



**Banco de Costa Rica and Subsidiaries**  
Unaudited Consolidated Financial Statements  
March 31, 2021

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

For the period ended March 31, 2021

(In colones without cents)

	Note	March 2021	December 2020	March 2020
<b>ASSETS</b>				
<b>Availabilities</b>	<b>4</b>	<b>€ 788,333,146,134</b>	<b>803,047,856,879</b>	<b>775,962,750,289</b>
Cash		100,725,088,472	119,287,622,423	76,413,152,616
Central Bank of Costa Rica		558,401,154,592	557,130,153,527	522,486,709,991
Local financial entities		42,044,776	406,513,723	2,486,209,193
Foreign financial entities		127,285,923,696	124,787,806,670	169,760,563,118
Notes payable on demand		1,463,674,463	933,476,898	4,085,935,670
Restricted cash and cash equivalents		415,260,135	502,245,670	730,179,701
Accounts and interest receivable		0	37,968	0
<b>Investment in financial instruments</b>	<b>5</b>	<b>1,489,666,734,813</b>	<b>1,422,225,936,729</b>	<b>1,073,346,258,521</b>
At fair value through profit or loss		106,266,115,073	129,268,183,986	142,734,777,153
At fair value through other comprehensive income		1,205,164,750,543	1,158,570,957,948	874,007,580,940
At amortized cost		164,576,344,888	116,422,768,236	45,753,002,303
Interest receivable		13,660,711,928	17,964,479,288	10,850,898,125
(Allowance for impairment)		(1,187,619)	(452,729)	0
<b>Loan portfolio</b>	<b>6</b>	<b>3,713,115,926,786</b>	<b>3,737,850,095,270</b>	<b>3,720,206,470,582</b>
Current loans	<b>6.c</b>	3,583,651,589,335	3,611,713,806,444	3,238,904,353,828
Past due loans		209,482,194,836	191,127,466,768	525,648,849,315
Loans in legal collection	<b>6.c</b>	44,553,853,315	47,306,508,117	47,849,376,773
(Deferred income loan portfolio)		(17,781,708,175)	(17,174,110,485)	(16,444,310,633)
Interest receivable	<b>6.f</b>	34,579,768,308	39,101,667,115	27,367,029,996
(Allowance for impairment)	<b>6.g</b>	(141,369,770,833)	(134,225,242,689)	(103,118,828,697)
<b>Accounts and commissions receivable</b>		<b>13,836,100,313</b>	<b>15,288,959,387</b>	<b>12,053,613,696</b>
Commissions receivable		4,504,499,689	3,914,017,767	3,826,755,303
Accounts receivable from stock transactions		1,023,418,929	153,829,125	311,477,818
Accounts receivable for transactions with related parties		633,348,868	588,117,964	1,442,361,614
Deferred income tax and income tax receivable	<b>15</b>	1,874,198,549	3,089,935,829	3,078,384,636
Other accounts receivable		17,077,043,232	18,228,391,664	12,217,830,027
(Allowance for impairment)		(11,276,408,954)	(10,685,332,962)	(8,823,195,702)
<b>Foreclosed assets</b>	<b>7</b>	<b>66,862,818,749</b>	<b>65,018,758,323</b>	<b>52,129,247,708</b>
Assets and securities acquired as recovery of loans		152,126,712,620	153,175,635,799	150,742,502,712
Other foreclosed assets		3,058,819,606	3,135,050,908	3,899,272,076
(Allowance for impairment and per legal requirement)		(88,322,713,477)	(91,291,928,384)	(102,512,527,080)
<b>Interest in other companies' capital, net</b>	<b>8</b>	<b>733,592,635</b>	<b>601,781,698</b>	<b>405,515,441</b>
<b>Property, furniture and equipment, net</b>	<b>9</b>	<b>143,638,422,999</b>	<b>145,466,631,990</b>	<b>151,713,980,171</b>
<b>Property investments</b>		<b>6,441,924,521</b>	<b>6,441,924,521</b>	<b>6,441,924,521</b>
<b>Other assets</b>		<b>96,292,902,306</b>	<b>103,914,142,815</b>	<b>95,550,779,698</b>
Deferred charges	<b>10.a</b>	11,119,512,032	11,020,765,141	9,869,640,031
Intangible assets, net	<b>10.b</b>	16,719,166,560	16,550,642,887	12,034,439,818
Other assets	<b>10.c</b>	68,454,223,714	76,342,734,787	73,646,699,849
<b>TOTAL ASSETS</b>	<b>€</b>	<b>6,318,921,569,256</b>	<b>6,299,856,087,612</b>	<b>5,887,810,540,627</b>

