836,915,451	25,195,813,599	25,838,770,654
Backup documentation	0	58,711,000	58,711,000
Other memoranda accounts	6,682,082,802,601	5,170,008,762,369	4,971,236,778,181
Assets and securities held in custody			
for third parties	131,513,298,100	110,932,632,446	116,715,853,759
Managed funds assets	2,193,594,797,902	2,174,559,466,773	2,213,783,211,078
Management of individual portfolios			
by the stock market	479,985,186,421	274,324,321,459	275,984,135,064
Marketable securities received			
as collateral (Guarantee Trust)	615,023,517	0	0
Own held-for-trading securities	971,054,014,591	906,880,401,900	822,922,411,561
Cash and accounts receivable for			
custodial activities	111,838,466,145	107,674,613,997	142,905,782,091
Held-for-trading securities held in custody for			
third parties as guarantee (guarantee trust)	41,842,293,520	85,716,817,533	74,472,033,511
Held-for-trading securities pending receipt	7,466,470,719	6,921,484,223	7,748,057,111
Confirmed spot agreements pending			
settlement	20,011,260,860	17,471,133,239	15,307,309,432
Futures pending settlement	36,151,286,679	48,988,866,408	48,419,995,967
Third parties held-for-trading securities	7,635,382,919,934	6,699,917,358,997	6,669,722,408,200
	¢ <u><u>24,234,482,018,074</u></u>	<u><u>23,386,353,915,944</u></u>	<u><u>22,942,179,698,149</u></u>

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Other memoranda accounts by subsidiaries are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Banco de Costa Rica	¢ 20,397,592,681,018	18,944,176,688,119	18,392,098,742,035
Banco Internacional de Costa Rica, S.A.	458,693,541,221	1,354,526,507,005	1,421,600,181,233
BCR Valores, S.A.- Puesto de Bolsa (see note 22)	1,169,475,827,905	898,922,751,080	901,758,356,449
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)	608,109,317,875	718,214,471,106	760,352,292,970
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)	1,594,713,280,027	1,464,497,077,594	1,461,440,745,398
Depósito Agrícola de Cartago S. A.	5,897,370,028	6,016,421,039	4,929,380,064
	<b>¢ 24,234,482,018,074</b>	<b>23,386,353,915,943</b>	<b>22,942,179,698,149</b>

22). Current and term brokerage operations and portfolio management operations

Memoranda accounts of BCR Valores. S.A. - Puesto de Bolsa are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b><u>Other own memoranda accounts</u></b>			
Other memoranda accounts	¢ 3,596,585,000	8,010,269,413	8,163,935,718
<b>Total other own memoranda accounts</b>	<b>¢ 3,596,585,000</b>	<b>8,010,269,413</b>	<b>8,163,935,718</b>
<b><u>Memoranda accounts for third parties</u></b>			
Portfolio management	¢ 479,985,186,422	274,324,321,460	275,984,135,065
Cash and accounts receivable by custodial activity	3,811,116,450	1,679,496,362	1,529,084,428
Held-for-trading pending receipt	7,466,470,719	6,921,484,223	7,748,057,111
Marketable securities purchased receivable	22,625,595,508	14,873,654,533	8,022,935,111
Marketable securities received as collateral			
Confirmed cash contracts pending settlement	20,011,260,860	17,471,133,239	15,307,309,432
Futures pending settlement-forward buyer (See note 22-a)	22,575,209,978	36,453,277,536	42,165,133,977
Futures pending settlement-forward seller (See note 22-a)	13,576,076,700	12,535,588,872	6,254,861,990
Central de Valores private (local custody)	143,320,760,211	128,092,057,317	137,520,856,333
Central de Valores private (international custody)	82,823,357,569	66,859,848,287	60,268,910,199
Central de Valores public (BCCR)	369,684,208,488	331,701,619,838	338,793,137,086
Vault	0	0	0
<b>Total memoranda accounts for third parties</b>	<b>1,165,879,242,906</b>	<b>890,912,481,667</b>	<b>893,594,420,731</b>
<b>Total memoranda accounts (see note 21)</b>	<b>1,169,475,827,906</b>	<b>898,922,751,080</b>	<b>901,758,356,449</b>
<b>Total memoranda accounts and trusts</b>	<b>¢ 1,169,475,827,906</b>	<b>898,922,751,080</b>	<b>901,758,356,449</b>

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In repurchase and term operations, BCR Valores is contingently liable for the short balance that arises when a security is settled for an amount that is less than the amount payable to the respective buyer. In accordance with the Regulations for Repurchase Operations and the Regulations for Term Operations, all such transactions have collaterals to cover those contingencies.

Securities backing repurchase agreements are held in custody at Central de Valores de la Bolsa Nacional de Valores. S.A. (CEVAL) or foreign depositories with which CEVAL has custody agreements.

a) Repurchase

BCR Valores subscribes agreements to buy or sell securities at certain future dates (repurchase agreements). Those agreements are comprised of securities that the parties undertake to sell or buy on an agreed upon date and at a stated price. The difference between the contractual value and the value of the security represents additional collateral for the operation and corresponds to a portion of the security held in custody.

As of September 30, 2023, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Stock Exchange) participates, are as follows:

		Forward buyer			Forward seller		
		Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties							
1 to 30 days	¢	3,008,818,494	18,120,828,081	21,129,646,575	3,606,027,702	9,294,474,346	12,900,502,048
31 to 60 days		0	1,445,563,403	1,445,563,403	0	675,574,653	675,574,653
61 to 90 days	¢	3,008,818,494	19,566,391,484	22,575,209,978	3,606,027,702	9,970,048,999	13,576,076,700
<b>Total</b>	¢	<b>3,008,818,494</b>	<b>19,566,391,484</b>	<b>22,575,209,978</b>	<b>3,606,027,702</b>	<b>9,970,048,999</b>	<b>13,576,076,700</b>

As of December 31, 2022, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Stock Exchange) participates, are as follows:

		Forward buyer			Forward seller		
		Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties							
1 to 30 days	¢	2,463,984,753	28,542,012,142	31,005,996,895	1,441,246,844	9,741,206,768	11,182,453,612
31 to 60 days		0	5,300,288,047	5,300,288,047	494,870,990	858,264,271	1,353,135,260
61 to 90 days		0	146,992,594	146,992,594	0	0	0
<b>Third parties</b>	¢	<b>2,463,984,753</b>	<b>33,989,292,783</b>	<b>36,453,277,536</b>	<b>1,936,117,834</b>	<b>10,599,471,039</b>	<b>12,535,588,872</b>
<b>Total</b>	¢	<b>2,463,984,753</b>	<b>33,989,292,783</b>	<b>36,453,277,536</b>	<b>1,936,117,834</b>	<b>10,599,471,039</b>	<b>12,535,588,872</b>

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As of September 30, 2022, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 2,741,830,405	29,987,533,147	32,729,363,552	1,255,453,490	2,971,679,548	4,227,133,038
31 to 60 days	799,911,288	8,179,148,346	8,979,059,633	688,126,879	1,339,602,073	2,027,728,952
Third parties	¢ 3,541,741,692	38,623,392,285	42,165,133,977	1,943,580,369	4,311,281,621	6,254,861,990
<b>Total</b>	<b>¢ 3,541,741,692</b>	<b>38,623,392,285</b>	<b>42,165,133,977</b>	<b>1,943,580,369</b>	<b>4,311,281,621</b>	<b>6,254,861,990</b>

b) Guarantees granted

To comply with Bolsa Nacional de Valores, S.A., requirement for a system of guarantees to secure operations executed by the Brokerage House on behalf of third parties, the Brokerage Firm may either hold a performance bond in colones issued by a private Costa Rican bank or contribute to the Guarantee Fund as described below.

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of September 30, 2023, the Brokerage House had made contributions for a total of ¢270,899,256, (¢150,362,379 and ¢110,569,366, for December and September 2022, respectively). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

c) Agreements entered with customers of BCR Valores, S.A. - Puesto de Bolsa

Starting 2012, a multiple agreement was implemented, which includes all the products offered by BCR Valores, except for individual portfolio management services. Accordingly, the BCR Valores has two types of agreements available:

- Commission agreement to perform brokerage operations, foreign exchange operations, and operations with foreign exchange and financial derivatives.
- Individual portfolio management agreement.

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d) Customer securities and own securities in custody

As of September 30, 2023, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 291,866,651,055
Local	Repurchase operations	6,133,404,556
		¢ <u>298,000,055,611</u>
<i>US dollars</i>		
Local	Custody free	¢ 273,147,172,353
Local	Repurchase operations	24,681,098,305
Foreign custodians	Custody available at face value	37,964,500
		¢ <u>297,866,235,158</u>
<b>Total own custody, colones, US dollars and other currencies</b>		¢ <u><b>595,866,290,769</b></u>
Total custody, third parties,		
<b>US Dollars and others</b>		¢ <u><b>595,866,290,769</b></u>

As of December 31, 2022, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 230,480,236,622
Local	Repurchase operations	16,651,803,913
		¢ <u>247,132,040,535</u>
<i>US dollars</i>		
Local	Custody free	¢ 258,622,194,976
Local	Repurchase operations	43,921,570,633
Foreign custodians	Shares at purchase value	10,553,153,370
		¢ <u>313,096,918,979</u>
<i>Australian dollars</i>		
International	Custody free	¢ 560,228,959,514
<b>Total own custody, colones, US dollars and other currencies</b>		¢ <u><b>1,120,457,919,028</b></u>
Total custody, third parties,		
<b>US Dollars and others</b>		¢ <u><b>1,120,457,919,028</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2022, BCR Valores holds securities in custody as follows:

<u>Place of Custody</u>	<u>Custody Type</u>		<u>Balance</u>
<i>Colones</i>			
Local	Custody free	¢	230,480,236,622
Local	Repurchase operations		16,651,803,913
		¢	<u>247,132,040,535</u>
<i>US dollars</i>			
Local	Custody free	¢	258,622,194,976
Local	Repurchase operations		43,921,570,633
Foreign custodians	Custody of shares at purchase value		10,553,153,370
		¢	<u>313,096,918,979</u>
<b>Total own custody, colones, US dollars and other currencies</b>		¢	<u><b>560,228,959,514</b></u>
Total custody, third parties in colones			
<b>US Dollars and others</b>		¢	<u><b>560,228,959,514</b></u>

23). Investment fund management agreements

The value of net assets in each investment fund managed by the BCR Sociedad Administradora de Fondos de Inversión, S.A. (Investment Fund Manager) is as follows:

<u>Investment Fund</u>	<u>Type of fund</u>		<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<i>In Colones</i>					
BCR Short-term colones, undiversified	Financial, open	¢	35,650,951,957	53,258,109,421	37,144,148,278
BCR quarterly colones, undiversified	Financial, open, medium-term		507,023,802	743,157,084	856,550,168
BCR mixed colones, undiversified	Open, medium-term		41,404,167,323	43,189,056,031	34,865,073,796
BCR Portfolio Fund colones	Open, medium-term		48,761,936,031	55,298,593,629	62,306,908,864
BCR Real Estate, colones Undiversified	Closed, non-financial and mixed portfolio		14,366,574,980	16,552,698,857	16,705,272,925
		¢	<u>140,690,654,093</u>	<u>169,041,615,022</u>	<u>151,877,954,031</u>
<i>In US dollars</i>					
Investment Funds in US Dollars, equivalent in colones (See note 21)			467,418,663,782	549,172,856,084	608,474,338,939
		¢	<u>608,109,317,875</u>	<u>718,214,471,106</u>	<u>760,352,292,970</u>
<i>Investment Funds in US dollars</i>					
BCR Liquidity Dollars, undiversified	Open	US\$	57,282,151	100,205,900	157,157,371
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		275,559,113	277,663,687	278,842,561
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		193,925,313	197,837,602	199,748,083
BCR Liquidity Fund Dollars international, undiversified	Open, money market		134,967,067	132,924,277	129,758,907
BCR Portfolio Fund, US dollars	Open, medium-term		28,370,161	33,014,085	30,439,938
BCR Evolution	Open, medium-term		604,227	486,438	529,667
BCR Real Estate Progress Fund, undiversified	Real estate, closed		82,960,461	83,075,137	84,182,912
PEL Development Investment Fund	Real estate, closed		88,171,026	87,055,296	81,020,828
		US\$	<u>861,839,519</u>	<u>912,262,422</u>	<u>961,680,267</u>

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24). Pension fund management agreements

The value of assets for each investment fund managed by BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Manager) is as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Own assets and securities held in custody	¢ 9,093,948,639	8,080,187,921	7,936,212,834
Assets and securities held in custody by third parties	133,851,362	71,894,004	73,614,456
Mandatory pension fund	1,336,212,715,216	1,227,528,272,419	1,217,712,363,787
Voluntary pension fund	38,605,550,413	34,358,171,927	37,585,670,988
Labor capitalization fund	60,860,438,058	56,003,550,589	56,243,774,286
Supplementary pension funds created by special laws (see note 21)	¢ <u>149,806,776,339</u>	<u>138,455,000,732</u>	<u>141,889,109,047</u>
	<u>¢ <b>1,594,713,280,027</b></u>	<u><b>1,464,497,077,592</b></u>	<u><b>1,461,440,745,398</b></u>

The detail of assets for each pension fund in the separately issued reports is detailed as follows.

Funds received by the Pension Fund Manager are invested in the following securities and other investments:

		<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Voluntary Pension Fund (colones)</b>	¢	<u><b>30,051,971,573</b></u>	<u><b>25,168,534,522</b></u>	<u><b>28,207,894,649</b></u>
<b>At fair value through other comprehensive income</b>		<u><b>29,798,764,915</b></u>	<u><b>24,799,553,274</b></u>	<u><b>27,824,200,174</b></u>
<b>Entities from the public sector of the country</b>		<u><b>21,556,669,727</b></u>	<u><b>17,509,215,981</b></u>	<u><b>17,964,676,101</b></u>
Ministry of Finance		16,583,748,045	11,981,920,588	11,865,685,821
Central Bank of Costa Rica		1,946,118,939	1,839,046,397	1,864,674,818
Other issuers from the public sector		3,026,802,743	3,688,248,996	4,234,315,462
<b>Entities from the private sector of the country</b>		<u><b>8,242,095,188</b></u>	<u><b>7,290,337,293</b></u>	<u><b>9,859,524,073</b></u>
Financial		7,343,083,508	5,260,395,000	7,830,093,224
Non-financial		899,011,680	2,029,942,293	2,029,430,849
<b>At fair value with changes through profit or loss</b>		<u><b>253,206,658</b></u>	<u><b>368,981,248</b></u>	<u><b>383,694,475</b></u>
<b>Entities from the private sector of the country Financial</b>		<u><b>253,206,658</b></u>	<u><b>368,981,248</b></u>	<u><b>383,694,475</b></u>
<b>Voluntary Pension Fund (US\$)</b>	US\$	<u><b>6,782,092,764</b></u>	<u><b>7,569,301,423</b></u>	<u><b>8,182,377,597</b></u>
<b>At fair value through other comprehensive income</b>		<u><b>6,665,548,328</b></u>	<u><b>7,308,326,598</b></u>	<u><b>8,139,730,567</b></u>
<b>Entities from the public sector of the country</b>		<u><b>3,962,535,679</b></u>	<u><b>4,153,074,795</b></u>	<u><b>5,045,602,198</b></u>
Ministry of Finance		3,712,278,159	3,882,326,253	4,209,227,194
Central Bank of Costa Rica		0	0	0
Other issuers from the public sector		250,257,520	270,748,542	836,375,004
<b>Entities from the private sector of the country</b>		<u><b>2,703,012,649</b></u>	<u><b>3,155,251,803</b></u>	<u><b>3,094,128,369</b></u>
Financial		2,703,012,649	3,155,251,803	3,094,128,369
Non-financial		0	0	0
<b>At fair value through profit or loss</b>		<u><b>116,544,436</b></u>	<u><b>260,974,825</b></u>	<u><b>42,647,030</b></u>
<b>Entities from the private sector of the country Financial</b>		<u><b>116,544,436</b></u>	<u><b>260,974,825</b></u>	<u><b>42,647,030</b></u>



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	September 2023	December 2022	September 2022
<b>Mandatory Regime of Supplementary Pensions (colones)</b>	<b>€ 1,401,476,848,265</b>	<b>1,315,007,625,090</b>	<b>1,340,423,078,174</b>
<b>At fair value through other comprehensive income</b>	<b>1,186,764,282,016</b>	<b>1,069,602,775,948</b>	<b>1,092,920,345,293</b>
<b>Entities from the public sector of the country</b>	<b>954,242,359,960</b>	<b>850,156,466,823</b>	<b>854,544,865,651</b>
Ministry of Finance	828,212,677,651	734,074,446,444	739,501,580,316
Central Bank of Costa Rica	37,153,556,966	23,766,636,300	23,900,541,036
Other issuers from the public sector	88,876,125,343	92,315,384,079	91,142,744,299
<b>Entities from the private sector of the country</b>	<b>232,521,922,056</b>	<b>219,446,309,125</b>	<b>238,375,479,642</b>
Financial	206,780,744,866	192,569,939,326	211,653,222,401
Non-financial	25,741,177,190	26,876,369,799	26,722,257,241
In public entities abroad	67,189,841,968		
<b>At fair value through profit or loss</b>	<b>214,712,566,249</b>	<b>245,404,849,142</b>	<b>247,502,732,881</b>
<b>Entities from the private sector of the country</b>	<b>25,929,427,106</b>	<b>63,275,443,504</b>	<b>68,396,725,327</b>
Financial	12,964,713,553	58,150,376,949	58,066,817,369
Entities from the foreign the public sector	12,964,713,553	5,125,066,555	10,329,907,958
<b>Entities from the public sector of the country</b>	<b>188,783,139,143</b>	<b>182,129,405,638</b>	<b>179,106,007,554</b>
Financial	183,122,061,519	182,129,405,638	179,106,007,554
In public entities abroad	5,661,077,624		
<b>Labor Capitalization Fund (colones)</b>	<b>€ 63,400,743,715</b>	<b>57,813,081,688</b>	<b>59,903,814,623</b>
<b>At fair value through other comprehensive income</b>	<b>58,224,068,505</b>	<b>57,091,686,197</b>	<b>58,191,151,296</b>
<b>Entities from the public sector of the country</b>	<b>42,459,633,287</b>	<b>39,994,473,978</b>	<b>40,595,857,989</b>
Ministry of Finance	33,901,660,495	31,077,138,082	30,378,382,781
Central Bank of Costa Rica	5,600,148,894	3,931,958,236	3,977,830,465
Other issuers from the public sector	2,957,823,898	4,985,377,660	6,239,644,743
<b>Entities from the private sector of the country</b>	<b>15,764,435,218</b>	<b>17,097,212,219</b>	<b>17,595,293,307</b>
Financial	14,874,676,726	16,211,051,561	16,709,841,210
Non-financial	889,758,492	886,160,658	885,452,097
<b>At fair value through profit or loss</b>	<b>5,176,675,210</b>	<b>721,395,491</b>	<b>1 712 663 327</b>
<b>Entities from the private sector of the country</b>	<b>5,176,675,210</b>	<b>721,395,491</b>	<b>1,712,663,327</b>
Financial	5,176,675,210	721,395,491	1,712,663,327

The agreements entered by the Pension Fund Manager are found in chapter II of the Labor Protection Law, articles 14, 15, and thereafter. The applicable agreement is known as "Voluntary Supplemental Pension Plan Affiliation Agreement."

Following is a general description of the nature of the agreements entered:

The Labor Protection Law seeks to establish mechanisms to expand coverage and strengthen the funding base for the Disability, Old Age, and Death System of the CCSS through supplemental pension funds. The Law establishes a voluntary personal savings system, whereby contributions are recorded and controlled by the Centralized Collection System of the CCSS, or directly by the pension fund operators. A close relationship exists between the funds, plans, and agreements, the latter being a formal requirement for eligibility to access pension funds. The agreements define and stipulate the rights and obligations of both parties.

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The funds are separate equity funds administered by pension fund operators for a stated purpose, i.e. long-term savings to be used by the member as a supplemental pension fund. The funds are comprised of voluntary contributions from members and third-party contributors.

The plans are a set of complementary conditions and benefits offered to the plan's beneficiaries.

25). Contract for custody and storage of goods and merchandise

As of September 30, 2023, December and September 2022, Depósito Agrícola de Cartago and its subsidiary have current contracts that are detailed below:

- a) Logistics services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), management of the General and Auxiliary Warehouses, transportation and distributions of goods.
- b) Banking services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), for collection of sales in the shops by human cashiers.

26). Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

	<u>September 2023</u>	<u>September 2022</u>	<u>Quarter from July 1 to September 30 2023</u> <u>2022</u>	
Interest for investments in financial instruments at fair value through profit or loss	¢ 35,773,644	10,909,996	9,121,854	6,804,849
Interests for investments in financial instruments at fair value through comprehensive income	64,617,922,917	64,119,260,269	21,326,133,333	21,536,368,284
Interests for investments at amortized cost	9,121,927,994	1,514,511,955	5,417,903,879	591,298,333
Income from investments in due and restricted financial instruments	<u>2,033,681,486</u>	<u>1,501,096,869</u>	<u>626,603,216</u>	<u>543,405,264</u>
	<u>¢ 75,809,306,041</u>	<u>67,145,779,089</u>	<u>27,379,762,282</u>	<u>22,677,876,730</u>

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27). Financial income on loan portfolio and other financial interests

Financial income on loan portfolio and the financial interests is detailed as follows:

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to J September 30</b>	
			<b>2023</b>	<b>2022</b>
Personal	¢ 108,669,937,364	89,396,500,499	35,372,210,415	32,655,249,546
Development Banking System	3,232,925,484	1,837,883,003	1,027,608,884	669,423,580
Business	13,671,177,556	12,465,902,518	4,704,834,369	4,612,833,423
Corporate	128,814,535,436	101,130,176,548	42,049,954,254	36,695,960,958
Public sector	4,072,495,302	2,968,123,307	1,276,576,077	953,487,588
Financial sector	2,584,935,318	3,801,840,615	715,707,331	1,250,533,827
Amortization of the net commission of the incremental direct costs associated with loans	3,594,876,114	3,552,244,492	1,169,055,673	1,169,689,603
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts	1,180,934,356	989,767,102	493,634,533	335,902,581
	<b>¢ 265,821,816,930</b>	<b>216,142,438,084</b>	<b>86,809,581,536</b>	<b>78,343,081,106</b>

28). Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to J September 30</b>	
			<b>2023</b>	<b>2022</b>
Expenses from demand deposits	¢ 69,215,289,469	33,459,062,814	21,853,755,463	15,457,395,748
Expenses from term deposits	112,542,762,686	53,411,758,451	36,824,425,749	19,611,705,915
Expenses from securities in repurchase agreements	328,053,248	192,799,717	1,554,967	97,209,177
	<b>¢ 182,086,105,403</b>	<b>87,063,620,982</b>	<b>58,679,736,179</b>	<b>35,166,310,840</b>

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29). Expenses for allowance for impairment of the loan portfolio and accounts and commissions receivable

Expenses from allowances for impairment of loan portfolio are as follows:

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to September 30</b>	
			<b>2023</b>	<b>2022</b>
Decrease in specific allowance for loan portfolio (See note 6-f)	¢ 2,496,331,374	14,193,561,547	604,620,682	1,009,555,896
Expense for allowance for impairment and bad debts from other accounts receivable	3,757,002,015	2,460,965,732	1,804,982,667	545,550,489
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	3,901,719,914	5,713,256	1,730,055,510	800,437
Expenses for allowance for impairment of investments at fair value through other comprehensive income	278,932,862	259,259,071	98,059,436	14,684,344
Expense for allowance for impairment of financial instruments at amortized cost	102	0	0	0
Expenses for allowance for impairment of expired and restricted financial instruments	2,156,158	7,727,267	416,247	901,875
Expenses for impairment of investment properties	0	76,295,480	0	76,295,480
	<b>¢ 10,436,142,425</b>	<b>17,003,522,353</b>	<b>4,238,134,542</b>	<b>1,647,788,521</b>

30). Income from recovery of assets and decreases in allowances and provisions

Income from recovery of assets and decreases in allowances and provisions is detailed as follows:

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to September e 30</b>	
			<b>2023</b>	<b>2022</b>
Recovery of written-down loans	¢ 9,017,889,058	4,858,509,325	1,836,102,691	1,911,573,635
Recovery of accounts receivable	1,178,245	0	0	0
Decrease in specific allowance for the loan portfolio (See note 6-f)	722,179,383	1,128,698,844	254,307,527	808,851,297
Decrease in allowance for other bad receivables	2,889,255,835	1,764,181,919	1,010,703,344	940,983,348
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	490,151	244,954,067	439,203	121,955
Decrease in generic allowance and counter cycle for contingent loans	0	408	0	0
Decrease in allowance for bad investment securities	1,535,263,024	1,618,119,728	87,161,037	672,894,517
	<b>¢ 14,166,255,696</b>	<b>9,614,464,291</b>	<b>3,188,713,802</b>	<b>4,334,424,752</b>

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31). Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

	September 2023	September 2022	Quarter from July 1 to September 30	
			2023	2022
Drafts and transfers	¢ 1,960,487,320	2,317,722,247	627,552,531	750,141,937
Foreign trade	675,982,482	626,796,795	287,662,300	239,378,876
Certified checks	3,203,313	3,286,754	1,024,116	1,099,321
Trust management	3,121,299,233	3,218,633,014	1,012,224,658	1,055,274,401
Custodial services	290,342,578	236,899,140	99,499,845	77,398,235
For mandates	1,333,112	450,471	241,379	95,545
For collections	411,873,996	410,887,842	111,347,738	117,669,569
Credit Cards	30,770,390,486	31,077,506,515	10,070,245,586	9,928,661,567
Administrative services	0	30,630,248	0	(3,440,162,490)
Commissions for stock operations (Subscription of Emissions)	4,384,679,084	5,347,526,738	1,278,110,911	1,949,783,397
Investment Fund management	5,002,453,090	5,086,213,901	1,749,627,979	1,736,521,275
Pension Fund management	4,791,343,582	5,041,869,190	1,609,345,183	5,041,869,190
Brokerage fees				
(by third parties in local market)	940,974,753	807,956,696	275,109,287	277,089,503
Brokerage fees				
(by third parties in other markets)	363,460,782	213,637,634	101,918,261	96,425,352
Individual portfolio management fee	688,890,267	459,866,128	185,837,530	109,736,473
Commissions from operations with related parties	301,708,108	370,129,927	102,244,326	100,914,361
Commission from custodial services of authorized securities	500,244,615	611,697,060	119,886,394	232,281,095
Other commissions	29,321,809,124	29,569,692,158	10,001,656,744	9,941,926,702
	¢ <u>83,530,475,925</u>	<u>85,431,402,458</u>	<u>27,633,534,768</u>	<u>28,216,104,309</u>

32). Income from interests in other companies

	September 2023	September 2022	Quarter from July 1 to September 30	
			2023	2022
<u>Local entities:</u>				
Participation in Bolsa Nacional de Valores, S.A.	¢ 557,059	4,969,892	0	0
	¢ <u>557,059</u>	<u>4,969,892</u>	<u>0</u>	<u>0</u>

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As of September 30, 2023, there are ¢ 197,180,855 in account for participation expenses referring to Banprocesa SRL, ¢182,947,410 in BCR Valores and ¢50,244,094 in BCR SAFI (¢510,151,526 for September 2022, in Banprocesa, in the participation expense account referring to BCR Valores and for September 2022 ¢18,133,030 in participation expenses in the National Stock Exchange SA).