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
For the period ended March 31, 2021  
(In colones without cents)

	Note	March 2021	December 2020	March 2020
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Obligations with the public</b>	€	4,543,885,944,354	4,435,948,768,842	4,119,709,258,803
Demand obligations	11	2,777,991,336,786	2,631,125,295,136	2,180,567,628,282
Term obligations	12	1,745,377,751,704	1,765,488,529,808	1,883,445,410,599
Other obligations with the public	13	5,481,035,227	22,851,373,427	33,625,713,750
Financial charges payable		15,035,820,637	16,483,570,471	22,070,506,172
<b>Obligations with the Central Bank of Costa Rica</b>	14	20,798,228,384	2,500,208,320	0
Demand obligations		1,243,490,384	0	0
Term obligations		19,530,000,000	2,500,208,320	0
Financial charges payable		24,738,000	0	0
<b>Obligations with entities</b>	14	876,911,212,930	996,185,319,919	955,234,698,979
Demand obligations	12	71,693,127,306	57,024,035,642	65,451,411,304
Term obligations	12	800,978,526,294	934,562,223,076	882,329,192,940
Financial charges payable		4,239,559,330	4,599,061,201	7,454,094,735
<b>Accounts payable and provisions</b>		154,800,489,657	161,122,349,138	142,797,752,123
Provisions	16	59,987,236,037	60,354,073,834	60,143,128,072
Accounts payable for stock transactions		126,105,309	125,916,857	66,019,738
Deferred income tax	15	14,420,880,450	8,261,935,568	8,812,301,103
Other sundry accounts payable	17	80,250,129,907	92,356,990,157	73,762,297,107
Financial charges payable		16,137,954	23,432,722	14,006,103
<b>Other liabilities</b>		32,366,013,126	38,146,815,175	28,203,336,315
Deferred income		1,360,890,130	1,248,422,950	1,155,796,454
Other liabilities		31,005,122,996	36,898,392,225	27,047,539,861
<b>TOTAL LIABILITIES</b>	€	<u>5,628,761,888,451</u>	<u>5,633,903,461,394</u>	<u>5,245,945,046,220</u>
<b>EQUITY</b>				
<b>Capital stock</b>	18.a	€ 181,409,990,601	181,409,990,601	181,409,990,601
Paid-in- capital		181,409,990,601	181,409,990,601	181,409,990,601
<b>Adjustments to equity - Other comprehensive income</b>		68,444,872,820	55,958,372,952	54,110,793,436
<b>Equity reserves</b>		296,709,547,031	283,820,516,011	283,820,516,011
<b>Accrued earnings from previous periods</b>		23,286,282,979	13,464,953,148	13,464,953,148
<b>Profit of current period</b>		11,732,892,229	25,612,643,802	6,992,246,630
<b>Equity of the Development Financing Fund</b>		36,212,011,410	33,309,728,460	33,309,728,460
<b>Minority interest</b>	8	72,364,083,735	72,376,421,244	68,757,266,121
<b>TOTAL EQUITY</b>		<u>690,159,680,805</u>	<u>665,952,626,218</u>	<u>641,865,494,407</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	€	<u>6,318,921,569,256</u>	<u>6,299,856,087,612</u>	<u>5,887,810,540,627</u>
<b>DEBIT CONTINGENT ACCOUNTS</b>	19	€ 434,663,766,992	435,596,846,933	411,339,877,843
<b>TRUST ASSETS</b>	20	<u>927,147,413,128</u>	<u>972,668,061,666</u>	<u>1,030,417,470,509</u>
<b>TRUST LIABILITIES</b>		<u>366,023,263,322</u>	<u>379,680,643,674</u>	<u>453,419,948,456</u>
<b>TRUST EQUITY</b>		<u>561,124,149,807</u>	<u>592,987,417,992</u>	<u>576,997,522,053</u>
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	21	€ 25,751,128,131,487	24,615,785,229,468	23,351,200,789,432
Own debit memoranda accounts		15,965,812,607,261	15,416,275,687,503	14,908,552,558,534
Third party debit memoranda accounts		2,395,406,195,749	2,351,292,555,491	2,090,064,934,693
Own debit memoranda accounts for custodial activities		960,294,004,012	753,477,291,918	483,067,462,865
Third party debit memoranda accounts for custodial activities		6,429,615,324,465	6,094,739,694,556	5,869,515,833,340