33). Administrative expenses

Administrative expenses are detailed as follows:

		September 2023	September 2022	Quarter from July 1 to September 30	
				2023	2022
Salaries and bonuses, permanent staff	¢	51,949,512,664	50,399,315,633	17,410,308,034	17,570,820,928
Salaries and bonuses, contractors		643,241,822	875,150,512	200,133,039	226,940,859
Compensation for directors and auditors		153,228,565	153,647,794	38,569,160	44,438,380
Overtime		688,270,655	576,666,977	223,209,553	214,586,115
Per diem		298,344,516	327,904,881	104,708,584	117,502,179
Statutory Christmas Bonus		4,574,022,316	4,382,969,710	1,509,031,281	1,561,188,790
Vacation		4,771,080,471	4,931,901,033	1,585,081,674	1,561,535,814
Incentives		5,194,288	4,844,444	1,711,667	1,554,583
Fixed representation expenses		661,353,416	759,987,885	227,115,668	247,891,098
Other compensation		1,661,400,100	1,693,244,731	415,226,107	556,920,430
Contribution to severance payment		2,252,804,162	2,150,178,040	762,396,150	751,417,615
Social security charges		19,829,913,363	17,518,819,483	6,524,230,302	6,180,689,677
Refreshments		38,637,906	27,253,524	13,285,596	12,262,712
Uniforms		132,518,792	795,600	131,555,568	0
Training		395,247,425	383,874,798	159,442,438	119,536,961
Employee insurance		420,406,950	477,356,041	150,850,939	63,617,833
Assets for personal use		184,923	357,362	21,902	139,759
School bonus		4,767,289,080	4,450,519,846	1,590,871,702	1,552,921,643
Labor Capitalization Fund		789,094,534	1,317,400,815	272,547,956	368,889,093
Other personnel expenses		609,611,746	675,661,248	207,391,598	214,859,933
Outsourcing expenses		16,786,428,008	19,345,883,603	5,961,232,991	6,495,463,288
Transportation and communication expenses		1,763,686,938	2,187,905,944	564,691,589	717,985,375
Property insurance		218,338,409	108,173,997	105,254,689	38,453,600
Property maintenance and repair		5,307,382,854	4,089,023,703	1,584,330,577	1,197,524,031
Public utilities		1,643,189,719	1,690,003,140	581,972,569	544,531,770
By right of use-properties		2,498,526,033	2,526,396,516	756,125,065	996,928,639
By right of use-furniture, equipment, and other assets		743,368,992	1,270,274,863	309,934,702	409,181,215
Depreciation of property, plant and equipment, except vehicles		7,983,288,829	7,578,899,207	2,661,859,701	2,536,381,824
Amortization of leasehold property		258,227,309	363,207,622	69,134,239	121,652,283
Loss for impairment		0	1,187,186,752	0	1,187,186,752
Other infrastructure expenses		1,947,885,770	2,556,229,101	735,431,114	683,270,923
Overhead		23,678,138,338	22,115,594,031	8,063,949,842	7,538,540,136
	¢	<u>157,469,818,893</u>	<u>156,126,628,836</u>	<u>52,921,605,996</u>	<u>53,834,814,238</u>

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34). Legal profit allocation

Legal allocations of profit (statutory allocations) of the period are detailed as follows:

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to September 30</b>	
			<b>2023</b>	<b>2022</b>
Allocation for CONAPE	¢ 1,048,812,759	3,165,824,053	231,652,278	986,175,070
Allocation for Instituto Nacional de Fomento Cooperativo	2,180,631,548	3,916,012,363	1,557,407,234	1,075,582,571
Allocation for National Emergency Commission	837,436,222	2,212,642,758	201,620,839	660,258,834
Allocation for Public Pension Fund Operators	639,080,117	659,309,246	228,578,035	201,019,055
Allocation for Invalidity, Old Age and Death Regime	3,146,438,275	9,497,472,158	694,956,832	2,958,525,210
	<u>¢ 7,852,398,921</u>	<u>19,451,260,578</u>	<u>2,914,215,218</u>	<u>5,881,560,740</u>

As of September 30, 2023, there is a decrease in legal allocations of profit for ¢184,446,146 for CONAPE, ¢553,338,437 for the Disability, Old Age and Death Regime, ¢110,667,687 for the National Emergency Commission and ¢952,662,408 for INFOCOOP for a total of ¢1,801,114,679 (there are no amounts for December and September 2022).

35). Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

	<b>September 2022</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Adjustment for valuation of investments at fair value through other comprehensive income.	¢ 60,120,719,644	(18,036,408,793)	42,084,310,851
Impairment – Investments at fair value through other comprehensive income	(1,175,287,079)	0	(1,175,287,079)
Exchange differences from conversion of financial statements of foreign entities	(14,680,163,686)	0	(14,680,163,686)
	<u>¢ 44,265,268,879</u>	<u>(18,036,408,793)</u>	<u>26,228,860,086</u>

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	<b>September 2022</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Adjustment for valuation of investments at fair value through other comprehensive income.	¢ 9,340,541,027	0	9,340,541,027
Impairment – Investments at fair value through other comprehensive income	(127,581,797,434)	38,028,949,385	(89,552,848,049)
Exchange differences from conversion of financial statements of foreign entities	(1,193,273,275)	0	(1,193,273,275)
Changes in the equity of subsidiaries abroad	(3,029,951,810)	0	(3,029,951,810)
	<b>¢ (122,464,481,492)</b>	<b>38,028,949,385</b>	<b>(84,435,532,107)</b>

36). Operating leases

Lessee

As of September 30, 2023, December and September 2022, there are no amounts in these accounts.

37). Fair value of financial instruments

The fair values of the Bank's main financial assets and liabilities are as follows:

	<b>September 2023</b>		<b>December 2022</b>		<b>September 2022</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Cash and due from banks	¢ 967,923,171,237	967,923,171,237	990,655,695,707	990,655,695,707	1,009,505,752,999	1,009,505,752,999
Demand deposits	1,516,680,479,806	1,496,691,678,877	1,737,695,292,043	1,712,615,976,682	1,756,524,103,200	1,740,200,927,806
Term deposits	4,006,231,718,688	4,299,180,429,148	4,237,884,617,587	4,402,473,463,543	4,166,375,887,859	3,273,280,160,009
	<b>6,550,835,369,731</b>	<b>6,763,795,279,262</b>	<b>6,966,235,605,337</b>	<b>7,105,745,135,932</b>	<b>6,932,405,744,058</b>	<b>6,022,986,840,814</b>
Demand deposits	2,953,462,775,049	2,953,462,775,049	3,345,181,249,975	3,345,181,249,975	3,112,015,677,464	3,112,015,677,464
Term deposits	1,967,513,039,764	1,949,177,047,392	1,864,994,210,988	1,875,188,559,443	1,908,090,501,722	1,914,095,274,831
Financial obligations	883,769,548,361	854,231,533,617	1,048,210,586,185	1,003,338,070,303	1,212,042,348,853	1,204,308,445,679
	<b>¢ 5,804,745,363,174</b>	<b>5,756,871,356,058</b>	<b>6,258,386,047,148</b>	<b>6,223,707,879,721</b>	<b>6,232,148,528,039</b>	<b>6,230,419,397,975</b>

As of September 30, 2023, the financial obligations for subordinated obligations are for ¢50,141,717,715, (¢50,139,855,636 for December 2021, and ¢20,072,534,085 for September 2022).



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Where practicable, the following assumptions were used by management to estimate the fair value of each class of financial instruments both on and off the consolidated balance sheet:

- a) Cash and cash equivalents, interest receivable, other accounts receivable, demand deposits and customer savings deposits, interest payable, and other liabilities.

The carrying amounts approximate fair value because of the short maturity of these instruments.

- b) Investments in financial instruments

For financial instruments through other comprehensive income, the fair value is based on market price quotes or quotes from brokers.

- c) Securities sold under repurchase agreements

The carrying amount of funds owed under repurchase agreements maturing in one year or less approximates their fair value because of the short maturity of these instruments.

- d) Loan portfolio

Management determined the fair value of the loan portfolio by the discounted cash flow method.

- e) Term deposits and loans payable

Management determined the fair value of term deposits and loans payable by the discounted cash flow method.

Fair value estimates are made at a specific date, based on relevant market information and information concerning the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale of a particular financial instrument at a given date. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and. Therefore, cannot be determined with precision. Estimates could vary significantly if changes are made to those assumptions.

38). Segments

The Bank has defined its business segments based on the administrative and reporting structure, and on the structure of banking, stock brokerage, investment and pension fund management, and insurance brokerage services it provides.

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As of September 30, 2023, assets and liabilities for each segment are presented as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>											
Cash and due from banks	€ 954,400,501,375	122,059,069	681,911,180	2,738,739,335	37,993,851,076	309,033,524	21,053,423	44,151,867	996,311,300,849	(28,388,129,612)	967,923,171,237
Investment in financial instruments	1,347,107,811,337	7,219,685,102	6,059,385,393	51,478,430,663	98,556,017,265	6,858,566,007	786,965,257	865,659,669	1,518,932,520,693	(2,440,427,212)	1,516,492,093,481
Loan portfolio	3,079,037,428,961	0	0	0	835,012,581,905	0	0	0	3,914,050,010,866	(2,010,107,026)	3,912,039,903,840
Accounts and fees receivable	37,293,800,185	658,210,685	901,045,395	2,052,840,423	6,235,696,562	758,865,151	185,458,112	449,800,278	48,535,716,791	(966,227,969)	47,569,488,822
Foreclosed assets	27,000,175,270	0	0	0	16,585,615,302	0	39	0	43,585,790,611	0	43,585,790,611
Interest in other companies (net)	115,060,929,748	0	0	65,417,188	0	0	0	0	115,126,346,936	(114,710,929,748)	415,417,188
Property, furniture and equipment, net	137,709,039,966	120,035,069	214,092,452	152,697,711	6,375,811,617	157,529,393	292,987,376	18,374,718	145,040,568,302	(61,378,886)	144,979,189,416
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	88,320,517,397	1,171,181,420	742,837,269	775,911,785	25,882,244,481	843,992,394	143,824,365	165,732,459	118,046,241,570	(1,721,518,195)	116,324,723,375
<b>TOTAL ASSETS</b>	<b>€ 5,792,761,829,239</b>	<b>9,291,171,345</b>	<b>8,599,271,689</b>	<b>57,264,037,105</b>	<b>1,026,641,818,208</b>	<b>8,927,986,469</b>	<b>1,430,288,572</b>	<b>1,543,718,991</b>	<b>6,906,460,121,618</b>	<b>(150,298,718,648)</b>	<b>6,756,161,402,970</b>
<b>Liabilities and equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4,491,250,746,493	0	0	0	435,725,299,325	15,813,318	0	0	4,926,991,859,136	(6,016,044,323)	4,920,975,814,813
Obligations with the Central Bank of Costa Rica	106,814,754,946	0	0	0	0	0	0	0	106,814,754,946	0	106,814,754,946
Obligations with entities	282,415,348,715	133,837,802	227,960,932	33,224,631,558	437,918,203,657	164,608,405	203,034,232	15,503,528	754,303,128,829	(27,511,178,467)	726,791,950,362
Accounts payable and provisions	152,337,067,634	2,137,986,293	1,529,649,016	2,561,423,006	6,866,923,941	1,766,555,268	173,109,827	349,191,877	167,721,906,862	(1,038,904,443)	166,683,002,419
Other liabilities	34,802,939,556	0	0	0	6,483,980,904	38,783,544	1,225,250	746,272	41,327,675,526	2,	41,327,675,528
Subordinated obligations	50,141,717,715	0	0	0	0	0	0	0	50,141,717,715	0	50,141,717,715
<b>Total liabilities</b>	<b>€ 5,117,762,575,059</b>	<b>2,271,824,095</b>	<b>1,757,609,948</b>	<b>35,786,054,564</b>	<b>886,994,407,827</b>	<b>1,985,760,535</b>	<b>377,369,309</b>	<b>365,441,677</b>	<b>6,047,301,043,014</b>	<b>(34,566,127,231)</b>	<b>6,012,734,915,783</b>
<b>Equity</b>											
Capital	181,409,990,601	4,868,646,759	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,619,101,193	(64,209,110,592)	181,409,990,601
Unfunded capital contributions	0	661,211,381	0	0	0	0	0	0	661,211,381	(661,211,381)	0
Equity adjustments	40,895,470,561	(15,676,867)	(127,013,979)	1,142,766,727	38,882,771,392	(42,246,507)	4,989,728	0	80,741,061,055	(39,845,590,494)	40,895,470,561
Capital reserves	351,152,901,365	255,890,001	967,840,000	1,721,768,998	34,421,766,251	450,000,000	38,747,163	63,489,635	389,072,403,413	(37,919,502,048)	351,152,901,365
Prior periods retained earnings	41,896,492,820	610,195,859	590,959,308	5,466,233,857	22,880,136,486	2,344,806,934	632,695,229	214,497,035	74,636,017,528	(32,739,524,708)	41,896,492,820
Profit for the period	13,877,781,310	639,080,117	570,676,412	521,212,959	4,853,315,181	1,939,665,507	70,644,381	190,290,644	22,662,666,511	(8,784,885,201)	13,877,781,310
Development financing fund	45,766,617,523	0	0	0	0	0	0	0	45,766,617,523	0	45,766,617,523
Minority interest	0	0	0	0	0	0	0	0	0	68,427,233,007	68,427,233,007
<b>Total equity</b>	<b>674,999,254,180</b>	<b>7,019,347,250</b>	<b>6,841,661,741</b>	<b>21,477,982,541</b>	<b>139,647,410,381</b>	<b>6,942,225,934</b>	<b>1,052,919,263</b>	<b>1,178,277,314</b>	<b>859,159,078,604</b>	<b>(115,732,591,417)</b>	<b>743,426,487,187</b>
<b>Total liabilities and equity</b>	<b>5,792,761,829,239</b>	<b>9,291,171,345</b>	<b>8,599,271,689</b>	<b>57,264,037,105</b>	<b>1,026,641,818,208</b>	<b>8,927,986,469</b>	<b>1,430,288,572</b>	<b>1,543,718,991</b>	<b>6,906,460,121,618</b>	<b>(150,298,718,648)</b>	<b>6,756,161,402,970</b>
<b>Debit contingent accounts</b>	€ 448,915,872,986	0	0	0	68,155,820,783	0	0	0	517,071,693,769	(1)	517,071,693,769
<b>Trust assets</b>	€ 796,923,696,334	0	0	0	47,820,137,350	0	0	0	844,743,833,684	1	844,743,833,684
<b>Trust liabilities</b>	€ 252,752,579,864	0	0	0	0	0	0	0	252,752,579,864	0	252,752,579,864
<b>Trust equity</b>	€ 544,171,116,470	0	0	0	47,820,137,350	0	0	0	591,991,253,820	0	591,991,253,820
<b>Other debit memoranda accounts</b>	€ 20,397,592,681,020	1,594,713,280,027	608,109,317,875	1,169,475,827,905	458,693,541,219	0	5,897,370,028	0	24,234,482,018,074	0	24,234,482,018,074

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

As of December 31, 2022, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Banprocesa	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 889,861,698,310	183,642,431	790,671,198	580,975,309	129,483,407,440	309,017,923	28,875,536	29,619,786	1,021,267,907,933	(30,612,212,227)	990,655,695,706
Investment in financial instruments	1,587,645,659,368	7,049,279,361	6,656,461,611	41,832,212,566	87,041,120,346	7,786,027,078	798,204,702	1,248,346,341	1,740,057,311,373	(2,453,296,563)	1,737,604,014,810
Loan portfolio	3,151,277,829,847	0	0	0	926,135,556,454	0	0	0	4,077,413,386,301	0	4,077,413,386,301
Accounts and fees receivable	31,144,522,214	689,662,517	856,411,941	1,301,362,218	6,717,086,977	885,477,775	112,820,055	287,571,328	41,994,915,025	(1,405,257,080)	40,589,657,945
Foreclosed assets	33,391,023,435	0	0	0	17,552,615,698	0	39	0	50,943,639,172	0	50,943,639,172
Interest in other companies (net)	118,058,380,855	0	0	65,417,188	0	0	0	0	118,123,798,043	(117,774,502,757)	349,295,286
Property, furniture and equipment, net	142,804,777,436	190,125,643	305,937,490	213,170,000	7,250,486,664	217,482,998	244,497,492	25,564,825	151,252,042,548	(63,567,577)	151,188,474,971
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	129,096,208,447	805,295,772	1,113,034,898	1,573,734,040	27,694,277,899	1,276,226,557	126,116,115	265,712,744	161,950,606,472	(1,800,354,377)	160,150,252,095
<b>Total assets</b>	<b>€ 6,090,111,724,912</b>	<b>8,918,005,724</b>	<b>9,722,517,138</b>	<b>45,566,871,321</b>	<b>1,201,874,551,478</b>	<b>10,474,232,331</b>	<b>1,310,513,939</b>	<b>1,856,815,024</b>	<b>7,369,835,231,867</b>	<b>(154,109,190,581)</b>	<b>7,215,726,041,286</b>
<b>Liabilities and equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4,714,425,599,606	0	0	5,558,776,494	494,711,793,104	11,063,795	0	0	5,214,707,232,999	(4,531,772,037)	5,210,175,460,962
Obligations with the Central Bank of Costa Rica	135,919,058,557	0	0	0	0	0	0	0	135,919,058,557	(1)	135,919,058,556
Obligations with entities	326,306,685,146	207,610,650	354,136,697	19,492,470,214	544,918,263,132	248,571,703	133,474,246	23,288,977	891,684,500,765	(29,549,687,163)	862,134,813,602
Accounts payable and provisions	177,931,186,577	1,947,707,254	1,728,921,898	2,163,013,001	6,050,340,852	2,307,877,073	198,926,572	444,785,354	192,772,758,581	(1,885,373,579)	190,887,385,002
Other liabilities	58,896,184,984	0	0	0	6,580,514,582	50,300,203	0	746,272	65,527,746,041	0	65,527,746,041
Subordinated obligations	50,139,855,637	0	0	0	0	0	0	0	50,139,855,637	0	50,139,855,637
Bonds convertible into capital	0	0	0	0	0	0	0	0	0	0	0
Preferred obligations	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>€ 5,463,618,570,507</b>	<b>2,155,317,904</b>	<b>2,083,058,595</b>	<b>27,214,259,709</b>	<b>1,052,260,911,670</b>	<b>2,617,812,774</b>	<b>332,400,818</b>	<b>468,820,603</b>	<b>6,550,751,152,580</b>	<b>(35,966,832,780)</b>	<b>6,514,784,319,800</b>
<b>Equity</b>											
Capital	181,409,990,601	4,574,174,987	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,324,629,421	(63,914,638,820)	181,409,990,601
Unfunded capital contributions	0	705,683,153	0	0	0	0	0	0	705,683,153	(705,683,153)	0
Equity adjustments	7,399,651,431	(133,256,180)	(158,540,765)	(1,461,391,241)	52,961,604,999	(188,387,377)	827,969	7,751	58,420,516,587	(51,020,865,156)	7,399,651,431
Capital reserves	325,313,265,088	255,890,001	967,840,000	1,262,600,000	34,210,209,731	449,999,999	36,187,964	35,725,886	362,531,718,669	(37,218,453,581)	325,313,265,088
Prior periods retained earnings	23,721,615,916	434,469,348	374,170,167	4,492,865,419	19,917,279,731	2,530,056,788	584,070,492	86,985,797	52,141,513,658	(27,287,398,409)	24,854,115,249
Profit for the period	48,171,909,592	925,726,511	1,616,789,141	1,432,537,434	3,915,124,276	2,814,750,147	51,183,934	555,274,987	59,483,296,022	(11,311,386,430)	48,171,909,592
Development financing fund	40,476,721,777	0	0	0	0	0	0	0	40,476,721,777	0	40,476,721,777
Minority interest	0	0	0	0	0	0	0	0	0	73,316,067,749	73,316,067,749
<b>Total equity</b>	<b>626,493,154,405</b>	<b>6,762,687,820</b>	<b>7,639,458,543</b>	<b>18,352,611,612</b>	<b>149,613,639,808</b>	<b>7,856,419,557</b>	<b>978,113,121</b>	<b>1,387,994,421</b>	<b>819,084,079,287</b>	<b>(118,142,357,800)</b>	<b>700,941,721,487</b>
<b>Total liabilities and equity</b>	<b>6,090,111,724,912</b>	<b>8,918,005,724</b>	<b>9,722,517,138</b>	<b>45,566,871,321</b>	<b>1,201,874,551,478</b>	<b>10,474,232,331</b>	<b>1,310,513,939</b>	<b>1,856,815,024</b>	<b>7,369,835,231,867</b>	<b>(154,109,190,580)</b>	<b>7,215,726,041,287</b>
<b>Debit contingent accounts</b>	€ 474,773,322,051	0	0	0	94,101,258,754	0	0	0	568,874,580,805	0	568,874,580,805
<b>Trust assets</b>	€ 723,133,806,512	0	0	0	50,661,547,818	0	0	0	773,795,354,330	0	773,795,354,330
<b>Trust liabilities</b>	270,063,360,217	0	0	0	0	0	0	0	270,063,360,217	0	270,063,360,217
<b>Trust equity</b>	453,070,446,296	0	0	0	50,661,547,818	0	0	0	503,731,994,114	0	503,731,994,114
<b>Other debit memoranda accounts</b>	18,944,176,688,117	1,464,497,077,594	718,214,471,106	898,922,751,080	1,354,526,507,007	0	6,016,421,039	0	23,386,353,915,943	0	23,386,353,915,943

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

As of September 30, 2022, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola de Cartago	Banprocesa	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 985,728,135,604	157,103,154	659,285,414	1,846,400,449	56,138,968,441	497,456,256	23,545,208	15,839,125	1,045,066,733,651	(35,560,980,651)	1,009,505,753,000
Investment in financial instruments	1,599,119,550,711	6,805,524,598	6,649,374,308	43,771,805,987	93,832,801,187	7,379,472,803	806,916,083	732,517,852	1,759,097,963,529	(2,573,860,329)	1,756,524,103,200
Loan portfolio	3,041,420,584,619	0	0	0	954,037,520,013	0	0	0	3,995,458,104,632	(1)	3,995,458,104,631
Accounts and fees receivable	32,702,205,631	711,459,462	874,689,153	1,178,395,159	6,909,644,702	820,489,006	113,245,750	993,547,536	44,303,676,399	(3,288,891,931)	41,014,784,468
Foreclosed assets	35,898,288,023	0	0	0	18,794,821,689	0	39	0	54,693,109,751	0	54,693,109,751
Interest in other companies (net)	120,386,294,664	0	0	0	0	0	0	0	120,451,711,852	(120,130,100,628)	321,611,224
Property, furniture and equipment. Net	145,728,127,171	259,127,681	336,449,624	233,327,430	7,729,644,127	239,511,939	227,315,451	27,961,527	154,781,464,950	(72,235,883)	154,709,229,067
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	82,908,895,451	1,277,831,894	804,831,995	1,123,246,210	28,831,132,626	903,794,089	114,688,591	27,961,527	116,139,192,014	(1,716,463,282)	114,422,728,732
<b>Total assets</b>	€ <b>6,050,723,706,874</b>	<b>9,211,046,789</b>	<b>9,324,630,494</b>	<b>48,218,592,423</b>	<b>1,166,274,532,785</b>	<b>9,840,724,093</b>	<b>1,285,711,122</b>	<b>1,944,637,198</b>	<b>7,296,823,581,778</b>	<b>(163,342,532,705)</b>	<b>7,133,481,049,073</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	4,529,778,292,660	0	0	6,633,218,505	489,676,208,135	11,124,865	0	0	5,026,098,844,165	(5,992,664,978)	5,020,106,179,187
Obligations with the Central Bank of Costa Rica	217,033,494,640	0	0	0	0	0	0	0	217,033,494,640	0	217,033,494,640
Obligations with entities	475,993,415,481	291,179,571	406,463,776	20,727,257,208	512,097,799,213	285,300,538	152,704,436	26,562,691	1,009,980,682,914	(35,059,702,817)	974,920,980,097
Accounts payable and provisions	162,813,811,791	2,442,618,060	1,610,600,015	2,221,605,245	6,268,360,836	2,187,845,532	160,321,309	548,090,568	178,253,253,356	(743,600,996)	177,509,652,360
Other liabilities	25,619,665,014	0	0	0	2,378,450,158	56,412,774	2,124,326	746,272	28,057,398,544	0	28,057,398,544
Subordinated loans	20,072,534,085	0	0	0	0	0	0	0	20,072,534,085	0	20,072,534,085
<b>Total liabilities</b>	€ <b>5,431,311,213,671</b>	<b>2,733,797,631</b>	<b>2,017,063,791</b>	<b>29,582,080,958</b>	<b>1,010,420,818,342</b>	<b>2,540,683,709</b>	<b>315,150,071</b>	<b>575,399,531</b>	<b>6,479,496,207,704</b>	<b>(41,795,968,791)</b>	<b>6,437,700,238,913</b>
<b>Equity</b>											
Capital	181,409,990,601	4,558,304,523	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,308,758,957	(63,898,768,356)	181,409,990,601
Unfunded capital contributions	0	0	0	0	0	0	0	0	721,553,618	(721,553,618)	0
Equity adjustments	14,022,114,814	(152,277,577)	(187,435,524)	(1,277,689,272)	60,059,341,914	(189,860,687)	1,047	0	72,274,194,715	(58,252,079,901)	14,022,114,814,000
Capital reserves	325,313,265,088	255,890,000	967,840,001	1,650,142,126	30,112,199,397	450,000,000	36,187,964	35,725,887	358,821,250,463	(33,507,985,375)	325,313,265,088
Prior periods retained earnings	23,721,615,916	434,469,348	374,170,167	4,105,323,295	24,100,345,803	2,530,056,788	584,070,492	86,985,797	55,937,037,606	(32,215,421,690)	23,721,615,916
Profit for the period	34,468,785,007	659,309,246	1,313,792,059	1,532,735,316	2,972,406,258	2,259,844,283	44,458,786	536,525,983	43,787,856,938	(9,319,071,931)	34,468,785,007
Development financing fund	40,476,721,777	0	0	0	0	0	0	0	40,476,721,777	0	40,476,721,777
Minority interest	0	0	0	0	0	0	0	0	0	76,368,316,957	76,368,316,957
<b>Total equity</b>	<b>619,412,493,203</b>	<b>6,477,249,158</b>	<b>7,307,566,703</b>	<b>18,636,511,465</b>	<b>155,853,714,443</b>	<b>7,300,040,384</b>	<b>970,561,051</b>	<b>1,369,237,667</b>	<b>817,327,374,074</b>	<b>(121,546,563,914)</b>	<b>695,780,810,160</b>
<b>Total liabilities and equity</b>	€ <b>6,050,723,706,874</b>	<b>9,211,046,789</b>	<b>9,324,630,494</b>	<b>48,218,592,423</b>	<b>1,166,274,532,785</b>	<b>9,840,724,093</b>	<b>1,285,711,122</b>	<b>1,944,637,198</b>	<b>7,296,823,581,778</b>	<b>(163,342,532,705)</b>	<b>7,133,481,049,073</b>
<b>Debit contingent accounts</b>	€ 482,934,868,298	0	0	0	106,371,431,176	0	0	0	589,306,299,474	(1)	589,306,299,473
<b>Trust assets</b>	€ 733,558,718,456	0	0	0	56,669,278,280	0	0	0	790,227,996,736	0	790,227,996,736
<b>Trust liabilities</b>	€ 273,839,146,059	0	0	0	0	0	0	0	273,839,146,059	0	273,839,146,059
<b>Trust equity</b>	€ 459,719,572,397	0	0	0	56,669,278,280	0	0	0	516,388,850,677	0	516,388,850,677
<b>Other debit memoranda accounts</b>	€ 18,392,098,742,036	1,461,440,745,398	760,352,292,970	901,758,356,449	1,421,600,181,231	0	4,929,380,064	0	22,942,179,698,148	1	22,942,179,698,149