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

José Manuel Rodríguez G.  
General Auditor

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

For the period ended March 31, 2021

(In colones without cents)

	Note	March 2021	March 2020
<b>Financial income</b>			
For availabilities	¢	29,532,124	216,898,480
For investments in financial instruments	26	20,567,470,448	15,417,564,488
For loan portfolio	27	73,154,712,878	79,961,945,947
For financial leases	27	555,017,723	504,936,819
For gain on exchange differences and Development Units		0	2,353,505,568
For profit from financial instruments at fair value through profit or loss	1-d.iii	188,721,674	2,309,039,502
For profit from financial instruments at fair value through other comprehensive income		1,517,692,171	3,771,448,196
For other financial income		1,157,005,155	990,190,439
<b>Total financial income</b>		<b>97,170,152,173</b>	<b>105,525,529,439</b>
<b>Financial expenses</b>			
For obligations with the public	28	28,048,757,843	39,627,657,524
For obligations with the Central Bank of Costa Rica		31,071,630	24,422,945
For obligations with financial and non-financial entities		6,747,373,179	8,219,270,570
For losses from exchange differences UD	1-d.ii	209,538,031	0
For loss from financial instruments at fair value through profit or loss		78,905,665	5,063,219,240
For loss from financial instruments at fair value through other comprehensive income		5,834,620	23,698,191
For other financial expenses		17,267,614	12,450,907
<b>Total financial expenses</b>		<b>35,138,748,582</b>	<b>52,970,719,377</b>
Allowance for impairment of assets	29	11,089,330,374	11,626,196,422
For assets recovery and decrease in allowance and provisions	30	5,672,261,960	7,555,834,721
<b>FINANCIAL INCOME</b>		<b>56,614,335,177</b>	<b>48,484,448,361</b>
<b>Other operating income</b>			
For service fees	31	25,605,293,750	29,242,336,505
For foreclosed assets		8,086,008,972	4,585,699,565
For profit on capital investments in other companies	32	135,859,051	0
For foreign currency exchange and arbitrations		5,518,781,773	7,526,454,959
For other income from related parties		41,436,050	79,461,164
For other operating income		3,452,429,597	6,581,808,231
<b>Total other operating income</b>		<b>42,839,809,193</b>	<b>48,015,760,424</b>
<b>Other operating expenses</b>			
For service fees		6,658,977,586	6,738,468,623
For foreclosed assets		9,794,338,978	13,200,905,085
For loss on capital investments in other companies		0	78,095,659
For provisions		361,567,742	318,196,589
For exchange and arbitration, foreign currency		606,512,206	988,661,037
For other expenses with related parties		478,139,264	118,155
For other operating expenses		11,314,293,070	12,642,528,988
<b>Total other operating expenses</b>		<b>29,213,828,846</b>	<b>33,966,974,136</b>
<b>GROSS OPERATING INCOME</b>		<b>70,240,315,524</b>	<b>62,533,234,649</b>
<b>Administrative expenses</b>			
Personnel expenses		28,743,724,354	28,550,861,333
Other administrative expenses		16,710,009,615	15,963,198,919
<b>Total administrative expenses</b>	33	<b>45,453,733,969</b>	<b>44,514,060,252</b>
<b>OPERATING INCOME, NET OF TAX AND STATUTORY ALLOCATIONS</b>		<b>24,786,581,555</b>	<b>18,019,174,397</b>
Income Tax	15	7,146,476,910	6,917,929,636
Deferred income Tax	15	16,696,088	8,614,021
Decrease in income tax		194,885,698	64,255,618
Legal profit allocation	34	5,900,960,137	3,584,158,035
<b>RESULT OF THE PERIOD</b>		<b>11,917,334,118</b>	<b>7,572,728,323</b>
Result of the period attributed to minority interest		184,441,889	580,481,693
<b>RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>		<b>11,732,892,229</b>	<b>6,992,246,630</b>
<b>OTHER COMPREHENSIVE INCOME , NET OF TAX</b>			
Adjustment for valuation of investments at fair value through other comprehensive income		13,295,995,466	1,956,261,325
Reclassification of unrealized profit to the income statement		(1,058,300,286)	(2,623,425,004)
Adjustment for valuation of restricted financial instruments, net of income tax		373,592,282	1,367,662,145
Other		(321,566,992)	4,207,499,567
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>	35	<b>12,289,720,470</b>	<b>4,907,998,033</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>24,207,054,588</b>	<b>12,480,726,356</b>
Comprehensive income attributed to minority interest		(12,337,509)	2,618,208,642
<b>COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>	¢	<b>24,219,392,097</b>	<b>9,862,517,714</b>