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As of September 30, 2023, results of each segment are as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 299,133,331,830	383,396,952	312,719,668	3,403,931,444	55,422,690,908	343,118,001	53,514,337	48,450,372	359,101,153,512	(1,278,709,774)	357,822,443,738
Financial expenses	190,686,568,756	55,682,390	447,244,778	2,324,018,730	34,176,325,989	315,320,691	19,555,593	45,180,089	228,069,897,016	(1,330,453,417)	226,739,443,599
Expenses from allowance for assets impairment	8,073,035,699	13,668,164	1,597,107	126,192,858	2,169,402,476	51,100,891	1,145,127	102	10,436,142,424	1	10,436,142,425
Income from recovery of assets and decrease in allowance	13,965,308,486	36,467,762	2,298,774	88,545,130	0	72,473,521	1,154,168	7,853	14,166,255,694	2	14,166,255,696
<b>Financial income</b>	<b>114,339,035,861</b>	<b>350,514,160</b>	<b>(133,823,443)</b>	<b>1,042,264,986</b>	<b>19,076,962,443</b>	<b>49,169,940</b>	<b>33,967,785</b>	<b>3,278,034</b>	<b>134,761,369,766</b>	<b>51,743,644</b>	<b>134,813,113,410</b>
Other operating income	130,944,435,865	5,271,619,451	4,422,793,609	2,763,113,620	2,233,229,033	5,280,536,909	919,126,704	2,073,346,095	153,908,201,286	(11,852,674,077)	142,055,527,209
Other operating expenses	81,698,997,079	1,156,685,830	756,546,375	578,677,607	3,848,476,384	297,422,430	90,854,140	89,891,692	88,517,551,537	(2,844,434,879)	85,673,116,658
<b>Gross operating income</b>	<b>163,584,474,647</b>	<b>4,465,447,781</b>	<b>3,532,423,791</b>	<b>3,226,700,999</b>	<b>17,461,715,092</b>	<b>5,032,284,419</b>	<b>862,240,349</b>	<b>1,986,732,437</b>	<b>200,152,019,515</b>	<b>(8,956,495,554)</b>	<b>191,195,523,961</b>
Personnel expenses	79,595,893,102	2,106,393,373	2,333,789,296	2,064,624,948	6,162,826,928	1,836,686,447	541,143,600	1,699,915,141	96,341,272,835	(1,699,915,142)	94,641,357,693
Other administrative expenses	56,799,756,209	451,201,753	331,663,726	285,216,585	5,293,533,114	298,414,053	211,096,315	7,398,960	63,678,280,715	(849,819,515)	62,828,461,200
<b>Administrative expenses</b>	<b>136,395,649,311</b>	<b>2,557,595,126</b>	<b>2,665,453,022</b>	<b>2,349,841,533</b>	<b>11,456,360,042</b>	<b>2,135,100,500</b>	<b>752,239,915</b>	<b>1,707,314,101</b>	<b>160,019,553,550</b>	<b>(2,549,734,657)</b>	<b>157,469,818,893</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>27,188,825,336</b>	<b>1,907,852,655</b>	<b>866,970,769</b>	<b>876,859,466</b>	<b>6,005,355,050</b>	<b>2,897,183,919</b>	<b>110,000,434</b>	<b>279,418,336</b>	<b>40,132,465,965</b>	<b>(6,406,760,897)</b>	<b>33,725,705,068</b>
Income tax	13,224,234,570	575,909,360	479,704,660	401,211,787	1,007,862,076	864,026,104	36,056,040	85,665,026	16,674,669,623	(1)	16,674,669,622
Deferred income tax	16,591,683,016	16,170,207	295,765,128	187,580,787	144,177,793	21,713,461	0	6,572,272	17,263,662,664	1	17,263,662,665
Decrease in income tax	22,841,428,453	19,622,724	505,184,555	259,451,852	0	15,136,670	0	11,492,155	23,652,316,409	(1)	23,652,316,408
Profit sharing	7,005,170,237	696,315,695	26,009,124	26,305,785	0	86,915,517	3,300,013	8,382,549	7,852,398,920	1	7,852,398,921
<b>Net profit for the year</b>	<b>13,877,781,310</b>	<b>639,080,117</b>	<b>570,676,412</b>	<b>521,212,959</b>	<b>4,853,315,181</b>	<b>1,939,665,507</b>	<b>70,644,381</b>	<b>190,290,644</b>	<b>22,662,666,511</b>	<b>(6,406,760,899)</b>	<b>16,255,905,612</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	0	2,378,124,302
<b>Results for the period attributable to the comptroller</b>	<b>13,877,781,310</b>	<b>639,080,117</b>	<b>570,676,412</b>	<b>521,212,959</b>	<b>4,853,315,181</b>	<b>1,939,665,507</b>	<b>70,644,381</b>	<b>190,290,644</b>	<b>22,662,666,511</b>	<b>(8,784,885,201)</b>	<b>13,877,781,310</b>
<b>Net income for the periods</b>	<b>€ 13,877,781,310</b>	<b>639,080,117</b>	<b>570,676,412</b>	<b>521,212,959</b>	<b>4,853,315,181</b>	<b>1,939,665,507</b>	<b>70,644,381</b>	<b>190,290,644</b>	<b>22,662,666,511</b>	<b>(8,784,885,201)</b>	<b>13,877,781,310</b>

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As of September 30, 2022, results of each segment are as follows:

	<b>Bank</b>	<b>Pension Fund Operator</b>	<b>Investment Fund Manager</b>	<b>Brokerage House</b>	<b>Foreign Bank</b>	<b>Insurance Broker</b>	<b>Depósito Agrícola</b>	<b>Banprocesa</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
Financial income	€ 246,652,123,305	227,351,462	110,847,566	3,256,328,730	48,115,664,354	239,537,802	20,672,498	52,818,006	298,675,343,723	(654,227,165)	298,021,116,558
Financial expenses	86,830,989,956	27,942,283	90,752,491	906,498,935	25,866,696,882	94,971,460	14,962,150	4,606,136	113,837,420,293	(733,701,506)	0
Expenses from allowance for assets impairment	13,946,325,408	7,770,803	155,618	42,831,870	2,953,219,354	53,112,538	106,760	0	17,003,522,351	2	17,003,522,353
Income from recovery of assets and decrease in allowance	9,378,771,474	12,373,997	1,843,467	180,408,497	0	40,385,750	681,107	0	9,614,464,292	(1)	9,614,464,291
<b>Financial income</b>	<b>155,253,579,415</b>	<b>204,012,373</b>	<b>21,782,924</b>	<b>2,487,406,422</b>	<b>19,295,748,118</b>	<b>131,839,554</b>	<b>6,284,695</b>	<b>48,211,870</b>	<b>177,448,865,371</b>	<b>79,474,338</b>	<b>177,528,339,709</b>
Other operating income	133,351,224,751	5,357,246,343	5,351,007,486	2,542,252,183	2,047,052,503	5,544,856,820	860,876,930	2,680,525,338	157,735,042,354	(13,406,645,940)	144,328,396,414
Other operating expenses	85,097,157,098	1,290,725,530	1,073,233,142	596,867,068	3,118,503,508	312,921,556	123,272,473	92,594,905	91,705,275,280	(3,186,250,819)	88,519,024,461
<b>Gross operating income</b>	<b>203,507,647,068</b>	<b>4,270,533,186</b>	<b>4,299,557,268</b>	<b>4,432,791,537</b>	<b>18,224,297,113</b>	<b>5,363,774,818</b>	<b>743,889,152</b>	<b>2,636,142,303</b>	<b>243,478,632,445</b>	<b>(10,140,920,783)</b>	<b>233,337,711,662</b>
Personnel expenses	75,271,678,915	1,885,519,918	2,077,809,261	1,810,783,915	7,764,409,103	1,760,092,859	537,556,385	1,801,134,377	92,908,984,733	(1,801,134,377)	91,107,850,356
Other administrative expenses	57,577,044,783	408,790,791	259,954,764	273,182,394	6,561,584,320	249,404,446	138,211,000	27,798,548	65,495,971,046	(477,192,566)	65,018,778,480
<b>Administrative expenses</b>	<b>132,848,723,698</b>	<b>2,294,310,709</b>	<b>2,337,764,025</b>	<b>2,083,966,309</b>	<b>14,325,993,423</b>	<b>2,009,497,305</b>	<b>675,767,385</b>	<b>1,828,932,925</b>	<b>158,404,955,779</b>	<b>(2,278,326,943)</b>	<b>156,126,628,836</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>70,658,923,370</b>	<b>1,976,222,477</b>	<b>1,961,793,243</b>	<b>2,348,825,228</b>	<b>3,898,303,690</b>	<b>3,354,277,513</b>	<b>68,121,767</b>	<b>807,209,378</b>	<b>85,073,676,666</b>	<b>(7,862,593,840)</b>	<b>77,211,082,826</b>
Income tax	13,900,674,443	595,460,286	165,114,305	672,857,060	698,722,912	1,011,277,169	21,619,326	245,138,778	17,310,864,279	2	17,310,864,281
Deferred income tax	11,241,063,634	22,486,618	544,309,733	160,222,478	266,371,424	11,978,215	0	78,172,065	12,324,604,167	0	12,324,604,167
Decrease in income tax	7,430,402,720	19,629,593	120,276,652	87,454,382	39,196,904	29,450,479	0	74,498,569	7,800,909,299	(1)	7,800,909,298
Profit sharing	18,478,803,006	718,595,920	58,853,798	70,464,756	0	100,628,325	2,043,655	21,871,121	19,451,260,581	(3)	19,451,260,578
Decrease in allocation of profit	0	0	0	0	0	0	0	0	0	0	0
<b>Net profit for the year</b>	<b>34,468,785,007</b>	<b>659,309,246</b>	<b>1,313,792,059</b>	<b>1,532,735,316</b>	<b>2,972,406,258</b>	<b>2,259,844,283</b>	<b>44,458,786</b>	<b>536,525,983</b>	<b>43,787,856,938</b>	<b>(7,862,593,840)</b>	<b>35,925,263,098</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(1,456,478,091)	(1,456,478,091)
<b>Results for the period attributable to the comptroller</b>	<b>34,468,785,007</b>	<b>659,309,246</b>	<b>1,313,792,059</b>	<b>1,532,735,316</b>	<b>2,972,406,258</b>	<b>2,259,844,283</b>	<b>44,458,786</b>	<b>536,525,983</b>	<b>43,787,856,938</b>	<b>(9,319,071,931)</b>	<b>34,468,785,007</b>
<b>Net income for the periods</b>	<b>€ 34,468,785,007</b>	<b>659,309,246</b>	<b>1,313,792,059</b>	<b>1,532,735,316</b>	<b>2,972,406,258</b>	<b>2,259,844,283</b>	<b>44,458,786</b>	<b>536,525,983</b>	<b>43,787,856,938</b>	<b>(9,319,071,931)</b>	<b>34,468,785,007</b>

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39). Risk management

Comprehensive risk management

Sophistication and uncertainty of financial markets involve managing risks that may impair the value of entities and of third-party resources it manages. Given this reality, the Bank implemented a System of Comprehensive Risk management, (Hereinafter SIGIR or System), enabling it to achieve a proper balance between the expected benefits of the business strategy and the acceptance of a certain level of risk, through an effective risk-based management.

Corporate governance of the risk management area

Boards of Directors, committees, and senior managers of member institutions of the BCR Financial Conglomerate strengthen and ensure the above-mentioned system, aware that it contributes to the improvement of institutional processes, and hence to the achievement of objectives and goals.

Corporate risk management is led by the Corporate Risk Management reporting to the General Board of Directors, which has various administrative areas, responsible for the specific and comprehensive management of relevant risk to which the entity is exposed while in the subsidiaries there are risk managing areas responsible for this work.

Objective of the Comprehensive Risk Management System

The System aims to generate information that will support the decision making to locate the entity at a risk level consistent with its profile and risk appetite as well as its business flows, complexity, operations volume and economic environment, and thus lead to the achievement of institutional objective and goals.

General Risk Principles and Policies

The BCR Financial Conglomerate has established general principles and policies for effective comprehensive risk management, among which the following stand out:

- A robust regulatory framework to provide legal, technical and administrative certainty for the functioning, evaluation and improvement of the System.
- Strategies that seek to strengthen the system's maturity level.
- The risk management culture is promoted at all levels of the organization, thereby raising awareness of the importance of effective risk-based management.
- Methodologies and measurement models are available for the valuation of the different types of risk, which are periodically subjected to retrospective and stress tests, to adjust the variables and factors that influence the exposure to risks.

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- Updated tools and systems are available to meet the needs of managing each type of risk.
- Risk and contingency management plans are in place to deal with situations that prevent the fulfillment of the objectives defined, as well as for materialized events whose consequences may generate negative impacts on the entities.

Classification of significant risks

The relevant risks to the Bank are classified as follows:

Types of relevant risk	<b>Risk classification of BCR</b>	
	Financial	Credit (loan portfolio – investment portfolio) Market (Prices, exchange rate, interest rate) Liquidity
Non- financial	Strategic Operating Legal Security information & IT  Reputational Environmental and social Regulatory and compliance Money laundering, Financing of Terrorism, Financing of the Proliferation of Organized Crime (ML/FT/FPOC/FDO)	

Types of risks related to the strategic plan

The following table details the types of risk associated with the strategic objectives of the BCR Financial Conglomerate.

Indicator by type of risk	<b>Strategic objective</b>	
	<b>Support the sustainable development of the country</b>	<b>Strengthen the financial solidity of the Conglomerate</b>
Capital	Equity adequacy	
Credit	Expected loss of the loan portfolio Level of debtors with exposure to exchange risk, high risk	
Marketing	Value at Risk by SUGEF 3-06 Elasticity of the financial margin to movements in interest rates PPME sensibility for ER movements	
Liquidity	Liquidity coverage ratio by currency  Ratio loans/deposits in colones Ratio loans/deposits in US dollars	
Operative	Expected loss due to operational risk Technology platform availability Vulnerability analysis of the technological platform Change management in the applications	



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A Risk Appetite Statement is established for the CFBCR approved by the General Board of Directors and a Risk Appetite Statement for each member entity of the Conglomerate approved by its boards of directors. These documents are part of the comprehensive risk management framework, which are periodically reviewed and updated.

Its purpose is to declare the acceptability parameters of the risks to which Banco de Costa Rica and its subsidiaries are exposed.

They establish qualitative and quantitative definitions of risk appetite that include indicators by type of risk for which the parameters related to appetite, tolerance and capacity are determined defining the levels of exposure to be assumed. Reports with alerts are generated when deviations from normal business behavior occur, supporting timely decision-making for normalization.

#### Process of comprehensive risk management

The process of risk assessment includes identification, analysis, evaluation, Management, review, documentation, and risk communication.

#### Types of risk assessments

The process of risk management includes qualitative and quantitative assessments. The first correspond to specific analysis of the objectives of activities and substantial processes of the BCR Financial Conglomerate. The second refers to global analysis with quantitative risk measurements using mathematical and statistical methods and models.

In addition, during the period under study, the management generated reports about risk on new services and products or modification to existing ones, which are issued prior to its release to the market or the contracting of services.

#### Risk control framework

Risk Control arises as result of the operation of the Internal Control System established in each of the Conglomerate Financiero BCR members, incorporating flow of processes and internal control activities to minimize risk exposure.

Risk assessment generates various alerts, recommendations, and treatment of risk plans, contributing to its overall and specific mitigation. Contributing those risks are located at an acceptable level of exposure, congruent with the defined risk profile, supporting the sustainability, solvency, and value of the members of the Conglomerate.

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In addition, there is a continuous monitoring of tolerance limits and risk indicators, to reflect the degree of exposure in which each of its relevant risk types is found. Contingency plans are available to deal with unexpected events that affect compliance.

Mitigation coverage

In accordance with the regulations, estimates and provisions are maintained. Implemented risk assessment models seek to establish additional capital requirements to cover non-expected losses. Likewise, BCR net worth equity indicator is evaluated to analyze its ability to respond to different types of risk, which, during the period under study, was higher than the 10% limit established by the General Superintendence of Financial Institutions.

Evaluation of the effectiveness and maturity of the System

Risk managing areas apply critical judgment on the effectiveness and maturity of the System using self-assessment tools for continuous improvement. Annually, a Model of Corporate Maturity is applied to evaluate the progress in management by type of risk. The results of this assessment are used to define strategies and work plans.

Information generated by the Comprehensive Risk Management System

During the period under analysis, the system generated timely and periodic reports for the Boards of Directors, Committees, and other risk-taking areas of the BCR Financial Conglomerate, as a result of the Comprehensive Risk Management, or by the occurrence of significant events that should be known of for suitable decision making based on risk exposure and risk-based business management.

(a) Credit risk management

Definition

Credit risk is the possibility of economic losses due to the breach of the agreed conditions by the debtor, issuer, or counterparty. The risk of default against a counterparty is defined as the possibility that one of the parties of a transaction using financial instruments may breach its obligations. In such a case, an economic loss would occur if the operations or the portfolio of operations with that party had a positive economic value at the time of default.

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Unlike the exposure of an entity to credit risk through a loan or investment, which is only unilateral for the entity that grants the loan or makes the investment, the counterparty risk produces a risk of bilateral loss, since the fair value of the transaction can be positive or negative for both parties, is uncertain and can vary over time as the underlying market factors do. Likewise, when the entity makes international loans and investments, it is also exposed to country risk and transfer risk.

Exposure to credit risk can also increase due to movements in the exchange rate and interest rates. In the first case, the risk is assumed when granting credits denominated in a currency other than the currency in which the debtor's net income or cash flows are mainly generated, and in the second case, the risk is assumed when granting credits with adjustable interest rates.

Management of this risk contributes to the strength of BCR's equity in the long term by providing both tools and information to improve decision making, minimize losses and maintain risk exposure of the loan portfolio within established parameters.

The General Board of Directors of the BCR has defined management strategies to control credit risk from portfolios to individual debtors, using tools and methodologies framed within the existing regulations developed internally.

Management methodology

In general terms, automated systems such as SAS are used for credit risk management and models are applied for their measurement that accurately reflect the value of positions and their sensitivity to various risk factors, incorporating information from reliable sources.

The statistical support is complemented with expert criteria to analyze the borrower's ability to pay, as well a stress analysis on exposures to macroeconomic variables that are related to microeconomic and Bank's internal variables. For the analysis of the loan portfolio and considering the pandemic for decision taking, the methodology associated with the Loan Portfolio Management Plan is used. During the transition period towards the adoption of the Standard Methodology, referred to in the Regulation on Calculation of Credit Estimates (CNF 14-21), the Bank submits quarterly impact reports to SUGEF.

For the quantitative analysis of the loan portfolio, there is a model for the quantification of the expected loss, the Value at Risk (VaR) and economic capital, which is aligned with the standards of Basel II. Additionally, there is a series of indicators that seek to maintain the balance between profitability and risk, within them there are indicators of expected loss, delinquency, guarantees, payment arrangements, harvests, economic activities and geographical area, all of the above broken down to general level of the Bank as well as for the different lines of business.

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Moreover, the risk inherent to the activities and products of the Bank is identified and analyzed, as well as its feedback to the organization through the Executive Corporate Committee. Finally, there are limits established on exposure to credit risk, to control exposure levels, both at loan portfolio and investments (by issuer).

On the other hand, during the year different stress and retrospective tests are carried out to check the validity of the indicator parameters.

There are models for classifying the level of credit risk of clients, such as rating and scoring models.

In the case of credit risk of the investment portfolio, disclosed in Note 5: Investments in Financial Instruments, there is a methodology for determining the expected loss under IFRS 9, that improved in 2020 through adjustments to the methodology. The determination of a significant increase in risk is made by means of two factors, changes in the issuer's international risk rating, issued by risk rating agencies and sustained changes in the prices of "Credit Default Swaps" associated with the issuer. It is important to note that the measurement of the expected loss is made for each instrument considering the issuer's risk, while default is understood only when an issuer stops paying.

#### Exposure and risk management

As of September 30, 2023, the percentage of arrears greater than 90 days was 2.86% (2.95% as of September 2022). This last indicator is within the risk appetite according to the Risk Appetite Declaration, with personal banking showing the highest delinquencies.

The dollar portfolio accounts for 22.78% at the closing of September (25.77% as of September 2022) of the total portfolio. It is important to mention that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients with exposure to exchange risk.

The activities with greater relative importance are housing, services and commerce, as shown in note 6.a of the financial statements (Loan Portfolio by Sector), in addition, the exposure limits for the loan portfolio are monitored, as well as all its indicators, which are within the risk appetite according to the appetite defined by the General Board of Directors.

In addition, appropriate and timely communication mechanisms on exposure of the Bank to credit risk are implemented at all levels of the organizational structure, thus allowing a prospective view of the impact on the credit estimates and equity. The reports consider both the exposure and possible deviations arising regarding the limits and defined tolerance levels.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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The commercial area is kept informed on the inherent risks of the economic activities associated with credit underwriting, through specific studies and analysis of the credit underwriting goals previously approved by the General Board of Directors, as well as new credit instruments the Bank is planning to offer.

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 begins, the foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of September 2023, the expected loss of the investment portfolio corresponded to 0.08% of the portfolio (0.07%, for June 2023).

Expected credit losses are disclosed in the following table:

Value adjustment for losses	Expected losses of the investment portfolio of the BCR Conglomerate		
	By currency		
	December 2022 vs September 2023		
	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of September 30, 2023			
Colones	916,651,900	39,125,275	36,117,018,840
US dollars	442,480	0	11,163,146
UDES	2,922	0	0
Value adjustment for losses			
As of December 31, 2022			
Colones	1,446,434,046	123,677,574	48,888,627,175
US dollars	896,261	0	7,700,324
UDES	0	50,098	1,862,000
Transfer to 12-months expected credit losses			
Colones	(586,843,904)	(149,153,472)	1,265,608,336
US dollars	(491,724)	0	(3,462,822)
UDES	2,922	(50,098)	(1,862,000)

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As of December 31, 2022

Expected losses of the investment portfolio of the BCR Conglomerate

By currency

December 2020 vs December 2021

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of December 31, 2021			
Colones	2,149,169,506	304,661,241	39,945,403,970
US dollars	2,134,069	231,381	21,710,178
UDES	0	96,308	14,784,800
Value adjustment for losses			
As of December 31, 2021			
Colones	1,598,684,018	256,354,265	38,053,132,439
US dollars	1,478,232	34,559	38,299,807
UDES	0	183,900	14,784,800
Transfer to 12-months expected credit losses			
Colones	732,314,155	(17,553,791)	(3,892,271,532)
US dollars	683,237	(78,387)	(25,507,629)
UDES	0	(95,705)	0

As of September 30, 2022

Expected losses of the investment portfolio of the BCR Conglomerate

By currency

December 202 vs September 2022

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of September 30, 2022			
Colones	1,862,688,261	160,930,833	66,321,043,291
US dollars	1,301,780	14,393	34,454,478
UDES	0	60,645	2,622,000
Value adjustment for losses			
As of December 31, 2021			
Colones	2,265,248,487	177,850,366	72,430,221,770
US dollars	2,169,433	0	25,331,216
UDES	0	92,251	14,024,800
Transfer to 12-months expected credit losses			
Colones	(460,036,420)	(79,803,884)	6,089,178,479
US dollars	(932,664)	(14,393)	(9,123,262)
UDES	0	(31,607)	(12,922,800)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2023

The Bank's financial instruments exposed to credit risk are detailed as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Banco de Costa Rica</b>			
Loan portfolio, gross	¢ 3,218,515,124,900	3,298,222,308,878	3,196,706,703,384
Plus, interest receivable	21,584,269,568	18,955,945,108	20,159,597,391
Less, allowance for impairment	(141,197,972,813)	(145,623,881,422)	(156,279,625,084)
<b>Loan portfolio, net</b>	<b>¢ <u>3,098,901,421,656</u></b>	<b><u>3,171,554,372,564</u></b>	<b><u>3,060,586,675,691</u></b>
<b>Banco Internacional de Costa Rica, S.A. and subsidiary</b>			
Loan portfolio, gross	¢ 843,085,858,573	936,512,018,876	963,766,339,786
Plus, interest receivable	4,955,211,320	4,526,975,726	4,908,808,165
Less, allowance for impairment	(12,786,263,006)	(14,646,810,058)	(14,637,627,939)
<b>Loan portfolio, Net</b>	<b>¢ <u>835,254,806,887</u></b>	<b><u>926,392,184,544</u></b>	<b><u>954,037,520,012</u></b>
<b>Total consolidated loan portfolio, net</b>	<b>¢ <u>3,934,156,228,543</u></b>	<b><u>4,097,946,557,108</u></b>	<b><u>4,014,624,195,703</u></b>
Loan portfolio, net (Note No.6)	¢ <u>3,912,039,903,840</u>	<u>4,077,413,386,301</u>	<u>3,995,458,104,631</u>
Difference ¢	<u>22,116,324,703</u>	<u>20,533,170,807</u>	<u>19,166,091,072</u>
Difference US\$	40,778,694	34,108,824	30,291,584

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Notes to the Consolidated Financial Statements

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The Bank's financial instruments exposed to credit risk are as follows:

		<b>Direct Loan Portfolio</b>	<b>Direct Loan Portfolio</b>	<b>Direct Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>
	Note	<b>September</b>	<b>December</b>	<b>September</b>	<b>September</b>	<b>December</b>	<b>September</b>
		2023	2022	2022	2023	2022	2022
Principal	6a	3,218,515,124,899	3,298,222,308,876	3,196,706,703,384	203,691,713,475	210,215,483,996	212,629,498,294
Interest	¢	21,584,269,568	18,955,945,108	20,159,597,391	0	0	0
		3,240,099,394,467	3,317,178,253,984	3,216,866,300,775	203,691,713,475	210,215,483,996	212,629,498,294
Allowance for bad loans		(140,892,417,992)	(155,945,127,998)	(155,930,209,258)	(305,554,821)	(334,497,086)	(349,415,826)
Carrying amount	¢	<u>3,099,206,976,475</u>	<u>3,161,233,125,986</u>	<u>3,060,936,091,517</u>	<u>203,386,158,654</u>	<u>209,880,986,910</u>	<u>212,280,082,468,</u>
<b>Loan portfolio</b>							
Total balances:							
A1	¢	2,603,921,370,628	2,650,156,915,967	2,485,695,055,480	198,524,197,694	202,845,894,980	202,765,956,548
A2		3,818,222,956	32,718,449,769	31,954,512,581	335,586,058	1,091,310,182	1,033,595,626
B1		216,324,452,981	246,314,102,283	300,209,508,055	2,547,967,486	2,828,286,619	5,454,208,855
B2		1,037,442,493	26,099,160,500	37,515,377,834	22,808,182	196,280,116	192,274,328
C1		170,270,431,493	33,229,962,730	53,373,754,127	753,747,726	526,437,814	489,734,165
C2		1,625,509,839	10,785,532,322	9,477,360,107	29,611,458	122,323,954	122,498,851
D		72,150,632,406	86,127,825,472	82,353,011,134	330,017,835	1,310,532,849	1,246,562,280
E		99,867,561,856	157,646,145,552	161,601,909,515	1,134,372,607	1,281,795,185	1,312,779,703
1		66,247,270,414	69,961,042,387	50,487,559,683	13,404,429	12,622,297	11,887,938
2		1,058,353,155	323,583,353	971,817,974	0	0	0
3		1,836,709,631	2,117,381,455	2,050,164,981	0	0	0
4		1,023,131,232	674,481,203	481,116,312	0	0	0
5		56,718,750	353,085,467	403,401,393	0	0	0
6		861,586,633	670,585,524	291,751,599	0	0	0
		3,240,099,394,467	3,317,178,253,984	3,216,866,300,775	203,691,713,475	210,215,483,996	212,629,498,294
Allowance for bad loans		(68,678,314,493)	(91,829,613,987)	(97,518,924,463)	(86,200,730)	(217,095,533)	(249,594,558)
<b>Carrying amount, net</b>		<u>3,171,421,079,974</u>	<u>3,225,348,639,997</u>	<u>3,119,347,376,312</u>	<u>203,605,512,745</u>	<u>209,998,388,463</u>	<u>212,379,903,736</u>
Carrying amount		3,240,099,394,467	3,317,178,253,984	3,216,866,300,775	203,691,713,475	210,215,483,996	212,629,498,294
Allowance for bad loans		(68,678,314,493)	(91,829,613,987)	(97,518,924,463)	(86,200,730)	(217,095,533)	(249,594,558)
(Excess) inadequacy of allowance over structural estimate		(72,214,103,499)	(64,115,514,011)	(58,411,284,795)	(219,354,091)	(117,401,553)	(99,821,268)
<b>Carrying amount, net</b>	6a	<u>3,099,206,976,475</u>	<u>3,161,233,125,986</u>	<u>3,060,936,091,517,</u>	<u>203,386,158,65</u>	<u>209,880,986,910</u>	<u>212,280,082,468,</u>



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Notes to the Consolidated Financial Statements

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The evaluated loan portfolio with an estimate is detailed as follows:

As of September 30, 2023

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,603,921,370,628	1,686,620,940,655	917,300,429,973	(13,019,606,961)	198,524,197,693	(79,276,201)
A2	3,818,222,956	3,123,732,363	694,490,593	(19,091,115)	335,586,058	(32,516)
1	66,247,270,414	36,579,019,503	29,668,250,911	(166,017,143)	13,404,429	(8,378)
	<u>2,673,986,863,998</u>	<u>1,726,323,692,521</u>	<u>947,663,171,477</u>	<u>(13,204,715,219)</u>	<u>198,873,188,180</u>	<u>(79,317,095)</u>
Direct specific allowance						
A1						
A2						
B1	216,324,452,981	202,125,615,290	14,198,837,691	(1,720,569,962)	2,547,967,487	(3,788,783)
B2	1,037,442,493	880,838,761	156,603,732	(20,064,567)	22,808,182	0
C1	170,270,431,493	165,315,525,603	4,954,905,890	(2,065,304,103)	753,747,726	(3,093,750)
C2	1,625,509,839	1,427,413,464	198,096,375	(106,185,255)	29,611,458	0
D	72,150,632,406	63,581,885,795	8,568,746,611	(6,652,744,464)	330,017,835	(1,102)
E	99,867,561,856	54,450,087,643	45,417,474,213	(44,547,482,728)	1,134,372,607	0
2	1,058,353,155	860,182,339	198,170,816	(14,209,453)	0	0
3	1,836,709,631	1,074,234,035	762,475,596	(195,990,069)	0	0
4	1,023,131,232	855,317,478	167,813,754	(88,183,464)	0	0
5	56,718,750	42,267,366	14,451,384	(10,327,306)	0	0
6	861,586,633	813,114,302	48,472,331	(52,537,903)	0	0
	<u>¢ 566,112,530,469</u>	<u>491,426,482,076</u>	<u>74,686,048,393</u>	<u>(55,473,599,274)</u>	<u>4,818,525,295</u>	<u>(6,883,635)</u>
	<u>¢ 3,240,099,394,467</u>	<u>2,217,750,174,597</u>	<u>1,022,349,219,870</u>	<u>(68,678,314,493)</u>	<u>203,691,713,475</u>	<u>(86,200,730)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

Loan portfolio  
Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
Up to date	¢ 2,446,266,640,899	1,616,155,213,690	830,111,427,209	(12,390,301,431)	198,859,783,751	(79,317,095)
Equal or less than 30 days	159,537,313,339	71,972,386,105	87,564,927,234	(804,708,470)	0	0
Equal or less than 60 days	1,935,639,349	1,617,073,223	318,566,126	(9,705,317)	0	0
	<u>2,607,739,593,587</u>	<u>1,689,744,673,018</u>	<u>917,994,920,569</u>	<u>(13,204,715,218)</u>	<u>198,859,783,751</u>	<u>(79,317,095)</u>
Direct specific allowance						
Up to date	459,540,284,532	411,014,353,746	48,525,930,788	(8,309,842,485)	4,831,929,724	(6,883,635)
Equal or less than 30 days	18,308,779,710	14,512,305,891	3,796,473,818	(1,322,207,854)	0	0
Equal or less than 60 days	41,154,549,717	35,608,985,436	5,545,564,282	(1,281,535,109)	0	0
Equal or less than 90 days	14,995,618,303	12,401,678,711	2,593,939,591	(1,198,458,495)	0	0
Equal or less than 180 days	13,883,596,532	8,821,211,375	5,062,385,157	(4,622,997,019)	0	0
More than 180 days	84,476,972,086	45,646,966,420	38,830,005,665	(38,738,558,313)	0	0
	¢ <u>632,359,800,880</u>	<u>528,005,501,579</u>	<u>104,354,299,301</u>	<u>(55,473,599,275)</u>	<u>4,831,929,724</u>	<u>(6,883,635)</u>
	¢ <u>3,240,099,394,467</u>	<u>2,217,750,174,597</u>	<u>1,022,349,219,870</u>	<u>(68,678,314,493)</u>	<u>203,691,713,475</u>	<u>(86,200,730)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of December 31, 2022

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,650,156,915,967	1,794,378,157,679	855,778,758,288	(13,250,784,675)	202,845,894,979	(101,648,141)
A2	32,718,449,769	28,590,515,973	4,127,933,796	(163,592,251)	1,091,310,182	(38,178)
1	69,961,042,387	40,415,032,706	29,546,009,681	(175,440,807)	12,622,297	(7,889)
	<u>2,752,836,408,123</u>	<u>1,863,383,706,358</u>	<u>889,452,701,765</u>	<u>(13,589,817,733)</u>	<u>203,949,827,458</u>	<u>(101,694,208)</u>
Direct specific allowance						
A1						
A2						
B1	246,314,102,283	219,053,964,664	27,260,137,619	(2,458,276,708)	2,828,286,620	(2,798,098)
B2	26,099,160,500	23,698,987,551	2,400,172,949	(358,512,234)	196,280,116	(274,791)
C1	33,229,962,730	30,142,768,324	3,087,194,406	(922,512,445)	526,437,814	(37,813)
C2	10,785,532,322	9,618,725,962	1,166,806,360	(631,496,812)	122,323,954	0
D	86,127,825,472	72,593,157,714	13,534,667,758	(10,359,875,717)	1,310,532,849	(112,290,623)
E	157,646,145,552	91,282,282,876	66,363,862,676	(63,332,404,622)	1,281,795,185	0
2	323,583,353	303,117,352	20,466,001	(2,538,887)	0	0
3	2,117,381,455	1,893,307,783	224,073,672	(65,484,957)	0	0
4	674,481,203	544,624,221	129,856,982	(67,651,612)	0	0
5	353,085,467	352,777,239	308,228	(1,979,646)	0	0
6	670,585,524	634,696,391	35,889,133	(39,062,615)	0	0
	¢ <u>564,341,845,861</u>	<u>450,118,410,077</u>	<u>114,223,435,784</u>	<u>(78,239,796,255)</u>	<u>6,265,656,538</u>	<u>(115,401,325)</u>
	¢ <u>3,317,178,253,984</u>	<u>2,313,502,116,435</u>	<u>1,003,676,137,549</u>	<u>(91,829,613,988)</u>	<u>210,215,483,996</u>	<u>(217,095,533)</u>

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Notes to the Consolidated Financial Statements

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Loan portfolio

Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
Up to date	¢ 2,616,972,841,350	1,768,156,597,846	848,816,243,504	(13,255,781,019)	203,937,205,161	(101,694,208)
Equal or less than 30 days	65,182,671,418	54,188,468,397	10,994,203,021	(330,089,185)	0	0
Equal or less than 60 days	718,675,139	623,607,409	95,067,730	(3,941,639)	0	0
More than 180 days	1,177,835	0	1,177,835	(5,889)	0	0
	<u>2,682,875,365,742</u>	<u>1,822,968,673,652</u>	<u>859,906,692,090</u>	<u>(13,589,817,732)</u>	<u>203,937,205,161</u>	<u>(101,694,208)</u>
Direct specific allowance						
Up to date	442,944,377,903	363,269,003,783	79,675,374,120	(22,235,995,093)	6,278,278,835	(115,401,325)
Equal or less than 30 days	42,061,639,920	34,055,383,622	8,006,256,298	(5,011,315,019)	0	0
Equal or less than 60 days	33,751,541,294	26,810,624,103	6,940,917,191	(3,470,359,836)	0	0
Equal or less than 90 days	20,582,922,507	16,350,844,458	4,232,078,049	(3,003,199,748)	0	0
Equal or less than 180 days	11,599,615,369	7,012,259,227	4,587,356,142	(4,340,985,915)	0	0
More than 180 days	83,362,791,249	43,035,327,590	40,327,463,659	(40,177,940,644)	0	0
	¢ <u>634,302,888,242</u>	<u>490,533,442,783</u>	<u>143,769,445,459</u>	<u>(78,239,796,255)</u>	<u>6,278,278,835</u>	<u>(115,401,325)</u>
	¢ <u>3,317,178,253,984</u>	<u>2,313,502,116,435</u>	<u>1,003,676,137,549</u>	<u>(91,829,613,987)</u>	<u>210,215,483,996</u>	<u>(217,095,533)</u>

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Notes to the Consolidated Financial Statements

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As of September 30, 2022

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,485,695,055,480	1,722,487,187,291	763,207,868,189	(12,428,475,364)	202,765,956,547	(119,745,993)
A2	31,954,512,581	28,077,844,126	3,876,668,455	(159,772,565)	1,033,595,626	(38,178)
1	50,487,559,683	28,055,629,800	22,431,929,883	(126,811,669)	11,887,938	(6,490)
	<u>2,568,137,127,744</u>	<u>1,778,620,661,217</u>	<u>789,516,466,527</u>	<u>(12,715,059,598)</u>	<u>203,811,440,111</u>	<u>(119,790,661)</u>
Direct specific allowance						
A1						
A2						
B1	300,209,508,055	277,655,739,991	22,553,768,064	(2,515,967,106)	5,454,208,856	(11,584,273)
B2	37,515,377,834	33,088,868,821	4,426,509,013	(608,095,247)	192,274,328	(13,740)
C1	53,373,754,127	48,498,333,584	4,875,420,543	(1,461,346,806)	489,734,165	(252,067)
C2	9,477,360,107	8,547,334,796	930,025,311	(507,749,331)	122,498,851	0
D	82,353,011,134	66,474,254,725	15,878,756,409	(12,009,282,794)	1,246,562,280	(117,764,478)
E	161,601,909,515	90,263,107,412	71,338,802,103	(67,525,309,843)	1,312,779,703	(189,339)
2	971,817,974	866,213,106	105,604,868	(9,611,309)	0	0
3	2,050,164,981	1,695,667,806	354,497,175	(97,102,633)	0	0
4	481,116,312	448,564,428	32,551,884	(18,518,764)	0	0
5	403,401,393	382,112,799	21,288,594	(16,812,580)	0	0
6	291,751,599	258,978,036	32,773,563	(34,068,452)	0	0
	<u>¢ 648,729,173,031</u>	<u>528,179,175,504</u>	<u>120,549,997,527</u>	<u>(84,803,864,865)</u>	<u>8,818,058,183</u>	<u>(129,803,897)</u>
	<u>¢ 3,216,866,300,775</u>	<u>2,306,799,836,721</u>	<u>910,066,464,054</u>	<u>(97,518,924,463)</u>	<u>212,629,498,294</u>	<u>(249,594,558)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

Loan portfolio

Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
Up to date	¢ 2,447,984,098,033	1,692,447,479,324	755,536,618,709	(12,363,444,182)	203,799,552,173	(119,790,662)
Equal or less than 30 days	69,061,324,312	57,586,933,509	11,474,390,803	(348,594,686)	0	0
More than 180 days	0	0	0	0	0	0
	<u>2 517 649 568 062</u>	<u>1,750,565,031,417</u>	<u>767,084,536,645</u>	<u>(12,715,059,597)</u>	<u>203,799,552,173</u>	<u>(119,790,662)</u>
Direct specific allowance						
Up to date	501,744,212,937	429,246,744,552	72,497,468,385	(26,138,508,852)	8,829,946,121	(129,803,896)
Equal or less than 30 days	37,232,730,968	26,840,032,291	10,392,698,677	(4,584,935,829)	0	0
Equal or less than 60 days	41,515,680,089	33,963,875,071	7,551,805,018	(3,815,440,956)	0	0
Equal or less than 90 days	19,286,534,100	15,436,197,164	3,850,336,936	(2,473,609,058)	0	0
Equal or less than 180 days	10,886,547,450	6,629,290,466	4,257,256,984	(3,971,923,761)	0	0
More than 180 days	88,551,027,169	44,118,665,760	44,432,361,409	(43,819,446,410)	0	0
	¢ <u>699,216,732,713</u>	<u>556,234,805,304</u>	<u>142,981,927,409</u>	<u>(84,803,864,866)</u>	<u>8,829,946,121</u>	<u>(129,803,896)</u>
	¢ <u>3,216,866,300,775</u>	<u>2,306,799,836,721</u>	<u>910,066,464,054</u>	<u>(97,518,924,463)</u>	<u>212,629,498,294</u>	<u>(249,594,558)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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Following is an analysis of the balance of the loan portfolio of Banco de Costa Rica, assessed individually with allowance, according to gross and net amounts, after deducting the allowance for loan losses, by risk classification in accordance with the applicable regulations:

As of September 30, 2023	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2,603,921,370,628	2,590,901,763,667
A2	3,818,222,956	3,799,131,842
B1	216,324,452,981	214,603,883,018
B2	1,037,442,493	1,017,377,926
C1	170,270,431,493	168,205,127,390
C2	1,625,509,839	1,519,324,584
D	72,150,632,406	65,497,887,942
E	99,867,561,856	55,320,079,128
1	66,247,270,414	66,081,253,272
2	1,058,353,155	1,044,143,702
3	1,836,709,631	1,640,719,561
4	1,023,131,232	934,947,768
5	56,718,750	46,391,444
6	861,586,633	809,048,730
	¢ <u>3,240,099,394,467</u>	<u>3,171,421,079,974</u>

As of December 31, 2022	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2,650,156,915,967	2,636,906,131,290
A2	32,718,449,769	32,554,857,518
B1	246,314,102,283	243,855,825,577
B2	26,099,160,500	25,740,648,266
C1	33,229,962,730	32,307,450,285
C2	10,785,532,322	10,154,035,510
D	86,127,825,472	75,767,949,755
E	157,646,145,552	94,313,740,930
1	69,961,042,387	69,785,601,581
2	323,583,353	321,044,466
3	2,117,381,455	2,051,896,498
4	674,481,203	606,829,591
5	353,085,467	351,105,821
6	670,585,524	631,522,909
	¢ <u>3,317,178,253,984</u>	<u>3,225,348,639,997</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

As of September 30, 2022		Loans receivable	
		Gross	Net
Risk category:			
A1	¢	2,485,695,055,480	2 473 266 580 119
A2		31,954,512,581	31,794,740,016
B1		300,209,508,055	297,693,540,949
B2		37,515,377,834	36,907,282,586
C1		53,373,754,127	51,912,407,321
C2		9,477,360,107	8,969,610,775
D		82,353,011,134	70,343,728,339
E		161,601,909,515	94,076,599,672
1		50,487,559,683	50,360,748,015
2		971,817,974	962,206,665
3		2,050,164,981	1,953,062,348
4		481,116,312	462,597,548
5		403,401,393	386,588,813
6		291,751,599	257,683,146
	¢	<u>3,216,866,300,775</u>	<u>3,119,347,376,312</u>

In compliance with SUGEF Directive 1-05, as of September 30, 2023, the Bank must maintain a minimum allowance in the amount of ¢ 68,764,515,223, (¢92,046,079,520 and ¢97,768,519,021, for December and September 2022, respectively) of which ¢68,678,314,493, (¢91,829,613,987 and ¢7,518,924,463,, for December and September 2022, respectively) is allocated to the valuation of the direct loan portfolio and ¢86,200,730, (¢217,095,533 and ¢249,594,558, for December and September 2022, respectively) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢ 11,235,247,486, (¢4,779,400,343 and ¢4,779,400,343, for December and September 2022, respectively).

Following is an analysis of the balances of BICSA's loan portfolio, individually evaluated with an allowance according to the gross amount and the net amount after deducting the allowance for doubtful accounts resulting from the risk assessment in accordance with the applicable regulations:



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September 30, 2023		
	September 2023	December 2022	September 2022
<b>Banco Internacional de Costa Rica, S.A. and subsidiaries</b>			
Principal	¢ 843,085,858,442	936,512,018,786	963,766,339,786
Interest	4,955,211,419	4,526,975,727	4,908,808,166
	<b>848,041,069,861</b>	<b>941,038,994,513</b>	<b>968,675,147,952</b>
Allowance for doubtful accounts	(12,786,263,006)	(14,646,808,792)	(14,637,626,673)
Carrying amount	¢ <b>835,254,806,855</b>	<b>926,392,185,721</b>	<b>954,037,521,279</b>
<b>Loan portfolio, net of allowance</b>	¢ <b>825,325,162,322</b>	<b>915,394,072,438</b>	<b>945,939,713,834</b>
<b>At amortized cost</b>			
Level 1: Normal or low risk	801,649,700,040	867,343,534,901	889,133,452,307
Level 2: Special mention	17,985,563,708	31,131,176,055	34,705,408,872
Level 3: Subnormal	8,608,749,434	18,411,628,935	23,542,468,477
Level 4: Doubtful	2,158,284,911	2,661,749,762	3,232,423,485
Level 5: Uncollectable	12,683,560,351	16,963,929,135	13,152,586,646
	843,085,858,444	936,512,018,788	963,766,339,787
Allowance for impairment	(12,786,263,006)	(14,646,808,792)	(14,637,626,673)
Carrying amount	<b>830,299,595,438</b>	<b>921,865,209,996</b>	<b>949,128,713,114</b>
<b>Impaired renegotiated loans</b>			
Gross amount	3,339,784,249	5,123,722,965	2,620,071,375
Impaired amount	<b>3,339,784,249</b>	<b>5,123,722,965</b>	<b>2,620,071,375</b>
Allowance for impairment	1,454,617,178	1,159,126,139	53,356,646
<b>Total, net</b>	<b>1,885,167,071</b>	<b>3,964,596,826</b>	<b>2,566,714,729</b>
<b>Not in arrears or impaired:</b>			
Level 1: Normal or low risk	801,649,700,040	867,343,534,901	889,133,452,307
Level 2: Special mention	17,985,563,708	31,131,176,055	34,705,408,872
<b>Sub-total</b>	<b>819,635,263,748</b>	<b>898,474,710,956</b>	<b>923,838,861,179</b>
<b>Individually impaired</b>			
Level 3: Subnormal	8,608,749,434	18,411,628,935	23,542,468,477
Level 4: Doubtful	2,158,284,911	2,661,749,762	3,232,423,485
Level 5: Uncollectable	12,683,560,350	16,963,929,134	13,152,586,645
<b>Sub-total</b>	<b>23,450,594,695</b>	<b>38,037,307,831</b>	<b>39,927,478,607</b>
<b>Allowance for impairment</b>			
Specific	12,786,263,006	14,646,808,792	14,539,432,325
Collective	0	0	98,194,348
Total allowance for impairment	<b>12,786,263,006</b>	<b>14,646,808,792</b>	<b>14,637,626,673</b>
<b>Clients' obligations for acceptances</b>			
Carrying amount	¢ <b>4,974,433,115</b>	<b>6,471,137,557</b>	<b>3,188,999,279</b>
<b>Interest receivable</b>	¢ <b>4,955,211,418</b>	<b>4,526,975,726</b>	<b>4,908,808,166</b>
<b>Net loan portfolio (carrying amount)</b>	¢ <b>835,254,806,855</b>	<b>926,392,185,721</b>	<b>954,037,521,279</b>

As of September 30, 2023, the allowance for impairment of BICSA's loan portfolio is of ¢12,786,263,006, (¢14,646,808,792 and ¢14,637,627,939, for December and September 2022, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

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The concentration of the portfolio of direct loans and contingent loans by sector (economic activity) is as follows:

	September 2023		December 2022		September 2022	
	<u>Direct Loan Portfolio</u>	<u>Contingent Loan Portfolio</u>	<u>Direct Loan Portfolio</u>	<u>Contingent Loan Portfolio</u>	<u>Direct Loan Portfolio</u>	<u>Contingent Loan Portfolio</u>
Trade	¢ 443,493,657,238	28,702,621,834	468,339,740,242	31,217,267,872	600,366,017,731	34,842,138,721
Manufacturing	345,762,057,479	2,123,084,374	409,400,956,418	3,996,749,218	390,204,816,736	5,769,741,616
Construction, purchase, and repair of real estate	1,508,417,172,169	10,027,590,189	1,499,484,435,274	10,620,139,574	1,386,134,834,474	11,470,808,045
Agriculture, livestock, hunting, and related services	160,448,998,211	243,804,223	183,941,629,442	25,977,674	185,069,079,026	27,303,766
Fishing and aquaculture	42,986,799	0	43,712,963	0	44,076,348	2,004,293,718
Retail	451,193,584,996	130,086,829,625	270,850,551,147	121,390,465,394	269,595,149,978	105,727,107,168
Education	679,871,590	0	740,142,594	0	759,328,069	0
Transportation	34,008,123,216	558,892,720	33,732,957,042	46,601,692	47,272,515,990	62,467,538
Stock market financial activity	770,105,503	0	3,385,299,600	0	3,482,482,898	0
Electricity, telecom, gas, and water Services	240,714,168,608	0	234,561,181,309	0	234,921,281,581	0
	722,278,557,593	104,258,949,917	959,174,202,303	141,890,034,615	873,387,903,106	163,955,575,665
Hospitality	107,539,260,229	0	119,607,586,829	0	123,434,987,535	0
Mining and quarries	23,726,264	0	28,843,116	0	30,506,809	0
Real estate, business, and leasing activities	23,840,459,930	0	26,519,811,034	0	27,963,310,260	0
Public Administration	19,921,304,502	1,076,953,968	24,395,604,351	5,354,277,708	17,249,503,061	1,122,623,543
Other activities from the non-financial private sector	466,949,146	17,256,482	528,204,294	19,154,118	123,434,987,535	20,131,881
See notes 6 and 19	¢ <u>4,059,600,983,473</u>	<u>277,095,983,332</u>	<u>4,234,734,857,958</u>	<u>314,560,667,865</u>	<u>4,160,473,573,375</u>	<u>325,002,191,661</u>
Other contingencies	0	239,975,710,436	0	254,313,912,940	0	264,304,107,812
	¢ <u>4,059,600,983,473</u>	<u>517,071,693,768</u>	<u>4,234,734,857,958</u>	<u>568,874,580,805</u>	<u>4,160,473,573,375</u>	<u>589,306,299,473</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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The concentration by geographical region of the loan portfolio of the subsidiary Banco Internacional de Costa Rica, S.A., is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Germany	¢ 481,067,211	0	0
Brazil	135,587,500	300,995,000	0
Chile	5,077,739,282	7,064,800,079	1,898,160,000
China	3,207,620,605	1,660,215,338	3,753,865,753
Colombia	260,058,739	256,851,790	521,613,735
Costa Rica	248,021,353,516	285,856,021,951	306,418,724,872
Denmark	2,060,930,000	2,111,636,442	2,219,429,907
Ecuador	82,634,524,367	75,277,715,929	86,675,263,750
El Salvador	81,671,002,365	90,445,311,961	107,038,798,258
Spain	13,405,517,571	14,858,360,884	6,636,412,162
United States of America	8,823,901,098	9,938,438,413	12,980,416,573
Guatemala	37,072,004,995	43,252,919,399	47,388,261,025
Netherlands	4,745,562,500	6,019,900,000	0
Honduras	14,335,691,345	16,838,156,930	19,221,671,684
Luxembourg	2,711,750,000	0	0
México	35,655,217,017	50,138,264,760	46,169,127,903
Nicaragua	9,952,287,293	15,937,961,148	15,550,668,840
Panamá	269,016,417,390	284,146,546,629	278,927,945,662
Perú	4,941,154,259	7,427,429,091	8,751,495,785
Dominican Republic	7,592,900,000	12,039,800,000	12,654,400,000
Switzerland	8,846,353,537	9,450,146,228	0
Uruguay	0	0	60,486,134
Others *	2,437,217,983	3,490,546,905	6,899,597,743
	<b>¢ 843,085,858,573</b>	<b>936,512,018,877</b>	<b>963,766,339,786</b>

The concentration by geographical region of the loan portfolio of Banco de Costa Rica is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Costa Rica	¢ 3,218,515,124,899	3,298,222,308,876	3,196,706,703,384
	<b>¢ 3,218,515,124,899</b>	<b>3,298,222,308,876</b>	<b>3,196,706,703,384</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2023, the Bank keeps trust commissions in the amount of ¢619,125, (¢166,500 and ¢320,767, for December and September 2022, respectively).

The balance of foreclosed assets is as follows (See note 7):

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Properties	¢	106,093,874,091	115,127,502,923	120,078,935,902
Others		584,524,641	658,544,163	551,706,464
	¢	<b><u>106,678,398,732</u></b>	<b><u>115,786,047,086</u></b>	<b><u>120,630,642,366</u></b>

BICSA, has a five (5) year term to transfer the real property acquired as payment of unpaid loans as of the registration date of the property; if after such a term the property has not been sold, there must be an independent appraisal to estimate its value.

On the other hand, a reserve is made in the equity account through the following allocation: a) non-distributed profits and b) profits of the year. The aforementioned reserve will be kept until an effective transfer of the acquired property has taken place.

The direct loan portfolio by type of guarantee is detailed below (See notes 6 and 19):

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Guarantee</b>				
Pledged assets	¢	34,703,975,864	41,620,675,381	35,886,917,931
Fiduciary		463,137,258,478	418,584,082,182	1,042,704,208,916
Mortgage		1,717,963,618,604	1,871,410,732,355	1,576,428,126,809
Chattel		193,987,743,123	201,876,369,632	152,241,616,788
Others		1,649,808,387,404	1,701,242,998,408	1,273,890,001,802
	¢	<b><u>4,059,600,983,473</u></b>	<b><u>4,234,734,857,958</u></b>	<b><u>4,160,473,573,375</u></b>

As of September 30, 2023, 47% of the loan portfolio is secured by mortgage or chattel collaterals, (49% and 42% for December and September 2022, respectively).

Pursuant to SUGEF Directive 5-04, “Regulations on Credit Limits to Individual Persons and Economic Interest Groups”, the Bank debugs information on reported data of economic interest groups as part of their responsibility to identify significant administrative and equity relationships among debtors with total active operations.

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2023, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

The concentration of the loan portfolio by economic interest group is as follows:

As of September 30, 2023:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	26,628,144,598	¢ 256,744,880,969	3,418
2	5-9,99%	53,256,289,197	201,959,155,294	307
3	10-14,99%	79,884,433,795	329,396,437,374	269
4	15-20%	106,512,578,393	214,943,905,231	44
<b>Total</b>			¢ <b>1,003,044,378,868</b>	<b>4,038</b>

As of December 31, 2022:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	25,336,162,784	¢ 272,302,144,977	2,822
2	5-9,99%	50,672,325,569	475,114,768,280	257
3	10-14,99%	76,008,488,353	345,998,196,992	256
4	15-20%	101,344,651,138	291,162,059,221	50
<b>Total</b>			¢ <b>1,384,577,169,470</b>	<b>3,385</b>

As of September 30, 2022:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	25,336,162,784	¢ 122,800,340,741	413
2	5-9,99%	50,672,325,569	184,504,558,594	71
3	10-14,99%	76,008,488,353	466,616,021,619	0
4	15-20%	101,344,651,138	431,288,848,927	23
<b>Total</b>			¢ <b>1,205,209,769,881</b>	<b>507</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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(b) Management of market and liquidity risk

Definitions

Market risk is defined as the possibility to potential losses that may occur in on- and off-balance positions due to adverse movements in the factors that determine their price, also known as risk factors, such as liquidity, interest rates, exchange rate and inflation, including the portfolios under management.

The liquidity risk is generated when the financial institution cannot meet the enforceability or obligations with third parties, due to insufficient cash flow, resulting from the outcome between the term of the recoveries (active operations) and the term of the obligations (liabilities); or else, due to the inadequate pricing mechanism that makes it impossible to know the price to transform an asset and /or liability into liquidity.

The risk of asset price and inflation measures the possible losses that can occur in financial assets that are part of the investment portfolios, and in a reduction in the purchasing power of the money flows received by the Bank.

Interest rate risk is defined as the possibility that the Entity incurs in losses as a result of changes in the present value of the assets and liabilities in which the Bank maintains positions on or off the balance sheet.