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

José Manuel Rodríguez G.  
General Auditor

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended March 31, 2021  
(In colones without cents)

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 conversion of financial statements	Total adjustments to equity						
	<b>Balance as of December 31, 2019</b>	181,409,990,601	37,774,830,067	(1,343,439,781)	14,809,132,066	51,240,522,352	264,398,962,426	38,043,832,889	29,753,932,255	66,139,057,480	630,986,298,003
	Realization of revaluation surplus	0	0	0	0	0	0	(1,601,529,951)	0	0	(1,601,529,951)
	Allocation of legal reserve	0	0	0	0	0	19,421,553,585	(19,421,553,585)	0	0	0
	Allocation of the Development Financing Fund	0	0	0	0	0	0	(3,555,796,205)	3,555,796,205	0	0
	<b>Balance as of March 31, 2020</b>	<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>(1,343,439,781)</b>	<b>14,809,132,066</b>	<b>51,240,522,352</b>	<b>283,820,516,011</b>	<b>13,464,953,148</b>	<b>33,309,728,460</b>	<b>66,139,057,480</b>	<b>629,384,768,052</b>
	<b>Other comprehensive income</b>										
	Other total comprehensive income	0	0	724,446,305	2,145,824,779	2,870,271,084	0	6,992,246,630	0	2,618,208,642	12,480,726,356
	<b>Balance as of March 31, 2020</b>	<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>(618,993,476)</b>	<b>16,954,956,845</b>	<b>54,110,793,436</b>	<b>283,820,516,011</b>	<b>20,457,199,778</b>	<b>33,309,728,460</b>	<b>68,757,266,121</b>	<b>641,865,494,407</b>
	Attributed to minority interest	0	0	0	0	0	0	0	0	68,757,266,121	68,757,266,121
	Attributed to the financial conglomerate	181,409,990,601	37,774,830,067	(618,993,476)	16,954,956,845	54,110,793,436	283,820,516,011	20,457,199,778	33,309,728,460	0	573,108,228,286
	<b>Balance as of January 1, 2020</b>	<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>(2,718,583,704)</b>	<b>20,902,126,589</b>	<b>55,958,372,952</b>	<b>283,820,516,011</b>	<b>39,077,596,950</b>	<b>33,309,728,460</b>	<b>72,376,421,244</b>	<b>665,952,626,218</b>
	Allocation of legal reserve	0	0	0	0	0	12,889,031,020	(12,889,031,020)	0	0	0
	Allocation of the Development Financing Fund	0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	0	(1)
	<b>Balance as of March 31, 2021</b>	<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>(2,718,583,704)</b>	<b>20,902,126,589</b>	<b>55,958,372,952</b>	<b>296,709,547,031</b>	<b>23,286,282,979</b>	<b>36,212,011,410</b>	<b>72,376,421,244</b>	<b>665,952,626,217</b>
	<b>Other comprehensive income</b>										
	Other total comprehensive income	0	0	12,650,500,021	(164,000,153)	12,486,499,868	0	11,732,892,229	0	(12,337,509)	24,207,054,588
	<b>Balance as of March 31, 2021</b>	<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>9,931,916,317</b>	<b>20,738,126,436</b>	<b>68,444,872,820</b>	<b>296,709,547,031</b>	<b>35,019,175,208</b>	<b>36,212,011,410</b>	<b>72,364,083,735</b>	<b>690,159,680,805</b>
	Attributed to minority interest	0	0	0	0	0	0	0	0	72,364,083,735	72,364,083,735
	Attributed to the financial conglomerate	181,409,990,601	37,774,830,067	9,931,916,317	20,738,126,436	68,444,872,820	296,709,547,031	35,019,175,208	36,212,011,410	0	617,795,597,070