Finally, the exchange rate risk is the possibility of suffering losses because of variations in the exchange rate. It is made up of conversion risks, foreign currency position risks and transaction risks. This risk also manifests itself when the net result of the exchange rate adjustment does not proportionally compensate for the adjustment in the value of assets denominated in foreign currency, causing a reduction in the equity sufficiency indicator or in any model that in the event of variations in this macro price has a negative effect on the determination of exchange risk.

Management methodology of market and liquidity risk

Two methodologies are used to measure exposure to price risk; one is regulatory, and the other is internal. The regulatory methodology is monthly, uses historical simulation and its results are weighted in the price risk of Equity Sufficiency. For its part, the internal methodology consisting of a parametric value at risk with daily monitoring of the impact of interest rate and exchange rate factors on the performance of the investment portfolio.

BANCO DE COSTA RICA AND SUBSIDIARIES

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In terms of interest rates, the Bank is sensitive to this type of risk due to the mix of rates and terms, both in assets and liabilities. This sensibility is mitigated through the management of variable rates and the combination of terms monitored by internal models.

Furthermore, the management of operational liquidity risk is periodically evaluated by updating the Bank's six months projected cash flow and calculating the liquidity coverage indicator; the deadlines are prepared on a weekly basis. All liquidity risk indicators are calculated by currency.

The Entity implements other internal methodologies that serve as early warnings in the management of this risk: deposits volatility, debt levels, liability structure, and liquidity degree of assets, availability of funding and the overall effectiveness of the gap of timelines.

Tolerance limits and risk indicators

The main indicators for controlling the market risk limits are the following:

- Liquidity risk: Maximum expected outflow of deposits of the public by currency, match at one- and three months match by currency and liquidity coverage ratio (ICL) by currency.
- Price risk: VaR of the Investment portfolio through internal and regulatory models.
- Exchange risk: Sensitivity of the equity position in foreign currency, through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

Each of the previous indicators has parameters of acceptability and limits that are approved by the General Board of Directors.

(c) Liquidity risk

Cash and cash equivalents show a year-on-year increase of 3.27%, mainly due to decrease in demand deposits, as well as current accounts and demand deposits in foreign financial institutions (see cash and cash equivalents table in note 2).

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Demand deposits decreased by 5.41% on a year-on-year basis, due to the decrease in current account balances, certificates, demand savings deposits and demand savings deposits (see chart of demand obligations with the public in note 4).

Wholesale funding decreased on a year-on-year basis by 38.39%, mainly in term obligations with the BCCR, obligations for checks due for collection, loans from financial entities abroad, obligations for assets for-the-right of use received under lease and obligations for deferred liquidity operations. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

In the following table, the year-on-year results for the end of September 2023 are observed:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Liquidity coverage indicator (colones)	1.37	1.07	1.15
Liquidity coverage indicator (US Dollars)	1.43	1.44	1.35
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results:

Regulatory liquidity matches by currency and term		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>	<b>Approved levels</b>
<b>Indicator</b>	<b>Interpretation</b>	<b>Observation</b>	<b>Observation</b>	<b>Observation</b>	
1-month term matching US dollars	Ratio between assets and liabilities with account's volatility	1.91	2.18	2.07	Limit: 1.10
1-month term matching colones		2.44	1.89	1.68	Limit: 1.00
3-months term matching US dollars		1.25	1.50	1.60	Limit: 0.94
3-months term matching colones		1.31	1.56	1.08	Limit: 0.85

The matching of terms shows ease with respect to the limits, which is a direct effect of the measures taken in cash flow management.

The Bank maintains reports that allow monitoring the main operational and structural indicators, as well as an alignment of liquidity management with credit and market risk.



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The maturity dates of the Bank's assets and liabilities are as follows:

As of September 30, 2023

<b>Assets</b>	<b>Demand</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to 365 days</b>	<b>More than 365 days</b>	<b>Items overdue for more than thirty days</b>	<b>Total</b>	
Availabilities	¢ 341,949,577,119	0	0	0	0	0	281,899,256	0	342,231,476,375	
Legal cash requirement BCCR	400,746,542,459	27,122,190,901	42,582,355,210	34,821,071,243	55,805,459,150	29,277,329,773	35,336,746,126	0	625,691,694,862	
Investment in securities	596,159,231	217,015,076,941	48,544,020,221	17,174,164,684	96,694,066,053	242,533,298,795	874,134,892,952	0	1,496,691,678,877	
Interest on investments	2,183,572	8,017,166,622	1,974,115,920	1,299,420,715	5,876,726,290	1,819,571,317	999,616,493	0	19,988,800,929	
Loan portfolio	0	138,331,481,979	112,488,443,648	111,728,469,082	278,356,419,628	218,657,052,383	3,025,456,989,777	154,683,488,330	4,039,702,344,827	
Interest on loan portfolio	0	9,969,139,260	3,514,178,757	383,861,645	1,033,393,624	549,006,969	8,417,793,861	2,661,999,745	26,529,373,861	
	¢ <b>743,294,462,381</b>	<b>400,455,055,703</b>	<b>209,103,113,756</b>	<b>165,406,987,369</b>	<b>437,766,064,745</b>	<b>492,836,259,237</b>	<b>3,944,627,938,465</b>	<b>157,345,488,075</b>	<b>6,550,835,369,731</b>	
<b>Liabilities</b>										
Obligations with the public	¢ 2,905,140,824,138	212,335,943,049	317,883,523,287	263,362,496,604	482,204,276,489	295,904,417,337	400,965,657,225	0	4,877,797,138,129	
Obligations with BCCR	0	0	0	0	0	0	104,826,771,127	0	104,826,771,127	
Obligations with financial										
Entities	88,711,813,928	248,404,713,368	38,374,512,146	40,942,472,036	73,616,398,387	56,778,767,324	171,711,629,403	0	718,540,306,592	
Charges payable on obligations	2,224,694,494	7,730,486,268	16,639,115,926	4,642,585,525	12,704,865,521	3,316,877,123	6,180,804,754	0	53,439,429,611	
	<b>2,996,077,332,560</b>	<b>468,471,142,685</b>	<b>372,897,151,359</b>	<b>308,947,554,165</b>	<b>568,525,540,397</b>	<b>356,000,061,784</b>	<b>683,684,862,509</b>	<b>0</b>	<b>5,754,603,645,459</b>	
<b>Asset-liability gap</b>	¢ <b>(2,252,782,870,179)</b>	<b>(68,016,086,982)</b>	<b>(163,794,037,603)</b>	<b>(143,540,566,796)</b>	<b>(130,759,475,652)</b>	<b>136,836,197,453</b>	<b>3,260,943,075,956</b>	<b>157,345,488,075</b>	<b>796,231,724,272</b>	

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As of December 31, 2022

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 397,354,391,230	0	0	0	0	0	161,362,379	0	397,515,753,609
Legal cash requirement BCCR	409,327,785,136	26,898,352,628	18,444,325,361	20,032,812,825	43,171,216,605	53,116,731,680	22,148,717,863	0	593,139,942,098
Investment in securities	1,112,723,802	322,249,975,334	69,735,239,724	51,567,431,481	127,020,526,811	214,861,257,788	926,068,821,742	0	1,712,615,976,682
Interest on investments	2,504,381	12,655,289,277	7,672,622,082	2,165,713,766	1,318,148,923	237,782,607	1,027,254,325	0	25,079,315,361
Loan portfolio	6,640,462,404	144,177,939,955	124,933,908,411	143,993,273,850	282,217,364,256	215,880,928,919	3,146,855,847,835	149,701,971,122	4,214,401,696,752
Interest on loan portfolio	0	10,189,742,174	1,077,161,798	436,174,726	1,480,015,476	509,479,287	2,256,661,122	7,533,686,252	23,482,920,835
	¢ <b>814,437,866,953</b>	<b>516,171,299,368</b>	<b>221,863,257,376</b>	<b>218,195,406,648</b>	<b>455,207,272,071</b>	<b>484,606,180,281</b>	<b>4,098,518,665,266</b>	<b>157,235,657,374</b>	<b>6,966,235,605,337</b>
<b>Liabilities</b>									
Obligations with the public	¢ 3,310,927,955,196	244,892,129,680	209,070,983,071	188,768,334,995	390,684,088,870	504,322,216,523	341,245,209,642	0	5,189,910,917,977
Obligations with BCCR	0	25,020,309,751	0	0	0	0	109,474,722,460	0	134,495,032,211
Obligations with financial									
Entities	86,352,278,394	319,905,134,282	64,045,526,418	35,595,374,308	98,722,793,374	119,540,188,485	131,504,090,589	0	855,665,385,850
Charges payable on obligations	1,527,021,044	7,295,379,928	4,442,390,564	2,073,545,675	3,984,878,257	4,378,775,886	4,472,864,118	0	28,174,855,472
	<b>3,398,807,254,634</b>	<b>597,112,953,641</b>	<b>277,558,900,053</b>	<b>226,437,254,978</b>	<b>493,391,760,501</b>	<b>628,241,180,894</b>	<b>586,696,886,809</b>	<b>0</b>	<b>6,208,246,191,510</b>
<b>Asset-liability gap</b>	¢ <b>(2,584,369,387,681)</b>	<b>(80,941,654,273)</b>	<b>(55,695,642,677)</b>	<b>(8,241,848,330)</b>	<b>(38,184,488,430)</b>	<b>(143,635,000,613)</b>	<b>3,511,821,778,457</b>	<b>157,235,657,374</b>	<b>757,989,413,827</b>

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As of September 30, 2022

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 398,466,996,085	0	0	0	0	0	121,569,366	0	398,588,565,451
Legal cash requirement BCCR	408,423,223,945	23,072,770,265	34,244,322,243	27,408,373,306	50,201,084,333	45,843,703,867	21,723,709,589	0	610,917,187,548
Investment in securities	464,775,077	292,830,762,	7,102,429,471	7,135,732,851	153,370,294,664	267,874,328,524	1,011,422,604,309	0	1,740,200,927,806
Interest on investments	850,955	1,553,808,152	2,538,713,819	3,484,650,453	7,933,204,760	71,755,847	740,191,408	0	16,323,175,394
Loan portfolio	21,470,053,529	124,815,232,232	116,801,591,738	127,450,528,006	254,248,287,040	232,512,798,906	3,101,176,593,466	162,832,397,386	4,141,307,482,303
Interest on loan portfolio	102,196,301	7,955,579,875	3,244,812,250	606,177,706	631,814,539	456,097,308	3,117,011,258	8,954,716,319	25,068,405,556
	<u>¢ 828,928,095,892</u>	<u>450,228,153,434</u>	<u>163,931,869,521</u>	<u>166,085,462,322</u>	<u>466,384,685,336</u>	<u>546,758,684,452</u>	<u>4,138,301,679,396</u>	<u>171,787,113,705</u>	<u>6,932,405,744,058</u>
<b>Liabilities</b>									
Obligations with the public	¢ 3,085,338,436,474	203,361,141,057	273,860,339,455	222,463,308,305	473,595,128,530	425,129,416,696	319,146,446,880	0	5,002,894,217,397
Obligations with BCCR	0	100,025,687,846	0	0	0	0	115,723,582,977	0	215,749,270,823
Obligations with financial Entities	114,626,714,266	420,760,556,841	43,609,667,094	78,832,772,783	126,104,586,930	69,118,452,235	116,084,145,142	0	969,136,895,291
Charges payable on obligations	1,590,291,900	2,998,979,271	3,475,289,105	2,993,785,632	5,527,005,878	3,106,607,110	4,603,651,549	0	24,295,610,445
	<u>3,201,555,442,640</u>	<u>727,146,365,015</u>	<u>320,945,295,654</u>	<u>304,289,866,720</u>	<u>605,226,721,338</u>	<u>497,354,476,041</u>	<u>555,557,826,548</u>	<u>0</u>	<u>6,212,075,993,956</u>
<b>Asset-liability gap</b>	<u>¢ (2,372,627,346,748)</u>	<u>(276,918,211,581)</u>	<u>(157,013,426,133)</u>	<u>(138,204,404,398)</u>	<u>(138,842,036,002)</u>	<u>49,404,208,411</u>	<u>3,582,743,852,848</u>	<u>171,787,113,705</u>	<u>720,329,750,102</u>

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(d) Price risk of the portfolio

The Bank manages two investment portfolios: own Funds and Development Credit Funds.

In the case of own funds, a concentration of 57.57% is observed in instruments issued by the Ministry of Finance, In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

Following are the results of the VaR methodology-SUGEF 03-06, considering both portfolios:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
VaR	¢ <u>14,604,993,202</u>	<u>23,585,525,696</u>	<u>24,018,254,012</u>

The year-on-year increase in the indicator is an effect of the increase in price volatility of investment instruments because of the global pandemic, the election year, the Russia-Ukraine war and the market value of the portfolio.

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk, As of September 30, 2023, a sensitivity analysis on possible variations in interest rates was developed.

Sensitivity to an increase in the interest rate of investments

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Investment in financial instruments	¢ 1,216,597,220,379	1,405,067,101,407	170,238,397
Increase in rates by 1%	240,559,042	352,390,708	8,114,167
Increase in rates by 2%	¢ <u>481,118,084</u>	<u>704,781,417</u>	<u>162,228,333</u>

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Sensitivity to a decrease in the interest rate of investments

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Investment in financial instruments	¢ 1,216,597,220,379	1,405,067,101,407	170,238,397
Decrease in rates by 1%	240,559,042	352,390,708	8,114,167
Decrease in rates by 2%	¢ 481,118,084	704,781,417	162,228,333

Sensitivity to an increase in the interest rate of loan portfolio

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Loan portfolio	¢ 3,126,735,755,323	3,207,999,876,911	3,177,540,613
Increase in rates by 1%	1,494,419,128	1,723,044,843	1,953,498,373
Increase in rates by 2%	¢ 2,995,675,012	3,454,768,324	3,920,071,768

Sensitivity to a decrease in the interest rate of loan portfolio

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Loan portfolio	¢ 3,126,735,755,323	3,207,999,876,911	3,177,540,613
Decrease in rates by 1%	1,485,892,119	1,707,440,473	1,943,303,960
Decrease in rates by 2%	¢ 2,971,416,690	3,399,901,305	3,871,173,254

Sensitivity to an increase in the interest rate of obligations with the public

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Obligations with the public	¢ 4,436,198,180,311	4,691,855,488,958	4,506,952,151,761
Increase in rates by 1%	2,619,849,750	3,264,320,199	2,591,591,989
Increase in rates by 2%	¢ 5,239,699,500	6,528,640,398	5,183,183,978

Sensitivity of a decrease in the interest rate of obligations with the public

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Obligations with the public	¢ 4,436,198,180,311	4,691,855,488,958	4,506,952,151,761
Decrease in rates by 1%	2,619,849,750	3,264,320,199	2,591,591,989
Decrease in rates by 2%	¢ 5,239,699,500	6,528,640,398	5,183,183,978

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Sensitivity to an increase in the interest rate of term financial obligations

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Financial term obligations	¢ 2,291,428,750	3,130,348,000	8,872,967,547
Increase in rates by 1%	1,909,524	2,608,623	7,394,140
Increase in rates by 2%	¢ 3,819,048	5,217,247	14,788,279

Sensitivity of a decrease in the interest rate of term financial obligations

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Financial term obligations	¢ 2,291,428,750	3,130,348,000	8,872,967,547
Decrease in rates by 1%	1,909,524	2,608,623	7,394,140
Decrease in rates by 2%	¢ 3,819,048	5,217,247	14,788,279

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As of September 30, 2023, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Colones:</b>								
<b>Assets</b>								
Investment in securities	7.60%	¢ 122,266,451,531	37,345,028,342	71,079,938,909	148,157,064,327	182,887,607,153	531,419,354,428	1,093,155,444,690
Loan portfolio	8.85%	1,456,073,854,417	222,854,453,080	30,142,745,174	50,882,271,194	104,490,417,306	1,379,927,432,335	3,244,371,173,506
<b>Total recovery of assets (*)</b>		<b>1,578,340,305,948</b>	<b>260,199,481,422</b>	<b>101,222,684,083</b>	<b>199,039,335,521</b>	<b>287,378,024,459</b>	<b>1,911,346,786,763</b>	<b>4,337,526,618,196</b>
<b>Liabilities</b>								
Obligations with the public		140,245,380,961	466,376,205,986	309,629,436,216	138,867,094,683	107,502,154,307	85,693,191,000	1,248,313,463,153
Obligations with Central Bank of Costa Rica								
Obligations with financial entities	2.21%	34,541,434,932	8,906,551,779	33,485,885,964	16,519,186,678	106,367,210,882	2,000,672,899	201,820,943,134
<b>Total matured liabilities (*)</b>		<b>174,786,815,893</b>	<b>475,282,757,765</b>	<b>343,115,322,180</b>	<b>155,386,281,361</b>	<b>213,869,365,189</b>	<b>87,693,863,899</b>	<b>1,450,134,406,287</b>
<b>Asset and liability gap</b>		<b>1,403,553,490,055</b>	<b>(215,083,276,343)</b>	<b>(241,892,638,097)</b>	<b>43,653,054,160</b>	<b>73,508,659,270</b>	<b>1,823,652,922,864</b>	<b>2,887,392,211,909</b>
<b>US dollars:</b>								
<b>Assets</b>								
Investment in securities	4.69%	¢ 104,911,366,089	33,996,544,378	46,302,382,721	73,995,069,079	85,225,792,453	89,160,489,784	433,591,644,504
Loan portfolio	7.70%	283,758,196,190	27,873,819,685	25,183,744,201	27,825,148,184	142,543,054,374	336,153,361,903	843,337,324,537
<b>Total recovery of assets (*)</b>		<b>388,669,562,279</b>	<b>61,870,364,063</b>	<b>71,486,126,922</b>	<b>101,820,217,263</b>	<b>227,768,846,827</b>	<b>425,313,851,687</b>	<b>1,276,928,969,041</b>
<b>Liabilities</b>								
Obligations with the public		53,338,933,433	83,077,509,967	88,245,270,411	73,688,473,786	23,258,682,006	12,683,120,149	334,291,989,752
Demand obligations	0.46%	160,378,631,978	37,715,096,556	82,245,647,404	89,931,331,557	139,742,345,727	11,441,717,689	
Obligations with financial entities	2.95%	(24,309,435,111)	417,366,072	857,116,663	1,308,834,311	2,564,225,116	13,756,539,575	(5,405,353,374)
<b>Total matured liabilities (*)</b>		<b>29,029,498,322</b>	<b>83,494,876,039</b>	<b>89,102,387,074</b>	<b>74,997,308,097</b>	<b>25,822,907,122</b>	<b>26,439,659,724</b>	<b>328,886,636,378</b>
<b>Asset and liability gap</b>		<b>359,640,063,957</b>	<b>(21,624,511,976)</b>	<b>(17,616,260,152)</b>	<b>26,822,909,166</b>	<b>201,945,939,705</b>	<b>398,874,191,963</b>	<b>948,042,332,663</b>

(\*) Interest rate sensitive

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As of December 31, 2022, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Colones:</b>								
<b>Assets</b>								
Investment in securities	5,16%	¢ 76,684,718,640	65,649,681,510	37,175,640,764	188,866,637,301	282,359,164,029	688,591,760,034	1,339,327,602,278
Loan portfolio	8,99%	1,504,204,560,265	174,250,528,636	121,470,602,938	59,561,392,579	82,024,915,648	1,076,757,278,277	3,018,269,278,343
<b>Total recovery of assets (*)</b>		<b>1,580,889,278,905</b>	<b>239,900,210,146</b>	<b>158,646,243,702</b>	<b>248,428,029,880</b>	<b>364,384,079,677</b>	<b>1,765,349,038,311</b>	<b>4,357,596,880,621</b>
<b>Liabilities</b>								
Obligations with the public		150,151,063,221	200,124,626,253	243,695,726,124	267,099,007,341	69,725,881,939	54,143,824,560	984,940,129,438
Obligations with Central Bank of Costa Rica		40,192,309,751	0	0	0	0	0	40,192,309,751
Obligations with financial entities	6,20%	14,145,541,408	13,162,317,334	24,202,037,927	8,039,325,073	109,474,754,546	7,350,610	169,031,326,898
<b>Total matured liabilities (*)</b>		<b>204,488,914,380</b>	<b>213,286,943,587</b>	<b>267,897,764,051</b>	<b>275,138,332,414</b>	<b>179,200,636,485</b>	<b>54,151,175,170</b>	<b>1,194,163,766,087</b>
<b>Asset and liability gap</b>		<b>¢ 1,376,400,364,525</b>	<b>26,613,266,559</b>	<b>(109,251,520,349)</b>	<b>(26,710,302,534)</b>	<b>185,183,443,192</b>	<b>1,711,197,863,141</b>	<b>3,163,433,114,534</b>
<b>US dollars:</b>								
<b>Assets</b>								
Investment in securities	3,73%	¢ 359,044,532,446	80,791,213,037	118,773,726,993	75,400,703,000	36,792,251,395	148,452,301,963	819,254,728,834
Loan portfolio	15,90%	554,255,232,189	40,113,586,468	37,863,923,287	19,294,695,520	16,684,212,226	171,361,075,254	839,572,724,944
<b>Total recovery of assets (*)</b>		<b>913,299,764,635</b>	<b>120,904,799,505</b>	<b>156,637,650,280</b>	<b>94,695,398,520</b>	<b>53,476,463,621</b>	<b>319,813,377,217</b>	<b>1,658,827,453,778</b>
<b>Liabilities</b>								
Obligations with the public		73,940,395,074	111,100,378,804	107,576,025,465	106,577,634,694	28,115,100,038	17,548,727,095	444,858,261,170
Demand obligations	0,38%	207,824,296,148	112,880,295,905	46,640,345,519	87,187,201,974	134,943,152,952	24,765,178,719	
Obligations with financial entities	1,07%	(23,522,153,691)	4,120,926,488	458,290,827	10,760,632,611	2,898,533,137	11,994,610,732	6,710,840,104
<b>Total matured liabilities (*)</b>		<b>50,418,241,383</b>	<b>115,221,305,292</b>	<b>108,034,316,292</b>	<b>117,338,267,305</b>	<b>31,013,633,175</b>	<b>29,543,337,827</b>	<b>451,569,101,274</b>
<b>Asset and liability gap</b>		<b>¢ 862,881,523,252</b>	<b>5,683,494,213</b>	<b>48,603,333,988</b>	<b>(22,642,868,785)</b>	<b>22,462,830,446</b>	<b>290,270,039,390</b>	<b>1,207,258,352,504</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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As of September 30, 2022

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Assets</b>								
Investment in securities	6.10%	¢ 284,343,262,625	14,116,553,819	87,277,612,986	67,487,078,406	401,592,910,476	646,031,796,705	1,500,849,215,017
Loan portfolio	7.91%	1,596,461,903,332	262,396,567,772	34,526,444,175	68,532,908,579	61,809,977,714	634,590,124,118	2,658,317,925,690
<b>Total recovery of assets (*)</b>		<b>1,880,805,165,957</b>	<b>276,513,121,591</b>	<b>121,804,057,161</b>	<b>136,019,986,985</b>	<b>463,402,888,190</b>	<b>1,280,621,920,823</b>	<b>4,159,167,140,707</b>
<b>Liabilities</b>								
Obligations with the public		104,563,201,358	345,969,105,955	198,931,666,344	48,310,371,861	243,019,691,975	40,498,099,225	981,292,436,718
Demand obligations	2.50%	0	0	0	0	0	0	0
Term obligations	5.22%	0	0	0	0	0	0	0
Obligations with Central Bank of Costa Rica		115,012,687,845	0	0	0	0	0	115,012,687,845
Obligations with financial entities	5.27%	164,825,422,111	19,711,890,027	8,757,554,818	16,523,955	131,616,790,334	9,990,078	324,938,171,323
<b>Total matured liabilities (*)</b>		<b>384,401,611,314</b>	<b>365,680,995,982</b>	<b>207,689,221,162</b>	<b>48,326,895,816</b>	<b>374,636,482,309</b>	<b>40,508,089,303</b>	<b>1,421,243,295,886</b>
<b>Asset and liability gap</b>		<b>¢ 1,496,403,554,643</b>	<b>(89,167,874,391)</b>	<b>(85,885,164,001)</b>	<b>87,693,091,169</b>	<b>88,766,405,881</b>	<b>1,240,113,831,520</b>	<b>2,737,923,844,821</b>
<b>Assets</b>								
Investment in securities	2.71%	¢ 252,730,212,620	29,138,922,079	112,628,213,603	171,787,050,171	34,458,159,833	179,288,242,223	780,030,800,529
Loan portfolio	14.01%	629,480,910,971	26,987,504,371	13,175,323,359	8,166,587,593	8,955,963,085	113,844,484,799	800,610,774,178
<b>Total recovery of assets (*)</b>		<b>882,211,123,591</b>	<b>56,126,426,450</b>	<b>125,803,536,962</b>	<b>179,953,637,764</b>	<b>43,414,122,918</b>	<b>293,132,727,022</b>	<b>1,580,641,574,707</b>
<b>Liabilities</b>								
Obligations with the public		19,321,714,716	8,288,873,609	18,495,021,617	9,009,856,585	10,442,558,494	8,529,506,659	74,087,531,680
Demand obligations	0.22%	209,746,371,865	37,545,807,903	101,333,365,243	91,611,102,347	128,778,978,368	26,308,229,959	
Term obligations	1.18%	0	0	0	0	0	0	0
Obligations with financial entities	1.92%	7,314,060,496	9,356,104,700	10,563,176,129	1,423,660,264	2,719,470,868	(13,864,929,980)	17,511,542,477
<b>Total matured liabilities (*)</b>		<b>26,635,775,212</b>	<b>17,644,978,309</b>	<b>29,058,197,746</b>	<b>10,433,516,849</b>	<b>13,162,029,362</b>	<b>(5,335,423,321)</b>	<b>91,599,074,157</b>
<b>Asset and liability gap</b>		<b>¢ 855,575,348,379</b>	<b>38,481,448,141</b>	<b>96,745,339,216</b>	<b>169,520,120,915</b>	<b>30,252,093,556</b>	<b>298,468,150,343</b>	<b>1,489,042,500,550</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of September 30, 2023, for ₡ 2,887,392,211,909, (₡3,163,433,114,53 and ₡2,737,923,844,821, for December and September 2022, respectively) while in foreign currency the same difference is of ₡948,042,332,663, (₡1,207,258,352,504 and ₡1,489,042,500,550, for December and September 2022, respectively) being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities), as of September 30, 2023, the total amount in local currency was of ₡796,231,724,272, (₡757,989,413,761 and ₡720,329,750,102, for December and September 2022, respectively) while in foreign currency, the collected data for the compliance of obligations was of ₡362,961,370, (₡384,363,194 and ₡361,141,605, for December and September 2022, respectively) which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

The Bank incurs in transactions denominated in US dollars and minority Euros.

These currencies experiences periodic fluctuations with respect to the Costa Rican colon, in accordance with the monetary and exchange policies of the Central Bank of Costa Rica (BCCR). Therefore, any fluctuation in the value of the US Dollar affects the results, financial position and cash flows of the entity, which constantly monitors its net foreign currency exposure in order to minimize this risk.

The Bank uses two indicators to manage the foreign exchange risk: term matching of assets and liabilities denominated in foreign currency and sensitivity of the foreign currency position.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US\$149 million as of September 2023 (US\$179 million as of September 2022), given that the appetite for the ratio of position in foreign currency (PME) to base capital (CB) decreased.