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

\_\_\_\_\_  
Douglas Soto L.  
General Manager

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Ana Lorena Brenes B.  
Accountant

\_\_\_\_\_  
José Manuel Rodríguez G.  
General Auditor



**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended March 31, 2021  
(In colones without cents)

	Note	March 2021	March 2020
<b>Cash flows from operating activities</b>			
Income of the period	€	11,732,892,229	6,992,246,630
<b>Items applied to results not requiring cash outlays</b>		<b>(29,042,432,586)</b>	<b>(7,747,929,092)</b>
<b>Increase or (decrease) for</b>			
Allowance for impairment or devaluation of financial instruments		393,074,022	3,226,918,490
Allowance for impairment of loan portfolio		9,652,375,967	7,356,764,753
Allowance for impairment and default of other accounts receivable		1,043,880,385	1,042,513,179
Allowance for impairment of assets in lieu of payment		4,933,500,367	10,076,956,519
Income from reversal of allowance for impairment or devaluation of investments		(338,939,905)	(364,266,219)
Income from reversal of allowance for impairment of loan portfolio		(1,919,823,683)	(6,489,217,306)
Income from reversal of allowance for impairment and default of accounts receivable		(420,798,592)	(702,351,196)
Income from reversal of allowance for impairment of assets in lieu of payment		(7,902,693,753)	(4,366,848,163)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		3,807,709,945	1,675,313,973
Interest in net profit of other companies		(135,859,051)	78,095,659
Depreciation		3,873,433,326	3,299,022,628
Amortization		3,454,638,050	2,882,375,188
Provision for social benefits		116,735,457	86,410,016
Provisions for pending lawsuits		244,832,285	191,258,789
Other provisions		1,361,667	208,181,955
Income from provisions		(84,215,284)	(1,573,158,513)
Income tax		7,146,476,910	6,917,929,635
Deferred income tax		16,696,088	(55,641,595)
Decrease in income tax		(39,601,035)	0
Decrease in income tax from previous periods		(155,284,663)	0
Profit sharing		5,900,960,137	3,584,158,035
Interest for obligations with the public		28,048,757,843	39,627,657,524
Interest for obligations with financial entities		6,778,444,809	8,243,693,515
Income from availabilities		(29,532,124)	(216,898,480)
Interest from investment in financial instruments		(20,567,470,448)	(15,417,564,488)
Income from loan portfolio		(73,154,712,878)	(79,961,945,947)
Net profit or loss from exchange differences and Development Units		273,179,836	10,176,406,485
Minority interest in net profit of subsidiaries		184,441,889	580,481,693
Adjustments for conversion of financial statements of the entity abroad		(164,000,153)	2,145,824,779
<b>Cash flows from operating activities</b>		<b>89,692,672,544</b>	<b>332,438,840,382</b>
<b>Net variation in assets increase or (decrease)</b>			
Increase in financial instruments - at fair value through profit or loss		(59,501,134,977)	(218,627,482,414)
Decrease in financial instruments - at fair value through profit or loss		82,449,804,663	194,046,142,895
Increase in financial instruments - at fair value through other comprehensive income		(246,751,774,861)	(173,364,431,932)
Decrease in financial instruments - at fair value through other comprehensive income		247,857,176,682	428,755,846,761
Loan portfolio		(837,411,854)	57,611,901,042
Accounts and commissions receivable		37,447,418	(2,972,978,628)
Available-for-sale assets		6,279,461,212	2,806,194,108
Interest receivable for financial instruments		17,964,479,288	10,025,019,727
Interest receivable for loan portfolio		35,998,377,360	21,536,787,485
Other assets		6,196,247,613	12,621,841,338
<b>Net variations in liabilities, increase or (decrease)</b>		<b>(71,517,206,371)</b>	<b>(235,831,499,041)</b>
Obligations with the public		113,687,820,853	(97,372,778,683)
Obligations with the Central Bank of Costa Rica and other entities		(134,567,273,889)	(50,343,988,438)
Obligations for accounts and commissions payable and provisions		(23,793,532,313)	(29,156,121,811)
Interest payable for obligations with the public		(16,483,570,471)	(22,171,424,029)
Interest payable for obligations with the BCCR and other entities		(4,599,061,201)	(8,208,082,238)
Interest payable for accounts and commissions payable and provisions		(23,432,722)	(14,488,317)
Other liabilities		(5,738,156,628)	(28,564,615,525)
Interests paid		(15,510,946,731)	(18,332,744,029)
Dividends received		3,750,000,000	0
Collected interest		48,614,524,969	59,743,342,165
Paid income tax		(1,808,236,689)	(12,068,675,173)
<b>Net cash flows provided by operating activities</b>		<b>35,911,267,365</b>	<b>125,193,581,842</b>
<b>Cash flow from investment activities</b>			
Increase in financial instruments at amortized cost		(2,318,964,171,081)	(20,145,646,616)
Decrease in financial instruments at amortized cost		2,270,810,594,429	17,149,394,313
Acquisition of property, furniture and equipment		33,644,907,721	(6,084,879,799)
Decrease for withdrawal and transfer of property, furniture and equipment		14,611,694	7,967,180,344
Acquisition of intangibles		(2,085,810,430)	(974,635,103)
Decrease for withdrawal and transfer of intangibles		0	278,514,628
Interest in other companies		(3,745,951,886)	(12,688,964)
<b>Cash flows (used for) provided by investment activities</b>		<b>(20,325,819,553)</b>	<b>(1,822,761,197)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>15,585,447,812</b>	<b>123,370,820,645</b>
Cash and cash equivalents at the beginning of the year		940,600,959,363	858,178,114,618
Effect on changes in exchange rates on cash		(937,443,405)	10,729,689,174
Cash and cash equivalents at the end of the year	4	€ <u>955,248,963,770</u>	<u>989,282,372,134</u>