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The monetary assets and liabilities in US dollars are detailed as follows:

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Assets:</b>				
Cash and due from banks	US\$	520,746,085	733,977,310	708,280,413
Investment in financial instruments		782,393,237	1,202,978,958	1,162,511,628
Loan portfolio		2,801,159,354	2,818,987,742	2,705,731,058
Accounts and interest receivable		19,487,405	6,403,060	4,115,178
Other assets		11,498,547	27,093,843	10,144,893
<b>Total assets</b>		<b><u>4,135,284,628</u></b>	<b><u>4,789,440,913</u></b>	<b><u>4,590,783,170</u></b>
<b>Liabilities:</b>				
Obligations with the public		2,890,076,169	3,372,710,790	3,298,889,349
Other financial obligations		970,492,975	1,115,872,368	1,033,083,246
Other accounts payable and provisions		34,267,861	34,179,984	30,426,658
Other liabilities		39,801,590	43,052,610	26,468,585
<b>Total liabilities</b>		<b><u>3,934,638,595</u></b>	<b><u>4,565,815,752</u></b>	<b><u>4,388,867,838</u></b>
<b>Net position</b>	US\$	<b><u>200,646,033</u></b>	<b><u>223,625,161</u></b>	<b><u>201,915,332</u></b>

From January 2020 the valuation of monetary assets and liabilities in foreign currency is carried out with reference to the purchase exchange rate set by the BCCR the last business day of each month (previously the purchase exchange rate was used). For September 30, 2023, the exchange rate of ¢542.35 for US \$1.00 (¢632.72 as of September 2022) was used.

The net position is not covered with any instrument; however, the Bank considers it remains at an acceptable level for buying and selling US dollars in the market at the time it is considered, as necessary.

The Bank faces this type of risk when the value of its assets and liabilities in US dollars are affected by variations in the exchange rate, which is recognized in the income statement.

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The following table shows the possible annual profit (loss) if there are variations of 5 percentage points in the exchange rates, respectively:

Sensibility to an increase in the exchange rate

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Net position	US\$	200,646,034	223,625,160	201,915,333
Closing exchange rate		542.35	601.99	632.72
5% increase in the exchange rate		27.12	30.10	31.64
Profit	¢	<u>5,441,520,442</u>	<u>6,731,117,316</u>	<u>6,388,601,136</u>

Sensibility to a decrease in the exchange rate

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Net position	US\$	200,646,034	223,625,160	201,915,333
Closing exchange rate		542.35	601.99	632.72
5% decrease in the exchange rate		(27.12)	(30.10)	(31.64)
Loss	¢	<u>(5,441,520,442)</u>	<u>(6,731,117,316)</u>	<u>(6,388,601,136)</u>

Assets and liabilities in Euros are detailed as follows:

		<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Assets</b>				
Cash and due from banks	EUR€	6,101,277	9,266,142	7,357,746
Other assets		277,896	118	3,105
<b>Total assets</b>		<u>6,379,173</u>	<u>9,266,260</u>	<u>7,360,851</u>
<b>Liabilities</b>				
Obligations with the public		6,207,593	7,043,687	6,463,248
Other financial obligations		935,436	997,385	997,385
Other accounts payable and provisions		29,593	31,904	30,410
Other liabilities		8,761	3,392	35,545
<b>Total liabilities</b>		<u>7,181,383</u>	<u>8,076,368</u>	<u>7,526,588</u>
<b>Net position (surplus assets on monetary liabilities)</b>	EUR€	<u>(802,210)</u>	<u>1,189,892</u>	<u>(165,737)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2023, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	240,829,523	0	0	0	0	0	499,492	0	241,329,015
Legal reserve account-BCCR		197,862,087	13,707,149	8,994,205	10,838,346	21,824,891	18,825,049	7,561,325	0	279,613,052
Investments in securities		188,851	193,021,314	28,120,442	30,551,228	81,589,242	168,766,443	272,755,178	0	774,992,698
Interest on investments		1,778	107,119	2,588,604	(5,153)	1,148,811	3,231,919	725,969	0	7,799,047
Loan portfolio		0	159,469,123	152,229,758	159,406,951	413,157,200	227,904,803	1,688,995,137	101,692,092	2,902,855,064
Interest on loans		0	3,562,150	792,291	600,490	1,845,687	985,372	4,341,693	4,893,372	17,021,055
	US\$	<u>438,882,239</u>	<u>369,866,855</u>	<u>192,725,300</u>	<u>201,391,862</u>	<u>519,565,831</u>	<u>419,713,586</u>	<u>1,974,878,794</u>	<u>106,585,464</u>	<u>4,223,609,931</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1,570,762,409	137,203,399	99,004,943	111,670,281	321,052,072	303,647,693	335,763,056	0	2,879,103,853
Obligations with financial Entities		91,542,375	283,428,810	59,681,905	70,668,934	76,315,258	68,688,782	307,303,286	0	957,629,350
Charges payable on obligations		323,034	4,591,714	3,049,222	2,761,178	3,561,486	3,249,702	6,379,022	0	23,915,358
		<u>1,662,627,818</u>	<u>425,223,923</u>	<u>161,736,070</u>	<u>185,100,393</u>	<u>400,928,816</u>	<u>375,586,177</u>	<u>649,445,364</u>	<u>0</u>	<u>3,860,648,561</u>
<b>Asset and liability gaps</b>	US\$	<u>(1,223,745,579)</u>	<u>(55,357,068)</u>	<u>30,989,230</u>	<u>16,291,469</u>	<u>118,637,015</u>	<u>44,127,409</u>	<u>1,325,433,430</u>	<u>106,585,464</u>	<u>362,961,370</u>

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As of December 31, 2022, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	405,230,329	0	0	0	0	0	249,776	0	405,480,105
Legal reserve account-BCCR		231,461,169	15,261,122	11,748,790	12,545,870	25,263,267	23,300,566	8,916,416	0	328,497,200
Investments in securities		10,165	486,911,821	52,737,199	65,457,929	164,740,633	128,034,450	297,312,626	0	1,195,204,823
Interest on investments		6	3,251,468	2,827,891	85,405	978,406	65,109	652,847	0	7,861,132
Loan portfolio		11,030,852	174,556,065	168,005,244	165,034,133	337,551,163	188,625,026	1,775,527,395	100,198,176	2,920,528,054
Interest on loans		0	3,928,743	691,378	641,060	964,559	816,295	3,724,596	4,704,048	15,470,679
	US\$	<u>647,732,521</u>	<u>683,909,219</u>	<u>236,010,502</u>	<u>243,764,397</u>	<u>529,498,028</u>	<u>340,841,446</u>	<u>2,086,383,656</u>	<u>104,902,224</u>	<u>4,873,041,993</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1,911,769,325	167,967,015	192,598,473	147,621,816	277,161,257	321,234,192	343,721,724	0	3,362,073,802
Obligations with financial Entities		97,875,115	344,477,543	95,547,463	48,720,475	125,564,749	185,534,055	209,367,983	0	1,107,087,383
Charges payable on obligations		260,699	4,479,970	2,363,337	1,341,203	3,019,400	3,856,552	4,196,453	0	19,517,614
		<u>2,009,905,139</u>	<u>516,924,528</u>	<u>290,509,273</u>	<u>197,683,494</u>	<u>405,745,406</u>	<u>510,624,799</u>	<u>557,286,160</u>	<u>0</u>	<u>4,488,678,799</u>
<b>Asset and liability gaps</b>	US\$	<u>(1,362,172,618)</u>	<u>166,984,691</u>	<u>(54,498,771)</u>	<u>46,080,903</u>	<u>123,752,622</u>	<u>(169,783,353)</u>	<u>1,529,097,496</u>	<u>104,902,224</u>	<u>384,363,194</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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September 30, 2023

As of September 30, 2022, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	367,877,802	0	0	0	0	0	174,752	0	368,052,554
Legal reserve account-BCCR		228,726,429	14,657,949	13,481,425	12,275,935	29,421,797	30,629,441	11,034,528	0	340,227,504
Investments in securities		82,081	424,049,932	6,373,833	2,992,002	142,853,338	246,945,299	332,422,048	0	1,155,718,533
Interest on investments		0	127,425	3,674,718	6,999	2,372,204	22,417	589,333	0	6,793,096
Loan portfolio		33,932,946	121,838,229	134,687,215	141,385,811	313,431,015	202,729,113	1,757,815,368	100,097,569	2,805,917,266
Interest on loans		161,519	2,729,467	1,366,108	410,208	936,089	685,539	4,916,860	5,238,413	16,444,203
	US\$	<u>630,780,777</u>	<u>563,403,002</u>	<u>159,583,299</u>	<u>157,070,955</u>	<u>489,014,443</u>	<u>481,011,809</u>	<u>2,106,952,889</u>	<u>105,335,982</u>	<u>4,693,153,156</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1,802,547,027	156,954,546	128,085,289	122,399,459	379,927,232	366,337,180	332,375,391	0	3,288,626,124
Obligations with financial Entities		148,457,591	269,170,314	52,841,807	110,233,818	174,812,990	95,562,657	174,467,513	0	1,025,546,690
Charges payable on obligations		235,608	1,683,464	1,863,279	2,362,094	4,301,268	2,920,969	4,472,055	0	17,838,737
		<u>1,951,240,226</u>	<u>427,808,324</u>	<u>182,790,375</u>	<u>234,995,371</u>	<u>559,041,490</u>	<u>464,820,806</u>	<u>511,314,959</u>	<u>0</u>	<u>4,332,011,551</u>
<b>Asset and liability gaps</b>	US\$	<u>(1,320,459,449)</u>	<u>135,594,678</u>	<u>(23,207,076)</u>	<u>(77,924,416)</u>	<u>(70,027,047)</u>	<u>16,191,003</u>	<u>1,595,637,930</u>	<u>105,335,982</u>	<u>361,141,605</u>

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September 30, 2023

The Bank faces this kind of risk when the value of its dollar-denominated assets and liabilities is affected by exchange rate variations, which is recognized in the income statement.

As of September 30, 2023, the financial statements show a net foreign exchange loss of ¢9,540,689,391, (¢3,894,495,823 and ¢2,381,582,262 of net profit for December and September 2022, respectively).

(g) Capital Management

In the 2023 monitoring of the Capital Management Process in the BCR Financial Conglomerate an update is being carried out, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

The analysis is carried out by entity, type of risk, line of business and jointly, so that the information generated can be easily used in decision-making at the different levels of the organization.

The capital requirement for price risk has maintained a downward trend since April, while the exchange risk has shown a similar behavior since July, which is explained by what was mentioned about the appetite of the PME/CB ratio.

(h) Systemic risk

The BCR within the national financial system occupies the second position in total assets and is among the most active issuers in the country's stock market.

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of September 2023 of 15.05% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

The National Banking System has a medium concentration level, where BNCR, BCR, BPDC and BAC are the main participants.



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The systemic risk analysis is carried out considering several dimensions. The first dimension corresponds to the economic context, the second the size, the third refers to concentration indicators, the fourth contagion, the fifth an index of fiscal conditions and in 2023 a sixth dimension is added that correlates the previous five.

(i) Operational risk management

Operational risk is defined as the possibility of loss resulting from inadequate use or unforeseen failure of processes, personnel, and internal and even automated systems or due to external events. This definition includes technological and legal risks but excludes the strategic and reputational risk.

The operational risk establishes an evaluation process that includes the stages of identification and analysis, through a set of qualitative and quantitative techniques and tools that allow determining the risk level, based on the estimate of the probability of occurrence and impact of the risk event, to continue with the stages of assessment, risk treatment, recording and reporting, communication, and monitoring.

The objective of operational risk management is aimed at minimizing the Entity's financial losses, as well as contributing to achieving efficiency and effectiveness in the execution of processes.

The gross operating losses that are observed in table number 1, are fed with the reports of materialized events recorded by the different offices of the Bank, which is consolidated, complying with the provisions of SUGEF Agreement 2-10 Regulations for comprehensive risk management.

The results are obtained from the compilation of the losses by type of operational risk, to which the BCR has been exposed in the evaluated period, which allows studying the effectiveness of the implemented measures. The type of risk classified as Execution, delivery and process management, the main factor for operational losses and External Fraud in debit and credit cards, has reduced its incidence of fraud in electronic media, with the implementation of different mitigators such as the Safe Environment (3DS) project and the use of the electronic wallet, in the months of July to September 2023.

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**Gross operating losses**  
- Percentage distribution by type of risk

Type of operational risk	Accumulated gross losses	September 2023	December 2022	September 2022
Clients, products, and business practices	80,000	0.06%	0.97%	1.03%
Execution, delivery, and management of processes	106,206,949	79.50%	3.46%	3.99%
External fraud	26,878,003	20.12%	61.86%	53.28%
Internal fraud	0	0.00%	24.01%	31.41%
Business interruption and system failures	423,262	0.32%	9.34%	9.81%
Labor relations and safety in the workplace	0	0.00%	0.36%	0.48%
<b>Total</b>	<b>€ 133,588,215</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Information security and IT risks are managed from the BCR with a conglomerate scope, among its main pillars are the following:

- Evaluations: They are carried out through a process aligned with best practices such as ISO 31000 and strict follow-up is given to the treatment actions generated.
- Risk indicators: Information and IT security risk indicators are developed and monitored, supporting compliance with business objectives.
- Improvements to the process: the use of automated tools is being implemented to support the process of evaluations and follow-up of indicators, projecting to have a greater scope and agility in their execution.

The annual working plan includes assessment related to processes, projects, applications, strategy, services, platforms, and IT security. In addition, risk indicators are reviewed and proposed, in order to monitor and control different events to which the BCR Financial Conglomerate may be exposed.

As part of the evaluations and monitoring of the indicators, corrective actions are applied if required. They are defined together with the risk takers, as part of the continuous improvement of the process.

Reports related to management of technological risk are periodically sent to the corresponding bodies of corporate governance, as part of the System of Management Information.

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All in line with prudential regulations applicable and best international practices, allowing the Corporate Risk Management to support the fulfillment of institutional strategic objectives, avoiding sensitive impacts on the services provided to clients.

(j) Business Continuity

The Corporate Risk Management leads the Business Continuity Management System (hereinafter SGCN) that contributes to the resilience and continuity in the operations of the BCR Financial Conglomerate in the event of unplanned interruptions. The system has a regulatory framework that is periodically reviewed and updated to adjust it to organizational changes.

The SGCN is based on the following components: Business Impact Analysis (hereinafter BIA), Continuity Risk Analysis, Continuity Strategies, development of Continuity Plans, training and awareness on the Plans and tests. In addition, it has a structure for the response and care of crisis events.

The BIA phase is currently being developed, taking as input the Conglomerate process map, which contained 75 process groups for a total of 345 processes, in the first stage called "Strategic BIA". Once the methodology was applied, 22 priority groups containing 97 processes were identified; these processes were analyzed in the second stage "Tactical BIA" resulting in a total of 45 processes with a medium, high and very high recovery priority in a range of time of 48 hours and that must be analyzed in the Operational BIA for the identification of priority resources.

As a result of the previous analysis, the prioritized processes are detailed in the following table:

<b>Code</b>	<b>Process</b>
ACD	Management of Digital Channels
ADI	Incident attention
AGD	Management of State Service
AIN	Management of Investments
CAC	Administrative collection Personal Banking
CBC	Connectivity with BCCR and service attention
CCL	BCR Direct- Placement
CDC	Setting up and updating clients
CES	Chamber Exchange, incoming and outgoing
CGT	Tucán service management
CIC	Accounting closings of connectivity's
CON	Creation and maintenance of connectivity's

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<b>Code</b>	<b>Process</b>
COV	BCR Direct- Deposits
EAM	Cash management in ATM's and multi functionals
FCA	Management of commercial trusts and trust commissions
FCL	Management of liquidity
FCN	Negotiation and formalization of trusts and trust commissions
ICA	Investigations
MAT	Monitoring of dispensing and multifunctional ATMs
MCD	Services related to Term Certificate of Deposit (TCD)
MEC	Exchange market
MIT	Monitoring of infrastructure and IT services
MSI	Monitoring of Information Security
MTA	Monitoring and attention of offices
MTJ	Monitoring and analysis of means of payment and banking
NFC	Credit formalization notary
OMP	Operation of means of payment
OPO	Operation of offices
OTC	Commercial transactional operations

The BIA is a fundamental support that allows to identify the essential processes aligned with the strategic objectives. In addition to focusing efforts to develop action plans that reduce the impacts of a disruptive event, ensuring a recovery of operations in the shortest possible time, guaranteeing continuity in providing services, even under adverse circumstances.

(k) Risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction

Finally, in terms of managing the risk of money laundering, financing of terrorism and financing proliferation of weapons of mass destruction, this continues to be a high priority at institutional level. The permanent reinforcement of the culture in the business areas regarding the mitigation of this risk is maintained.

This management integrates normatively defined evaluation factors such as clients, products, services, channels, and geographical areas. Permanent monitoring is provided through the Corporate Compliance Committee and the Management Body, to strengthen and promote actions that ensure the application of policies and procedures by all officials of the BCR Financial Conglomerate.

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(1) Regulatory risk management and regulatory compliance

This management entails the responsibility of promoting and ensuring that CFBCR entities operate with integrity and in compliance with laws, regulations, policies, codes, and other internal provisions. Reason for which periodic evaluations are carried out to determine the level of compliance with the established obligations, and also verifying that there is a timely integration in the processes of the Conglomerate when new regulations or modifications to the existing ones arise.

Regarding legal risk management, the entity monitors legal, regulatory and contractual matters, as well as the rights and obligations associated with image rights and intellectual property. For the third quarter of 2023, the behavior of the legal risk indicators was monitored, corresponding to the litigation that represents the greatest exposure for the BCR Financial Conglomerate, this in the face of an adverse scenario in its result, as well as the registration in time and form of the notarial acts product of commercial business carried out.

The applicability of the provisions of the General Public Procurement Law was also carried out, in terms of public procurement processes (article 37 of the appointment law), this through self-evaluations to reduced and minor tenders and evaluations to larger tenders or of inestimable amount. As of the cut-off date of this note, a total of 34 risk identification exercises have been carried out, of which 10 correspond to assessments and 24 to self-assessments.

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40). Situation of the Development Financing Fund

The Bank presents the following financial information as manager of the Development Financing Fund (DFF):

**DEVELOPMENT FINANCING FUND  
STATEMENT OF FINANCIAL POSITION**

As of September 30, 2023

Financial Information

(In colones without cents)

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Assets</b>			
<b>Loan portfolio</b>	€ 47,174,959,983	46,399,647,681	44,220,671,419
Current loans	43,054,784,086	43,099,794,086	41,075,786,842
Past due loans	3,895,612,510	2,854,564,730	3,492,612,539
Loans in legal collection	807,172,385	949,313,288	240,455,643
(Deferred income – loan portfolio)	(450,096,188)	(387,798,164)	(368,304,600)
Interest receivable	178,661,636	196,788,486	164,533,504
(Allowance for impairment)	(311,174,446)	(313,014,745)	(384,412,509)
<b>Accounts and commissions receivable</b>	<b>0</b>	<b>322,984</b>	<b>268,950</b>
Other accounts receivable	0	1,900,715	1,837,180
(Allowance for impairment)	0	(1,577,731)	(1,568,230)
<b>Other assets</b>	<b>29,381,481</b>	<b>9,559,394</b>	<b>4,245,711</b>
Intangible assets	2,400,369	0	0
Other assets	26,981,112	9,559,394	4,245,711
<b>Total assets</b>	<b>€ 47,204,341,464</b>	<b>46,409,530,059</b>	<b>44,225,186,080</b>
<b>Liabilities</b>			
<b>Obligations with entities</b>	€ 275,507,627	4,184,417,953	2,765,972,085
Other Obligations with entities	275,507,627	4,184,417,953	2,765,972,085
<b>Accounts payable and provisions</b>	€ 143,509,222	61,392,925	60,772,543
Other miscellaneous accounts payable	143,509,222	61,392,925	60,772,543
<b>Other liabilities</b>	<b>21,234,147</b>	<b>10,792,037</b>	<b>5,391,866</b>
Other liabilities	21,234,147	10,792,037	5,391,866
<b>Total liabilities</b>	<b>€ 440,250,996</b>	<b>4,256,602,915</b>	<b>2,832,136,494</b>
<b>Equity</b>			
<b>Contributions from Banco de Costa Rica</b>	€ 0	29,330,665,472	29,330,665,472
<b>Adjustments to equity - Other comprehensive income</b>	<b>45,766,617,523</b>	<b>0</b>	<b>0</b>
Accumulated results from previous periods	0	11,146,056,305	11,146,056,305
Result of the current period	997,472,945	1,676,205,367	916,327,809
<b>Total equity</b>	<b>€ 46,764,090,468</b>	<b>42,152,927,144</b>	<b>41,393,049,586</b>
<b>Total equity and liabilities</b>	<b>€ 47,204,341,464</b>	<b>46,409,530,059</b>	<b>44,225,186,080</b>
<b>Contingent debit memoranda accounts</b>	€ 13,404,429	12,622,297	11,887,938
<b>Other debit memoranda accounts</b>	€ 4,113,466,526	7,168,010,637	8,457,106,239

BANCO DE COSTA RICA AND SUBSIDIARIES

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**DEVELOPMENT FINANCING FUND  
STATEMENT OF INCOME**

As of September 30, 2023

Financial Information

(In colones without cents)

	<b>September 2023</b>	<b>September 2022</b>	<b>Quarter from July 1 to September 30</b>	
			<b>2023</b>	<b>2022</b>
<b>Financial income</b>				
For loan portfolio	2,364,207,130	1,339,402,226	756,664,492	572,705,946
For income from exchange differences	0	1,596,391	0	(5,763,207)
<b>Total financial income</b>	<b>2,364,207,130</b>	<b>1,340,998,617</b>	<b>756,664,492</b>	<b>566,942,739</b>
<b>Financial expenses</b>				
For losses in Exchange differences	4,914,921	0	153,271	0
<b>Total financial expenses</b>	<b>4,914,921</b>	<b>0</b>	<b>153,271</b>	<b>0</b>
For allowance of asset impairment	1,266,818	121,590,440	0	390,735
For recovery of assets and decrease in allowance	2,845,146	222,069	1,687,601	44,815
<b>Financial income</b>	<b>2,360,870,537</b>	<b>1,219,630,246</b>	<b>758,198,822</b>	<b>566,596,819</b>
<b>Other operating income</b>				
For other operating income	8,353,808	137,590	1,557,107	75
For currency exchange and arbitration	819	0	819	0
For commissions for services	17,677,722	14,349,950	4,664,044	4,884,603
<b>Total other operating income</b>	<b>26,032,349</b>	<b>14,487,540</b>	<b>6,221,970</b>	<b>4,884,678</b>
<b>Other operating expenses</b>				
For other operating expenses	1,389,429,941	317,789,977	653,542,693	104,326,366
<b>Total other operating expenses</b>	<b>1,389,429,941</b>	<b>317,789,977</b>	<b>653,542,693</b>	<b>104,326,366</b>
<b>Operating result, gross</b>	<b>997,472,945</b>	<b>916,327,809</b>	<b>110,878,099</b>	<b>467,155,131</b>
<b>Income of the period</b>	<b>¢ 997,472,945</b>	<b>916,327,809</b>	<b>110,878,099</b>	<b>467,155,131</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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Loan Portfolio of the Development Financing Fund

The information contained in notes a) through f) below corresponds to financial information.

a) Loan portfolio by sector

<b>Sector</b>	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Agriculture, livestock, hunting and related services	¢ 9,463,350,738	13,555,793,433	13,761,303,319
Public administration	35,117,029	80,655,030	13,411,357
Fishing and aquaculture	42,986,799	43,712,963	44,076,348
Manufacturing	1,132,636,820	1,240,205,614	1,236,750,318
Trade	23,839,184,476	20,730,783,572	18,858,095,024
Services	9,877,944,960	7,799,465,538	7,359,047,364
Transportation	1,140,716,445	934,489,821	893,417,081
Financial activity and stock exchange	337,709,084	577,925,284	655,419,780
Real estate, business, and lease activities	133,350,918	165,159,122	228,387,199
Building, purchase, and repair of real estate	667,034,588	657,256,633	675,229,327
Retail	0	10,371,351	0
Hotels and restaurants	1,087,537,124	1,107,853,743	1,083,717,907
	<u>47,757,568,981</u>	<u>46,903,672,104</u>	<u>44,808,855,024</u>
Plus: interest receivable	178,661,636	196,788,486	164,533,504
Less: Deferred income – loan portfolio	(450,096,188)	(387,798,164)	(368,304,600)
Allowance for impairment	(311,174,446)	(313,014,745)	(384,412,509)
	<u>¢ 47,174,959,983</u>	<u>46,399,647,681</u>	<u>44,220,671,419</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Up to date	¢ 43,054,784,086	43,099,794,086	41,075,786,842
1 to 30 days	2,690,031,583	1,996,268,803	1,354,650,253
31 to 60 days	703,401,804	237,828,072	768,437,838
61 to 90 days	247,608,924	524,840,646	774,711,476
91 to 120 days	164,330,499	44,053,040	152,774,099
121 to 180 days	54,447,007	5,129,667	397,698,897
Over 180 days	35,792,693	46,444,502	44,339,976
Legal collection	807,172,385	949,313,288	240,455,643
	<u>¢ 47,757,568,981</u>	<u>46,903,672,104</u>	<u>44,808,855,024</u>



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c) Past due loans

Past due loans, including loans in accrual status, for which interest are recognized on a cash basis, and unearned interest on past due loans, are as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Number of operations	23	20	20
Past due loans in non-accrual status of interest	¢ <u>842,965,078</u>	<u>995,757,790</u>	<u>284,795,619</u>
Past due loans for which interest is recognized	¢ 3,859,819,817	2,808,120,228	3,448,272,563
Total unearned interest	¢ 1,250,024	1,250,024	1,250,024

As of September 30, 2023, loans on legal collection are as follows:

<b># Of operations</b>	<b>Percentage</b>	<b>Balance</b>
15	1.69%	¢ <u>807,172,385</u>

As of December 31, 2022, loans on legal collection are as follows:

<b># Of operations</b>	<b>Percentage</b>	<b>Balance</b>
11	2.02%	¢ <u>949,313,288</u>

As of September 30, 2022, loans on legal collection are as follows:

<b># Of operations</b>	<b>Percentage</b>	<b>Balance</b>
7	0.54%	¢ <u>240,455,643</u>

d) Interest receivable on loan portfolio

Interest receivable is as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Current loans	¢ 123,085,184	145,886,232	122,973,333
Past due loans	36,964,966	30,273,797	3,597,473
Loans in legal collection	18,611,486	20,628,457	37,962,698
	¢ <u>178,661,636</u>	<u>196,788,486</u>	<u>164,533,504</u>

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e) Allowance for bad loans

The movement in the allowance for bad loans is as follows:

<b>Opening balance 2023</b>	¢	<b>313,014,745</b>
Plus:		
Adjustment for exchange rate differences		34,473
Less:		
Adjustment for exchange rate differences		(616,893)
Transfer of balances		(1,257,878)
<b>Balance as of September 30, 2023</b>	¢	<b><u>311,174,446</u></b>
<b>Opening balance 2022</b>	¢	<b>193,756,485</b>
Plus:		
Allowance charged to profit or loss		121,108,490
Transfer of balances		70,416,927
Adjustment for exchange rate differences		458,983
Less:		
Adjustment for exchange rate differences		(881,443)
Reversal of allowance against income		(123,591)
Transfer of balances		(71,721,106)
<b>Balance as of December 31, 2022</b>	¢	<b><u>313,014,745</u></b>
<b>Opening balance 2022</b>	¢	<b>193,756,485</b>
Plus:		
Allowance charged to profit or loss		121,108,490
Transfer of balances		70,416,927
Adjustment for exchange rate differences		458,983
Less:		
Adjustment for exchange rate differences		(581,347)
Reversal of allowance against income		(123,591)
Transfer of balances		(623,438)
<b>Balance as of September 30, 2022</b>	¢	<b><u>384,412,509</u></b>

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f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
<b>Guarantee</b>			
Fiduciary	¢ 469,059,960	594,397,403	645,897,468
Mortgage	25,220,129,895	27,823,325,592	28,115,174,408
Chattel	865,976,116	991,014,906	976,631,433
Others	21,202,403,010	17,494,934,203	15,071,151,715
	<u>¢ 47,757,568,981</u>	<u>46,903,672,104</u>	<u>44,808,855,024</u>

g) Financial instruments of the Development Financing Fund with credit risk exposure are detailed as follows:

	<u>Direct Loan Portfolio</u>		
	<u>September 2023</u>	<u>December 2022</u>	<u>September 2022</u>
Principal	¢ 47,757,568,981	46,903,672,104	44,808,855,024
Interest receivable	178,661,636	196,788,486	164,533,504
	47,936,230,617	47,100,460,590	44,973,388,528
Allowance for bad loans	(311,174,446)	(193,756,485)	(384,412,509)
Carrying amount	<u>¢ 47,625,056,171</u>	<u>46,906,704,105</u>	<u>44,588,976,019</u>
<b>Loan portfolio</b>			
Total balances:			
A1	¢ 0	579,810,321	0
D	338,764,804	0	562,524,707
E	0	0	95,133,332
1	44,094,596,507	42,774,047,931	40,381,351,026
2	955,005,639	230,097,335	707,945,178
3	691,038,902	1,818,352,809	2,050,164,981
4	938,519,382	674,481,203	481,116,312
5	56,718,750	353,085,467	403,401,393
6	861,586,633	670,585,524	291,751,599
	47,936,230,617	47,100,460,590	44,973,388,528
Minimum allowance	(332,063,236)	(283,346,310)	(349,756,624)
Carrying amount, net	<u>¢ 47,604,167,381</u>	<u>46,817,114,280</u>	<u>44,623,631,904</u>
Carrying amount	47,936,230,617	47,100,460,590	44,973,388,528
Allowance for bad loans	(332,063,236)	(283,346,310)	(349,756,624)
Allowance (surplus) deficit on minimum allowance	20,888,790	(29,668,435)	(34,655,885)
Carrying amount, net	<u>6a ¢ 47,625,056,171</u>	<u>46,787,445,845</u>	<u>44,588,976,019</u>

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The loan portfolio assessed with an allowance is detailed as follows:

As of September 30, 2023

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	44,094,596,507	28,934,799,423	15,159,797,084	(110,236,492)
D		338,764,804	0	338,764,804	(1,693,824)
		44,433,361,311	28,934,799,423	15,498,561,888	(111,930,316)
Direct specific allowance					
2		955,005,639	760,944,496	194,061,143	(13,507,780)
3		691,038,902	476,572,240	214,466,662	(55,999,527)
4		938,519,382	770,705,629	167,813,753	(87,760,405)
5		56,718,750	42,267,366	14,451,384	(10,327,306)
6		861,586,633	813,114,301	48,472,332	(52,537,902)
		3,502,869,306	2,863,604,032	639,265,274	(220,132,920)
	¢	47,936,230,617	31,798,403,455	16,137,827,162	(332,063,236)

Loan portfolio		Direct Loan Portfolio			
Aging of loan portfolio		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
Up to date	¢	43,177,869,271	27,767,086,830	15,410,782,441	(105,592,482)
Equal or less than 30 days		2,702,919,005	2,196,352,778	506,566,227	(6,310,713)
Equal or less than 60 days					(27,120)
		45,880,788,276	29,963,439,608	15,917,348,668	(111,930,315)
Direct specific allowance					
Equal or less than 60 days		714,144,521	619,894,805	94,249,716	(136,706,250)
Equal or less than 90 days		259,913,521	216,441,407	43,472,114	(11,959,644)
Equal or less than 180 days		223,582,896	185,513,333	38,069,563	(22,714,354)
Over 180 days		857,801,403	813,114,302	44,687,101	(48,752,673)
	¢	2,055,442,341	1,834,963,847	220,478,494	(220,132,921)
	¢	47,936,230,617	31,798,403,455	16,137,827,162	(332,063,236)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

As of December 31, 2022

		<b>Direct Loan Portfolio</b>			
		<u>Principal</u>	<u>Covered balance</u>	<u>Overdraft</u>	<u>Allowance</u>
Direct generic allowance					
1	¢	42,774,047,931	26,549,686,853	16,224,361,078	(107,024,011)
A1		<u>579,810,321</u>	<u>0</u>	<u>579,810,321</u>	<u>(2,899,052)</u>
		43,353,858,252	26,549,686,853	16,804,171,399	(109,923,063)
Direct specific allowance					
2		230,097,335	209,631,334	20,466,001	(2,071,456)
3		1,818,352,809	1,599,715,448	218,637,361	(62,657,918)
4		674,481,203	544,624,221	129,856,982	(67,651,612)
5		353,085,467	352,777,239	308,228	(1,979,646)
6		<u>670,585,524</u>	<u>634,696,391</u>	<u>35,889,133</u>	<u>(39,062,615)</u>
		3,746,602,338	3,341,444,633	405,157,705	(173,423,247)
	¢	<u>47,100,460,590</u>	<u>29,891,131,486</u>	<u>17,209,329,104</u>	<u>(283,346,310)</u>

		<b>Direct Loan Portfolio</b>			
		<u>Principal</u>	<u>Covered balance</u>	<u>Overdraft</u>	<u>Allowance</u>
Direct generic allowance					
Up to date	¢	<u>579,810,320</u>	<u>0</u>	<u>579,810,320</u>	<u>(109,923,062)</u>
		579,810,320	0	579,810,320	(109,923,062)
Direct specific allowance					
Up to date		42,665,869,997	26,371,864,973	16,294,005,025	(92,176,736)
Equal or less than 30 days		1,872,939,501	1,589,993,336	282,946,165	(32,142,297)
Equal or less than 60 days		369,675,851	358,943,818	10,732,033	(2,715,996)
Equal or less than 90 days		512,893,225	507,070,850	5,822,375	(5,306,319)
Equal or less than 180 days		429,800,682	428,562,118	1,238,563	(3,133,795)
Over 180 days		<u>669,471,014</u>	<u>634,696,391</u>	<u>34,774,623</u>	<u>(37,948,105)</u>
	¢	<u>46,520,650,270</u>	<u>29,891,131,486</u>	<u>16,629,518,784</u>	<u>(173,423,248)</u>
	¢	<u>47,100,460,590</u>	<u>29,891,131,486</u>	<u>17,209,329,104</u>	<u>(283,346,310)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

As of September 30, 2022

Loan portfolio		<b>Direct Loan Portfolio</b>			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	40,381,351,026	25,735,735,717	14,645,615,309	(101,049,180)
A1		562,524,707	0	562,524,707	(2,812,623)
		<u>40,943,875,733</u>	<u>25,735,735,717</u>	<u>15,208,140,016</u>	<u>(103,861,803)</u>
Direct specific allowance					
2		707,945,178	607,885,917	100,059,261	(8,042,393)
3		2,050,164,981	1,695,667,806	354,497,175	(97,102,633)
4		481,116,312	448,564,428	32,551,884	(18,518,764)
5		403,401,393	382,112,799	21,288,594	(16,812,580)
6		291,751,599	258,978,036	32,773,563	(34,068,452)
		<u>4,029,512,795</u>	<u>3,393,208,986</u>	<u>636,303,809</u>	<u>(245,894,821)</u>
	¢	<u>44,973,388,528</u>	<u>29,128,944,703</u>	<u>15,844,443,825</u>	<u>(349,756,624)</u>

Loan portfolio		<b>Direct Loan Portfolio</b>			
		Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio					
Direct generic allowance					
Up to date	¢	41,198,760,176	25,647,950,766	15,550,809,410	(100,573,739)
Equal or less than 30 days		1,364,583,681	1,265,083,961	99,499,720	(3,288,065)
		<u>42,563,343,857</u>	<u>26,913,034,727</u>	<u>15,650,309,130</u>	<u>(103,861,804)</u>
Direct specific allowance					
Equal or less than 60 days		776,558,883	708,773,248	67,785,635	(173,754,072)
Equal or less than 90 days		785,588,484	710,763,270	74,825,214	(22,260,120)
Equal or less than 180 days		534,820,927	513,271,068	21,549,859	(18,491,129)
Over 180 days		313,076,377	283,102,390	29,973,987	(31,389,499)
	¢	<u>2,410,044,671</u>	<u>2,215,909,976</u>	<u>194,134,695</u>	<u>(245,894,820)</u>
	¢	<u>44,973,388,528</u>	<u>29,128,944,703</u>	<u>15,844,443,825</u>	<u>(349,756,624)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

As of September 30, 2023	<b>Loans receivable from clients</b>	
	<b>Gross</b>	<b>Net</b>
Risk category:		
1	¢ 44,094,596,507	43,984,360,016
2	955,005,639	941,497,860
3	691,038,902	635,039,375
4	938,519,382	850,758,977
5	56,718,750	46,391,444
6	861,586,633	809,048,730
A1	338,764,804	337,070,979
	¢ <u>47,936,230,617</u>	<u>47,604,167,381</u>

As of December 31, 2022	<b>Loans receivable from clients</b>	
	<b>Gross</b>	<b>Net</b>
Risk category:		
1	¢ 42,774,047,932	42,667,023,921
2	230,097,335	228,025,879
3	1,818,352,809	1,755,694,891
4	674,481,203	606,829,591
5	353,085,467	351,105,821
6	670,585,524	631,522,909
A1	579,810,320	576,911,268
	¢ <u>47,100,460,590</u>	<u>46,817,114,280</u>

As of September 30, 2022	<b>Loans receivable from clients</b>	
	<b>Gross</b>	<b>Net</b>
Risk category:		
1	¢ 40,381,351,025	40,280,301,846
2	707,945,178	699,902,785
3	2,050,164,981	1,953,062,348
4	481,116,312	462,597,548
5	403,401,393	386,588,814
6	291,751,599	257,683,146
	¢ <u>44,973,388,528</u>	<u>44,623,631,904</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

41). Situation of the Development Credit Fund

The Bank presents the following financial information as manager of the Development Credit Fund (DCF):

<b>DEVELOPMENT CREDIT FUND</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>			
As of September 30, 2023			
Financial Information			
(In colones without cents)			
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Assets</b>			
<b>Cash and due from banks</b>	¢ <b>622,302,888</b>	<b>810,456,884</b>	<b>1,048,089,234</b>
Central Bank of Costa Rica	622,302,888	810,456,884	1,048,089,234
<b>Investments in financial instruments</b>	<b>112,924,934,603</b>	<b>160,172,908,416</b>	<b>172,760,237,531</b>
At fair value through profit or loss	1,147,727,209	1,271,137,156	0
At fair value through other comprehensive income	103,375,103,181	145,206,450,032	168,532,145,550
At amortized cost	7,384,624,160	12,468,166,624	2,652,600,786
Interest receivable	1,017,480,053	1,227,154,604	1,575,491,195
<b>Loan portfolio</b>	<b>23,243,563,244</b>	<b>27,275,134,211</b>	<b>10,193,255,021</b>
Current loans	22,862,140,820	27,143,284,667	10,063,389,130
Past due loans	532,073,853	360,875,877	255,907,183
(Deferred income – loan portfolio)	(152,010,500)	(209,340,642)	(78,887,912)
Interest receivable	92,089,328	75,348,575	50,785,139
(Allowance for impairment)	(90,730,257)	(95,034,266)	(97,938,519)
<b>Accounts and commissions receivable</b>	<b>281,508,355</b>	<b>827,577,117</b>	<b>837,150,624</b>
Tax and deferred income tax	281,508,355	827,577,117	837,150,624
<b>Other assets</b>	<b>1,307,170,488</b>	<b>2,002,095,388</b>	<b>1,809,588,329</b>
Other assets	1,307,170,488	2,002,095,388	1,809,588,329
<b>Total assets</b>	¢ <b>138,379,479,578</b>	<b>191,088,172,016</b>	<b>186,648,320,739</b>
<b>Liabilities</b>			
<b>Obligations with entities</b>	¢ <b>143,523,920,726</b>	<b>192,026,399,855</b>	<b>185,868,443,287</b>
Term	143,481,127,128	192,026,399,851	185,784,185,490
Charges payable to financial entities	0	0	84,257,797
Interest payable	0	4	0
Other obligations	42,793,598	0	0
<b>Accounts payable and provisions</b>	<b>34,004,419</b>	<b>164,237,148</b>	<b>422,396,529</b>
Accounts payable	7,133,033	164,237,148	422,396,529
Deferred income tax	26,871,386	0	0
<b>Other liabilities</b>	<b>7,371,853</b>	<b>159,353,005</b>	<b>0</b>
Other liabilities	7,371,853	159,353,005	0
<b>Other liabilities</b>	¢ <b>143 565 296 998</b>	<b>192,349,990,008</b>	<b>186 290 839 816</b>
<b>EQUITY</b>			
<b>Adjustments to equity – Other comprehensive income</b>	¢ <b>(489,962,511)</b>	<b>0</b>	<b>0</b>
<b>Result of the previous period</b>	¢ <b>0</b>	<b>(1,299,622,220)</b>	<b>(518,184,518)</b>
<b>Income of the current period</b>	<b>(4,695,854,909)</b>	<b>37,804,228</b>	<b>875,665,441</b>
<b>Total equity</b>	¢ <b>(5,185,817,420)</b>	<b>(1,261,817,992)</b>	<b>357,480,923</b>
<b>Total liabilities and equity</b>	¢ <b>138,379,479,578</b>	<b>191,088,172,016</b>	<b>186,648,320,739</b>
<b>Other debit memoranda accounts</b>			
Own debit memoranda accounts	¢ 37,371,528,931	23,755,283,621,	33,923,443,274
Interest receivable memoranda accounts	¢ 17,395,026	5,409,472,	15,142,352



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

**DEVELOPMENT CREDIT FUND  
STATEMENT OF INCOME**

As of September 30, 2023

Financial Information

(In colones without cents)

	September 2023	September 2022	Quarter from July 1 to September 30	
			2023	2022
<b>Financial income</b>				
For investments in financial instruments	¢ 4,118,502,976	6,052,882,286	1,441,084,297	2,138,056,419
For loan portfolio	1,280,487,178	829,587,722	372,478,080	199,844,683
For exchange rate differences	0	0	0	(2,683,250,358)
Other financial income	675,470,313	103,338,748	27,132,238	8,249,712
<b>Total financial income</b>	<b>6,074,460,467</b>	<b>6,985,808,756</b>	<b>1,840,694,615</b>	<b>(337,099,544)</b>
<b>Financial expenses</b>				
For obligations with the public	2,984,214,719	963,306,444	969,630,717	204,995,562
For losses of exchange rate differences	4,522,498,530	722,079,260	299,075,855	722,079,260
Other financial expenses	1,320,543,677	550,673,572	8,078,110	545,630,594
<b>Total financial expenses</b>	<b>8,827,256,926</b>	<b>2,236,059,276</b>	<b>1,276,784,682</b>	<b>1,472,705,416</b>
For allowance of assets impairment	(145,512,073)	117,152,205	12,034,178	11,660,563
For recovery of assets and decrease in allowance	0	209,370,794	0	95,415,134
<b>Financial income</b>	<b>¢ (2,607,284,386)</b>	<b>4,841,968,069</b>	<b>551,875,754</b>	<b>(1,726,050,389)</b>
<b>Other operating income</b>				
For service commissions and fees	32,318	2,065	17,225	(1)
For exchange and arbitration, foreign currency	294,095,624	189,958,865	68,289,002	63,505,228
For other operating income	113,272,137	529,329,474	48,014,790	98,167,149
<b>Total other operating income</b>	<b>¢ 407,400,079</b>	<b>719,290,404</b>	<b>116,321,017</b>	<b>161,672,376</b>
<b>Other operating expenses</b>				
For exchange and arbitration, foreign currency	65,338,846	48,069,803	516,466	11,630,708
For other operating expenses	1,180,095,806	590,903,549	1,043,206,469	133,203,870
<b>Total other operating expenses</b>	<b>¢ 1,245,434,652</b>	<b>638,973,352</b>	<b>1,043,722,935</b>	<b>144,834,578,</b>
<b>Gross operating</b>	<b>¢ (3,445,318,959)</b>	<b>4,922,285,121</b>	<b>(375,526,164)</b>	<b>(1,709,212,591)</b>
Profit transferred to the National Development Trust	1,250,535,950	4,046,619,680	87,792,878	0
<b>Total comprehensive income of the period</b>	<b>¢ (4,695,854,909)</b>	<b>875,665,441</b>	<b>(463,319,041)</b>	<b>(1,709,212,591)</b>
<b>Other comprehensive income, net of income tax total comprehensive income of the period</b>	<b>¢ (4,695,854,909)</b>	<b>875,665,441</b>	<b>(463,319,041)</b>	<b>(1,709,212,591)</b>
<b>Profit allocation</b>				
Transfer to the National Development Trust	¢ 1,250,535,950	4,046,619,680	87,792,878	0
Commission for managing the Development Credit Fund and the utilities	(4,695,854,909)	875,665,441	(463,319,041)	(1,709,212,591)
	<b>¢ (3,445,318,959)</b>	<b>4,922,285,121</b>	<b>(375,526,164)</b>	<b>(1,709,212,591)</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

Investments in financial instruments of the Development Credit Fund (DCF) are detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
At fair value through profit or loss	¢ 1,147,727,209	1,271,137,156	0
At fair value through other comprehensive income	103,375,103,181	145,206,450,032	168,532,145,550
At amortized cost	7,384,624,160	12,468,166,624	2,652,600,786
Interest receivable for investments at fair value through other comprehensive income	1,017,480,053	1,227,154,604	1,575,491,195
	<b>¢ <u>112,924,934,603</u></b>	<b><u>160,172,908,416</u></b>	<b><u>172,760,237,531</u></b>
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers</u>			
State-owned Banks	¢ 1,147,727,209	1,271,137,156	0
	<b>¢ <u>1,147,727,209</u></b>	<b><u>1,271,137,156</u></b>	<b><u>0</u></b>
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>At fair value through other</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<b>otro resultado integral</b>			
<u>Local issuers:</u>			
Government	¢ 5,974,156,392	0	130,658,791,220
State-owned Banks	97,400,946,789	145,206,450,032	37,873,354,329
	<b>¢ <u>103,375,103,181</u></b>	<b><u>145,206,450,032</u></b>	<b><u>168,532,145,550</u></b>
	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>At amortized cost</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	¢ 7,384,624,160	0	0
	<b>¢ <u>7,384,624,160</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

As of November 27, 2014, after Law No. 9274 was reformed (Comprehensive Reform of the Development Banking System.), as per article 36, the managing bank will receive a commission of maximum 10% or the earnings, set by the Governing Board, to cover operation costs, services and any other cost arising from managing the investments.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

Loan Portfolio of the Development Credit Fund

The information contained in notes a) through f) below corresponds to financial information.

a) Loan portfolio by sector

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
<b>Sector</b>			
Agriculture, livestock, hunting and related services	¢ 16,469,128,143	11,546,560,131	6,984,726,578
Manufacturing	267,537,738	13,368,732,554	2,339,429,023
Trade	3,479,083,734	1,042,995,091	606,703,983
Services	2,465,538,568	1,094,082,029	62,904,173
Transportation	285,951,583	190,188,779	122,332,573
Construction, purchase and repair of real estate	138,530,227	82,204,817	4,750,000
Hotels and restaurants	288,444,680	179,397,143	198,449,983
	<u>23,394,214,673</u>	<u>27,504,160,544</u>	<u>10,319,296,313</u>
Plus Interest receivable	92,089,328	75,348,575	50,785,139
Less deferred income loan portfolio	(152,010,500)	(209,340,642)	(78,887,912)
Allowance for impairment	(90,730,257)	(95,034,266)	(97,938,519)
	<u>¢ 23,243,563,244</u>	<u>27,275,134,211</u>	<u>10,193,255,021</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Up to date	¢ 22,862,140,820	27,143,284,667	10,063,389,130
1 to 30 days	440,226,460	268,305,416	0
31 to 60 days	73,694,849	92,570,461	255,907,183
61 to 90 days	18,152,544	0	0
	<u>¢ 23,394,214,673</u>	<u>27,504,160,544</u>	<u>10,319,296,313</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

c) Delinquent and past due loan portfolio

Delinquent and past due loans, including loans with recognition of interest based on cash and interest not received on these loans, are summarized below:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Delinquent and past due loans recognizing interest	¢ 532,073,853	360,875,877	255,907,183
Total of not received interest	¢ 17,395,026	5,409,472	15,142,352

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Current loans	¢ 88,954,160	72,557,757	48,365,134
Past due loans	3,135,168	2,790,818	2,420,005
	<b>¢ 92,089,328</b>	<b>75,348,575</b>	<b>50,785,139</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023

e) Allowance for impairment of loan portfolio

<b>Balance at the beginning of 2023</b>	¢	<b>95,034,266</b>
Plus:		
Adjustment for exchange differences		254,748
Less:		
Adjustment for exchange differences		<u>(4,558,757)</u>
<b>Balance as of September 30, 2023</b>	¢	<b><u>90,730,257</u></b>
<b>Balance at the beginning of 2022</b>	¢	<b>99,122,714</b>
Plus:		
Transfer of balances		13,449,837
Adjustment for exchange differences		4,441,912
Less:		
Adjustment for exchange differences		<u>(21,980,197)</u>
<b>Balance as of December 31, 2022</b>	¢	<b><u>95,034,266</u></b>
<b>Balance at the beginning of 2022</b>	¢	<b>99,122,714</b>
Plus:		
Adjustment for exchange differences		4,441,912
Less:		
Adjustment for exchange differences		<u>(5,626,107)</u>
<b>Balance as of September 30,</b>	¢	<b><u>97,938,519</u></b>

f) Loan portfolio by kind of guarantee:

The loan portfolio by type of guarantee is detailed as follows:

<b>Guarantee</b>	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Fiduciary	202,084,679	250,823,118	204,449,983
Mortgage	¢ 6,301,781,862	2,265,318,557	877,048,236
Chattel	754,648,431	222,995,792	145,989,688
Other	16,135,699,701	24,765,023,077	9,091,808,406
	¢ <b><u>23,394,214,673</u></b>	<b><u>27,504,160,544</u></b>	<b><u>10,319,296,313</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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g) DCF financial instruments with exposure to credit risk are detailed as follows:

	<b><u>Direct Loan Portfolio</u></b>		
	<b><u>September</u></b> <b><u>2023</u></b>	<b><u>December</u></b> <b><u>2022</u></b>	<b><u>September</u></b> <b><u>2022</u></b>
Principal	¢ 23,394,214,673	27,504,160,544	10,319,296,313
Interest receivable	92,089,328	75,348,575	50,785,139
	<u>23,486,304,001</u>	<u>27,579,509,119</u>	<u>10,370,081,452</u>
Allowance for bad loans	(90,730,257)	(95,034,266)	(97,938,519)
Carrying amount	¢ <u>23,395,573,744</u>	<u>27,484,474,853</u>	<u>10,272,142,933</u>
Loan portfolio			
Total balances:			
1	¢ 22,152,673,906	27,186,994,456	10,106,208,658
2	103,347,516	93,486,017	263,872,794
3	1,145,670,729	299,028,646	0
4	84,611,850	0	0
	<u>23,486,304,001</u>	<u>27,579,509,119</u>	<u>10,370,081,452</u>
Minimum allowance	(196,895,925)	(71,711,266)	(27,331,405)
Carrying amount, net	¢ <u>23,289,408,076</u>	<u>27,507,797,853</u>	<u>10,342,750,047</u>
Carrying amount	23,486,304,001	27,579,509,119	10,370,081,452
Allowance for bad loans	(196,895,925)	(71,711,266)	(27,331,405)
Allowance (surplus) deficit on minimum allowance	106,165,668	(23,323,000)	(70,607,114)
Carrying amount, net	6a ¢ <u>23,395,573,744</u>	<u>27,484,474,853</u>	<u>10,272,142,933</u>

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The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2023

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	<u>22,152,673,906</u>	<u>7,644,220,079</u>	<u>14,508,453,827</u>	<u>(55,780,651)</u>
		22,152,673,906	7,644,220,079	14,508,453,827	(55,780,651)
Direct specific allowance					
2		103,347,516	99,237,843	4,109,673	(701,673)
3		1,145,670,729	597,661,796	548,008,933	(139,990,542)
4		84,611,850	84,611,850	0	(423,059)
		<u>1,333,630,095</u>	<u>781,511,489</u>	<u>552,118,606</u>	<u>(141,115,274)</u>
	¢	<u>23,486,304,001</u>	<u>8,425,731,568</u>	<u>15,060,572,433</u>	<u>(196,895,925)</u>
Loan portfolio					
Aging of loan portfolio					
Direct generic allowance					
Up to date	¢	<u>22,951,094,979</u>	<u>7,938,617,770</u>	<u>15,012,477,209</u>	<u>(55,069,461)</u>
Equal to or less than 30 days		<u>442,322,430</u>	<u>410,212,468</u>	<u>32,109,962</u>	<u>(711,190)</u>
		<u>23,393,417,409</u>	<u>8,348,830,238</u>	<u>15,044,587,171</u>	<u>(55,780,651)</u>
Direct specific allowance					
Up to date		<u>0</u>	<u>0</u>	<u>0</u>	<u>(136,767,156)</u>
Equal to or less than 30 days		<u>0</u>	<u>0</u>	<u>0</u>	<u>(789,231)</u>
Equal to or less than 60 days		<u>74,464,408</u>	<u>66,705,004</u>	<u>7,759,404</u>	<u>(1,451,441)</u>
Equal to or less than 90 days		<u>18,422,184</u>	<u>10,196,326</u>	<u>8,225,858</u>	<u>(2,107,446)</u>
		<u>92,886,592</u>	<u>76,901,330</u>	<u>15,985,262</u>	<u>(141,115,274)</u>
	¢	<u>23,486,304,001</u>	<u>8,425,731,568</u>	<u>15,060,572,433</u>	<u>(196,895,925)</u>

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As of December 31, 2022

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
		27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
Direct specific allowance					
2		93,486,017	93,486,017	0	(467,431)
3		299,028,646	293,592,335	5,436,311	(2,827,039)
		392,514,663	387,078,352	5,436,311	(3,294,470)
	¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)
Loan portfolio					
Aging of loan portfolio					
Direct generic allowance					
Up to date	¢	27,215,842,424	13,888,757,509	13,327,084,915	(68,138,095)
Equal to or less than 30 days		270,180,678	270,180,678	0	(278,701)
		27,486,023,102	14,158,938,187	13,327,084,915	(68,416,796)
Direct specific allowance					
Equal to or less than 60 days		93,486,017	93,486,017	0	(3,294,470)
		93,486,017	93,486,017	0	(3,294,470)
	¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)

As of September 30, 2022

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	10,106,208,656	2,319,894,083	7,786,314,574	(25,762,489)
		10,106,208,656	2,319,894,083	7,786,314,574	(25,762,489)
Direct specific allowance					
2					
3		263,872,796	258,327,189	5,545,607	(1,568,916)
		263,872,796	258,327,189	5,545,607	(1,568,916)
	¢	10,370,081,452	2,578,221,272	7,791,860,181	(27,331,405)
Loan portfolio					
Aging of loan portfolio					
Direct generic allowance					
Up to date	¢	10,111,754,264	2,319,894,083	7,791,860,181	(25,762,489)
		10,111,754,264	2,319,894,083	7,791,860,181	(25,762,489)
Direct specific allowance					
Up to date					(277,280)
Equal to or less than 30 days		94,803,371	94,803,371	0	(474,017)
Equal to or less than 60 days		163,523,818	163,523,818	0	(817,619)
		258,327,189	258,327,189	0	(1,568,916)
	¢	10,370,081,453	2,578,221,272	7,791,860,181	(27,331,405)



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		<b>Loans receivable from clients</b>	
As of September 30, 2023		<b>Gross</b>	<b>Net</b>
Risk category:			
1	¢	22,152,673,906	22,096,893,256
2		103,347,516	102,645,843
3		1,145,670,729	1,005,680,186
4		84,611,850	84,188,791
	¢	<u>23,486,304,001</u>	<u>23,289,408,076</u>

		<b>Loans receivable from clients</b>	
As of December 31, 2022		<b>Gross</b>	<b>Net</b>
Risk category:			
1	¢	27,186,994,456	27,118,577,660
2		93,486,017	93,018,587
3		299,028,646	296,201,606
	¢	<u>27,579,509,119</u>	<u>27,507,797,853</u>

		<b>Loans receivable from clients</b>	
As of September 30, 2022		<b>Gross</b>	<b>Net</b>
Risk category:			
1	¢	10,106,208,658	10,080,446,169
3		263,872,794	262,303,878
	¢	<u>10,370,081,452</u>	<u>10,342,750,047</u>

By request for change made by private banks to operate in accordance with the provisions of subsection ii) of Law N.1644, Organic Law of the National Banking System, the Governing Council of the Development Banking System authorizes the managing banks to transfer the resources from the Development Credit Fund, the repayment of which will be in monthly installments for a maximum period of six months.

As of September 30, 2023, resources have been transferred from the Development Credit Fund.

	<b>September 2023</b>	<b>December 2022</b>	<b>September 2022</b>
Banco Promerica	¢ 1,868,448,089	7,768,261,881	6,455,724,464
	<u>¢ 1,868,448,089</u>	<u>7,768,261,881</u>	<u>6,455,724,464</u>

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42). Transition to the International Financing Reporting Standards (IFRSs)

Following are some of the main differences between the accounting standards issued by the Board and IFRSs, as well as the IFRSs or interpretations of the International Financial Reporting Interpretations Committee (IFRICs) yet to be adopted:

a) IAS 1: Presentation of Financial Statements

The new IAS 1 became effective as of the periods beginning on or after January 1, 2009.

The presentation of financial statements required by the Board differs in some respects from presentation under IAS 1. Following are some of the most significant differences:

SUGEF Standards do not allow certain transactions, such as clearing house balances, gains or losses on the sale of financial instruments, income taxes, among others, to be presented on a net basis. Given their nature, IFRSs require those balances to be presented net to prevent assets and liabilities or profit or loss from being overstated.

b) IAS 1: Presentation of Financial Statements (revised)

This standard is applicable in periods beginning on or after July 1, 2012. The changes that have been included in IAS 1 are to specific paragraphs related to the presentation of other comprehensive income. These changes will require other comprehensive income to be presented separating those that cannot be reclassified subsequently to the income statement and those that may be subsequently reclassified to the income statement if certain specific conditions are met.

IAS 1 requires an entity to disclose reclassification adjustments and income tax relating to each component of other comprehensive income. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were previously recognized in other comprehensive income.

Revised IAS 1 changes the name of some financial statements, using “statement of financial position” instead of balance sheet.

IAS 1 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes retrospective restatement.

The financial statements presentation format is determined by the Board and can be different from the options permitted on certain IFRS and IAS.

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c) IAS 7: Statements of Cash Flows

The Board has only authorized preparation of the cash flow statement using the indirect method. The direct method is also acceptable under IAS 7.

d) IAS 8: Accounting Policies, Changes in Accounting Estimates, and Errors

In some cases, SUGEF has authorized the reporting of notices of deficiencies received from Tax Authorities against prior period retained earnings.

Accounting estimates are the best approximations of values or items that are included in the financial statements to measure the effects of events or economic transactions that have already occurred, or a current situation that is typical of an asset or liability of the entity, including adjustments that occur after the evaluation of an item as a result of new information or new events.

Any change in accounting estimates is prospective and is recorded in income for the period.

Based on its business model, nature, size, complexity, risk profile and other circumstances inherent to its operational activity, the entity must implement policies and procedures to define the representative framework to determine whether the information is material or not, which involves considerations of quantitative and qualitative factors. The entity shall disclose material inaccuracies or omissions, and related accounting policies, in the financial statements.

e) IAS 12: Income tax

A company recognizes all the tax consequences of paying dividends in the same way as income tax.

IAS 12 allows assets and liabilities to be presented net when they belong to the same tax entity, income or expense is presented net, as part of total income tax.

In the presentation of the SUGEF chart of accounts, each deferred income tax account must be presented separately.

In the case of a dispute regarding a specific tax treatment by the Tax Authority, which begins with the notification of a transfer of charges, the entity must:

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- a. Record against results of the period in the event that, according to the assessment by senior management, it is concluded that the entity has an immediate enforceable obligation with the Tax Administration.
  - b. Record a provision, for those treatments not considered in the previous paragraph, and whose amount must reflect the uncertainty for each of the tax treatments in dispute, according to the method that best predicts its resolution, as indicated by IFRIC 23.
- f) IAS 16: Property, Plant and Equipment

The Standard issued by the Board requires the revaluation of property through appraisals made by independent appraisers at least once every five years, eliminating the option to carry these assets at cost or to revalue other types of assets.

The revaluation must be supported by an appraisal made by an independent professional, authorized by the respective college.

Furthermore, SUGEF permits the conversion (capitalize) of the surplus revaluation directly in equity (only for state banks), without having to relocate previously to retained earnings, as required by IAS 16.

Moreover, under IAS 16, depreciation continues on property, plant and equipment, even if the asset is idle. The Standard issued by the Board allows entities to suspend the depreciation of idle assets and reclassify them as held-for-sale.

- g) IAS 21: The Effects of Changes in Foreign Exchange Rates

The supervised entities must keep their records and present their financial statements in Costa Rican colones.

The supervised entities must use the reference sale exchange rate of the Central Bank of Costa Rica that prevails at the time the operation is carried out for the accounting record of the conversion of foreign currency to the official currency 'colón', except for pension funds and labor capitalization funds, which must use the reference purchase exchange rate of the Central Bank of Costa Rica. Pension funds created by special or basic law managed by non-banking public sector institutions may use the purchase exchange rate referred to in article 89 of the Organic Law of the Central Bank of Costa Rica.

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At the end of each month, the corresponding reference exchange rate will be used as indicated in the previous paragraph, in force on the last day of each month for the recognition of the adjustments for exchange rate differences in monetary items in foreign currency.

The provisions of this article do not prevent entities from generating information on a currency other than the Costa Rican colón, in the terms described in IAS 21 on functional currency. However, this information may not be used for the purposes of calculating prudential indicators, for presentation to the respective Superintendencia or for publication to the public as required in the legal provisions that regulate the Financial System.

#### h) IAS 27: Consolidated and Separate Financial Statements

The Board requires that the financial statements of a parent entity to be presented separately, measuring its investments by the equity method. Under IAS 27, a parent is required to present consolidated financial statements. A parent company needs not to present consolidated financial statements when the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use, provided certain other requirements are also met. However, in this case, IAS 27 requires that investments be accounted for at cost.

In the case of financial groups, the holding company must consolidate the financial statements of all of the companies of the group in which it holds an ownership interest of twenty five percent (25%) or more, irrespective of control. For such purposes, proportionate consolidation should not be used, except in the consolidation of investments in joint ventures.

Amended IAS 27 (2008) requires accounting for changes in ownership interests by the Bank in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Bank loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27 became mandatory for the Bank's 2010 consolidated financial statements. These amendments have not been adopted by the Board.

The objective of this standard is to describe accounting treatment and disclosures required by subsidiaries, joint ventures and associates when the entity presents separate financial statements.

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i) IAS 28: Investments in Associates and Joint Ventures

In application of IAS 28 *Investments in associates and joint ventures*, the entity with legal power to participate in the equity of other companies or special purpose entity, such as joint Ventures, associated, Trusts, must use the equity method, from the date it acquires the investment or from the date it becomes an associate, joint ventures, or special purpose entity.

Supervised entities must present their separate financial statements.

j) Amendments to IAS 32: Financial Instruments 0 Presentation and IAS 1: Presentation of Financial Statements 0 Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments to the standards require puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if certain conditions are met. These changes have not been adopted by the Board.

k) IAS 37: Provisions, Contingent Liabilities and Contingent Assets

SUGEF requires that a provision for possible losses must be booked for contingent assets. IAS 37 does not allow this type of provision.

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight0line method over a maximum of five years. Similar procedure and term must be used for the amortization of goodwill acquired.

Automatic applications should be amortized systematically by the straight-line method during the term which produces economic benefits; such term could not exceed five years. Similar proceeding applies to obtained goodwill.

IAS 38 allows different methods to distribute an asset amortizable amount during useful life. Useful life of automatic applications could be longer than five years as stated by CONASIF standards.

On the other hand, IFRS do not require annual goodwill amortization, only yearly assessment for impairment is required.

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After initial recognition, intangible assets with a defined useful life must be accounted for at their acquisition cost less accumulated amortization and accumulated impairment losses that may have affected them.

The supervised entity's senior management must establish the appropriate mechanisms and procedures to determine whether an intangible asset with an indefinite useful life has deteriorated. For the respective verification, it will compare its recoverable amount with its carrying amount. This comparison must be carried out when there is any indication that the value of the asset could have deteriorated or, at least, on an annual basis.

This provision also applies to goodwill acquired in a business combination.

The automated applications in use must be systematically amortized by the straight-line method, in the course of the period in which it is expected to produce economic benefits for the entity, which must be based on its accounting policy.

In the case of commercial banks, indicated in article 1 of the Organic Law of the National Banking System, Law 1644, organization and installation expenses can be presented in the statement of financial position as an asset, but must be fully amortized by the straight-line method within a maximum period of five years.

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

For leased investment properties in which the fair value cannot be reliably measured on a continuous basis, its value will be measured by applying the cost model indicated in IAS 16 Property, Plant and Equipment. The residual value of the investment property should be assumed to be zero.

n) IFRS 3: Business combinations (revised)

In the application of IFRS 3, non-controlling interests in the acquiree, which are interests in current ownership and which grant the right to a proportional participation in the net assets of the entity, in the event of settlement must be measured, by the acquirer, at fair value on the acquisition date.

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The combination that involves entities or businesses under common control or that the acquiree is a subsidiary of an investment entity, must be carried out by integrating its assets and liabilities measured at carrying value using even accounting policies, for which adjustments in the financial statements of the acquiree will be previously carried out, to ensure that the accounting policies correspond to those used by the acquirer.

o) IFRS 5: Non-current Held-for-Sale Assets and Discontinued Operations

In the case of entities supervised by SUGEF, assets awarded in judicial auctions or received in payment of obligations must be valued at the lower of:

- a) its carrying amount; and
- b) its fair value less selling costs.

The entity must implement a sales plan and a program to negotiate the assets at a reasonable price that allows the plan to be completed in the shortest possible time.

Within a 24-months period from the date of award or receipt of the asset, the entity must request the Superintendent, by the means provided by the latter, an extension for an equal period for the sale of the asset. By means of duly reasoned criteria, the Superintendent may deny the request for an extension, in which case he will demand the constitution of an allowance of the property for 100% of its carrying amount

Also, an allowance for 100% of the carrying amount of the asset will be required when at the end of the indicated term, the entity did not request the extension. However, it will be a necessary condition that within 24 months from the date of award or receipt of the asset, it is estimated to be at least 50% of its carrying amount.

To determine the carrying amount of the assets awarded in judicial auctions or received in payment of obligations, the entity must record an allowance at the rate of one-forty-eighth per month until completing one hundred percent of the carrying amount of the asset. This accounting record will begin from the closing date of the month in which the asset was awarded or received in payment.



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p) IFRS 9: Financial Instruments

The conventional purchase or sale of financial assets must be recorded applying the accounting of the settlement date.

Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity should classify its own investments or pooled portfolios in financial assets according to the following valuation categories:

- a. At amortized cost. If an entity, in accordance with its business model and the current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
  - i. the fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement; and
  - ii. the gain or loss that should have been recognized in profit or loss for the financial statements indicated in the previous section.
- b. At fair value through other comprehensive income.
- c. At fair value through profit or loss: Participations in open investment funds must be registered in this category.

Regulated entities must have policies and procedures to determine when to suspend the accrual of commissions and interest on loan operations.

However, the period of suspension of accrual should not be more than one hundred and eighty days.

q) IFRS 13: Fair Value Measurement

Valuation at fair value of the portfolios of financial assets and financial liabilities exposed to market risk and credit risk will be done individually. Measurement based on the net risk exposure of the entity is not admissible.

Expenses or losses from equity reserves created by law or voluntarily by regulated entities cannot be directly recorded, without having previously gone through profit or loss of the period.

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43). Figures for 2023

As of September 30, 2023, financial statement figures have not been reclassified for comparison with those of 2022, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

44). Relevant and subsequent events

As of September 2023, there are relevant and subsequent events to disclose as follows:

a) Transfer of charges and observations

As of July 3, 2020, the BCCR publishes Law 9859 "Law to fight Usury" defining a maximum on interest rates on loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, in force for the second quarter of 2020. BCR credit cards offer an interest rate of 32% per year, one of the lowest in the market at the time of the entry into force of Law 9859, therefore it did not generate a financial impact on the income for credit card interest.

On the other hand, the law establishes a minimum non-sizable wage amount that cannot be considered in the analysis of the ability to pay, which implied the incorporation of this concept into the current credit regulations.

As of December 31, 2022, an adjustment for ¢11,124,931,039 (¢1,734,981,794.69 for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2017, for December 31, 2020, corresponding to 2015 and ¢8,487,028,342, for December, 2021, corresponding to 2016).

As of December 31, 2022, BCR Operadora de Pensiones Complementarias does not make a provision reversal adjustment corresponding to 2017 for ¢84,945,625, (¢51,013,093 for December 31, 2020, corresponding to 2015. By prescription, for December 2021, the entity did not perform a reversal adjustment of the IFRIC23 provision).

As of December 31, 2022, BCR Corredora de Seguros carried out the reversal of the respective contingency for ¢34,566,861 corresponding to the 2017 period (¢40,880,144, for December 31, 2020, and ¢54,313,692 for December 2021. Corresponding to the 2015 period).

As of December 2022, BCR Valores S.A. did not perform an adjustment for reversal of provision CINIIF23 (¢194,676,459, for December 31, 2020, and ¢264,905,511 as of December 31, 2021, corresponding to 2015).

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As of December 31, 2022, BCR Sociedad Administradora de Fondos de Inversión S.A. performed the reversion corresponding to 2017 for ₡78,779,564, (₡42,457,128, for December 31, 2020, and ₡36,435,373 as of December 2021, corresponding to 2015.)

On March 21, 2022, the Regularization Provision Proposal No. DGCN-SFPD-28-2021-4-321-03 is notified, informing the Bank of the differences found in the tax bases and tax quotas, as well as the facts and legal bases supporting it. The total debt is of ₡16,755,470,468 and interest of ₡8,042,094,675, corresponding to the 2017 fiscal period.

The Bank of Costa Rica expressed partial disagreement with the regulation proposal and is awaiting notification of the administrative act of settlement, with concrete expression of the facts and the legal bases that motivate the differences in the taxable bases and the tax quotas.

As of April 5, 2022, the Bank paid ₡32,663,336,583 to the Treasury.

<u>Period</u>	<u>Income tax</u>	<u>Penalties</u>	<u>Interest</u>	<u>Total</u>
2017	₡ 16,755,470,469	₡ 7,865,771,439	₡ 8,042,094,675	₡ 32,663,336,583

b) Value added tax

With the enactment of Law No. 9635, Law on Strengthening Public Finances of December 3, 2018, the sales tax system is comprehensively reformed, derogating entirely the General Sales Tax Law, Law No. 6826 of November 8, 1982, and its reforms, migrating its Title I to a new regulatory framework, called the Value Added Tax Law. This tax is regulated in Article 1 of the Law. In this new regulatory framework, all goods and services are taxed generally, presupposing an improvement in the control and oversight of the tax, since the list of exempt goods and services is considerably reduced, according to what is established in Article 8 of the Law. Likewise, the essential elements of the tax, being the taxable event, the accrual, the taxable persons, and the taxable base, were modified with Article 1 of the Law for Strengthening Public Finances.

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c) New administration of the Notarial Guarantee Fund

On October 8, 2019, BCR Pensiones started managing the Notarial Guarantee Fund; this fund was created with the enactment of the Notarial Code started ruling in 1998.

The National Directorate of Notaries carried out a comprehensive market study to determine the existence of options to manage its fund, thus transferring the Fund to BCR Pensiones.

In official letter BCROPC-048-20 dated February 11, 2020, the deadline for delivery of the audited financial statements of the Individual Capitalization Fund of Notarial Guarantee is extended once the National Directorate of Notaries delivers the corresponding audited financial statements to the period from January 1 to October 7, 2020, which was administered by another Complementary Pension Operator.

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the decree of Fiscal Relief for COVID-19 is approved, establishing moratorium measures in the payment of income tax (VAT, selective consumption, and duties, from April to June 2020 they be declared and may be paid free of charge for interest or penalties until December 2020, a postponement of the payment term is granted, there is no forgiveness or amnesty).

In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and the VAT exemption on commercial rentals in the months of April to June 2020.

On March 18, 2020, directive 075-H was signed to instruct the State commercial banks, in exercise of their constitutional autonomy, to carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation.

The guideline urges banks to assess measures such as the following:

1. Decrease in interest rates according to the terms of each loan.
2. Extension of the term of loans.
3. Extension in the payment of the principal and/or interest for the time that is necessary.
4. Extraordinary payments to the principal amount without penalty.

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Financial Information Regulation

As of March 2020, multiple regulations have been issued with the aim of mitigating the impact of COVID-19 related to the banking and financial sector, as follows:

**Approved by CONASSIFF**

- a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).
- b. This measure covers loans of more than ₡100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.
- c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending June 30, 2021, without qualifying as a special operation.
- d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.
- e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.
- f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This particular measure aims to facilitate the readjustments and / or refinancing of the credits. This measure is temporary; it is in force until March 31, 2021.

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- g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.
- h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.
- i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

**General Superintendence of Financial Entities**

- a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the "M" factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.
- b. It was agreed to establish the value of the "M" factor referred to in Article 6 of the SUGEF 19-16 Agreement.
- c. This minimum required percentage level of countercyclical allowance ("M") will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.
- d. This measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

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**Central Bank of Costa Rica**

The Board of Directors of the Central Bank of Costa Rica approved the following reforms:

- a. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020,
- b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and
- c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: “during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights”. This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).
- d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones with one-day and up to thirty-days terms.
- e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in an one-day term.
- f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.
- g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.
- h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

BANCO DE COSTA RICA AND SUBSIDIARIES

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Measures adopted by the Bank in the face of the health emergency due to COVID-19. Measures were generated in three areas:

- 1) Direct loan: A total grace period of 6 or 12 months will be provided, in which the client will pay only what corresponds to credit-related policies, that is, the principal and interest will not be charged during that period; the collection will be carried out after the total grace period and will be treated according to the needs of each client.

The unpaid interest will be charged through a new loan that will take effect at the end of the grace period.

For this new operation, the interest rate will be, in colones basic passive rate (TBP) + 1 colones and in US dollars PRIME rate, depending on the currency, and for the remaining term of the main operation.

In the cases necessary, the maturity of the main operation may be extended by up to 11 months.

This facility applies to customers with less than 60 days past due, for which no additional payment capacity analysis will be made.

- 2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest.

During the months of the full grace period, no late fees nor default interests will be charged.

- 3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution.

As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

In this first stage, facilities will be given with emphasis on Tourism and Commerce, which will allow a medium-term solution, ranging between 6 or 12 months in both currencies.

In a second stage, the Transportation and Commercial sector with real estate activity will be addressed with greater emphasis, also covering other economic activities.



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As of September 30, 2023, Loans are detailed by activity in operations readjusted by Covid-19:

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1,642,087,643	18,359,000,248
Trade	53,123,731,505	24,915,117,777
Construction	5,196,167,271	5,972,647,902
Retail	55,694,332,100	1,398,166,048
Livestock	2,610,025,929	0
Industry	28,123,889,670	1,809,967,609
Services	25,075,480,312	7,443,452,111
Transportation	17,066,994,499	0
Tourism	5,487,816,813	36,037,875,461
Housing	165,183,406,496	36,943,633,359
<b>Total by currency</b>	<b>¢ 359,203,932,238</b>	<b>132,879,860,515</b>
<b>Total</b>	<b>¢ 492,083,792,753</b>	

<b>Activity</b>	<b>Colones</b>	<b>Activity US dollars</b>	<b>Total</b>
Agriculture	76	4	80
Trade	597	42	639
Construction	17	11	28
Retail	6,500	224	6,724
Livestock	57	0	57
Industry	79	1	80
Services	370	18	388
Transportation	128	0	128
Tourism	37	34	71
Housing	7,662	981	8,643
<b>Total</b>	<b>15,523</b>	<b>1,315</b>	<b>16,838</b>

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As of December 31, 2022

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1,869,154,251	29,396,612,154
Trade	59,588,289,374	29,403,105,392
Construction	5,429,447,377	9,029,425,826
Retail	64,241,759,419	2,531,696,450
Livestock	3,146,799,788	0
Industry	30,279,656,003	2,118,138,910
Services	27,901,602,062	11,811,450,962
Transportation	20,224,288,897	55,138,491
Tourism	6,174,538,898	42,976,318,039
Housing	174,526,727,621	46,041,845,375
<b>Total by currency</b>	<b>¢ 393,382,263,690</b>	<b>173,363,731,599</b>
<b>Total</b>	<b>¢ 566,745,995,289</b>	

<b>Activity</b>	<b>Colones</b>	<b>Amount in US Dollars</b>	<b>Total</b>
Agriculture	77	5	82
Trade	704	52	756
Construction	19	14	33
Retail	7,217	357	7,574
Livestock	78		78
Industry	83	2	85
Services	401	28	429
Transportation	146	2	148
Tourism	38	36	74
Housing	8,033	1,084	9,117
<b>Total</b>	<b>16,796</b>	<b>1,580</b>	<b>18,376</b>

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As of September 31, 2022

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1,924,091,211	33,021,051,996
Trade	61,970,933,814	31,802,293,432
Construction	5,483,376,634	9,830,079,725
Retail	67,388,879,807	3,027,312,308
Livestock	3,326,091,038	0
Industry	30,994,068,274	2,360,838,790
Services	28,857,630,718	18,243,434,270
Transportation	20,989,188,897	60,691,243
Tourism	6,416,711,487	45,326,831,204
Housing	178,707,984,159	51,048,821,325
<b>Total by currency</b>	<b>₡ 406,058,956,039</b>	<b>194,721,354,293</b>
<b>Total</b>	<b>₡ 600,780,310,332</b>	

<b>Activity</b>	<b>Colones</b>	<b>Amount in</b>	
		<b>US Dollars</b>	<b>Total</b>
Agriculture	78	9	87
Trade	753	56	809
Construction	19	14	33
Retail	7,443	393	7,836
Livestock	84	0	84
Industry	84	4	88
Services	418	32	450
Transportation	154	2	156
Tourism	40	37	77
Housing	8,176	1,124	9,300
<b>Total</b>	<b>17,249</b>	<b>1,671</b>	<b>18,920</b>

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Effects of the pandemic on BICSA

As of December 31, 2020, the number of moratoriums granted by BICSA Group reaches an amount of 184.7 million dollars, which represents 12% of the total portfolio and provisions were made to cover the potential effect of macroeconomic impairment of the loan portfolio according to the entity's expected loss models (see note 26 - Modified special mention category loans).

Faced with the pandemic, Grupo BICSA was forced to respond quickly to critical questions in the operational and financial areas. In particular, the recalibration and updating of IFRS 9 models is of particular importance as a fundamental task in the current context because of various factors that in turn have an impact on provisions. These reviews considered adjustments to conventional methodological aspects such as the probability of default (PD), the loss given default (LGD) and the forward-looking adjustment (prospective economic effect of the IFRS 9 model). The classification criteria in Stages have also been revised to incorporate the effects that the COVID-19 environment could bring to customers, in this case it is necessary to define criteria for a significant increase in credit risk (ISRC) based on the risk of the economic sector, the activity within the economic sector and the particular characteristics of each client. Finally, based on the methodology defined taking as reference the international regulations and the local regulatory context, the Bank defined the Post Model Adjustments (Overlays) with general guidelines for the classification process of modified loans in the different stages established by IFRS 9. After applying the adjustments, the bank resulted in an increase in its IFRS 9 reserve estimate of \$1.3 million.

Management and impacts of the pandemic for COVID-19 at BICSA

As of the second quarter of 2020, the Group increased its volume of current assets to an average greater than 63.65% of the Legal Liquidity indicator, doubling the minimum 30% required (see Note 5 - Liquidity Risk). Finally, the Group's solvency level has improved compared to the previous closing ended on December 31, 2019 and remains well above the requirements of the SBP in 12.76% of weighted equity/assets based on risk (see Note 5 - Capital Management). The final magnitude of the impact of the pandemic for COVID-19 on the Group's business, financial situation and results will depend on future and uncertain events, including the intensity and persistence over time of the consequences derived from the pandemic in the different geographies in which the Group operates.

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Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018, held on September 11, 2018, CONASSIF approved the Financial Information Regulation, in effect from January 1, 2020.

The purpose of the Regulations is to moderate the application of the International Financial Reporting Standards (IFRS) and their interpretations (SIC and IFRIC), issued by the International Accounting Standards Board (IASB), considering prudential or regulatory accounting treatments. As well as the definition of a specific treatment or methodology when IFRS propose two or more application alternatives.

Distribution of dividends

As of April 14, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., distributed dividends in the amount of ¢500,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 21, 2023, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢1,400,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 24, 2023, BANPROCESA, S.R.L., distributed dividends in the amount of ¢400,000,000, in compliance with resolution of the Extraordinary General Quota Holders Meeting No. 07-23 of March 20, 2023.

As of May 31, 2023, BCR Corredora de Seguros S.A., distributed dividends in the amount of ¢3,000,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 08-23 of April 24, 2023.

As of April 26, 2022, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3,100,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-22, April 19, 2022.

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢2,750,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BCR Valores, S.A., distributes dividends in the amount of ¢3,000,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

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As of April 26, 2022, BANPROCESA, S.A., distributes dividends in the amount of ¢300,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

Incorporation of Banprocesa S.R.L. to the BCR Financial Conglomerate

Banprocesa, S.R.L. will provide exclusive services to the BCR Financial Conglomerate, in the development of software related to information technology. Significant improvements are expected in the management of this process, with an impact on reducing costs for reprocessing, timely attention, custom development and in general, greater efficiency in management as well as supporting the strategic objective of turning Banco de Costa Rica into a digital bank. Due to the nature of the company's services, its impact is seen mainly in the bank's operational risk management, and to a lesser extent, with an impact on its solvency. Therefore, no technical aspects or risk exposure are identified that constitute a disability to its incorporation into the Financial Conglomerate.

By means of official letter GG-04-276-2020, of April 24, 2020, a request for formal authorization it is sent to the General Superintendency of Financial Entities (SUGEF) on April 27, 2020, to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate and Subsidiaries, clarifying that, currently Banco de Costa Rica owns 100% of the shares of the entity.

By means of official letter SGF-2069-2021 SGF-CONFIDENCIAL-202103143, dated July 23, 2021, a favorable opinion is rendered on the request for authorization to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate.

Gradual increase of the Minimum Legal Reserve

The Board of Directors of the Central Bank of Costa Rica, in article 8 of the minutes of session 6066-2022, held on June 15, 2022, ordered to gradually increase the percentage of minimum legal reserve and liquidity reserve, both in national currency, from 12.0% to 15.0%.

As of the first fortnight of July 2022, 13.5% is applied and as of the second fortnight of July 2022, 15.0% is applied, through the modification to Title VI of the Monetary Policy Regulations.

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Maximum annual interest rates for credits and microcredits

In accordance with the provisions of article 36 bis of Law No. 9859 of June 11, 2020, the calculation of the maximum annual interest rates and their publication is carried out by the Central Bank of Costa Rica in the first week of January and July of each year.

As of July 8, 2022, the publication of the new maximum annual interest rates for credit operations in colones and US dollars and other currencies is made.

Every type of credit (except microcredits)	Semiannual	Semiannual	Semiannual
	1/2022	2/2022	1/2023
Colones	33.44	33.41	35.51
US dollars	27.98	27.72	28.71
<b>Microcredits</b>			
Colones	47.27	47.23	50.16
US dollars	39.69	39.32	40.70
Credits in other currencies	5.86	5.68	6.34

For the purposes of this law, microcredit is understood to be any credit that does not exceed a maximum amount of 1.5 times the base salary of clerk 1 of the Judiciary, according to Law 7337, of May 5, 1993. Credit cards are excluded from microcredits.

Asset appraisal

As of September 2022, a net appraisal was recorded in buildings for ¢11,447,128,295 and in property for ¢456,051,531.

(45) Authorization date for issuance of financial statements

The General Management of the Bank authorized the issuance of the separate financial statements on October 30, 2023. SUGEF has the possibility of requiring modifications to the financial statements after their date of authorization for issuance.