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

José Manuel Rodríguez G.  
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(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 March 31, 2021, the Bank has a total 167 (169 and 186, for December and March 2020, respectively) branches distributed across the national territory, has in operation 660 (676 and 674, for December and March 2020, respectively) ATM's and has 3.622 (3.645 and 3.721, for December and March 2020, 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 March 31, 2021 is of 70 (70 and 69 for December and March 2020, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Sociedad Administradora de Fondos de Inversion, 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 March 31, 2021 is of 105 (101 and 106 for December and March 2020, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

March 31, 2021

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 March 31, 2021 is of 95 (97 and 99 for December and March 2020, 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 March 31, 2020 is of 84 (86 and 83 for December and March 2020, 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 March 31, 2021, the number of employees is 76 (67 and 37 for December and March 2020, respectively). As of March 31, 2021, SUGEF is evaluating 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”.

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 March 31, 2020 the number of employees is of 59 (36 and 42 for December and March 2020, respectively).

As of April 30, 2020, Bancrédito Sociedad Agencia de Seguros, S.A., organized in March 2009 under the laws of the Republic of Costa Rica, was settled. Its main activity was the insurance underwriting.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

March 31, 2021

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, and its subsidiary in Miami, Florida, United States of America. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of March 31, 2021 is of 247 (241 and 255 for December and March 2020, respectively).

In the Republic of Panama, banks are regulated by the Superintendence of Banks of Panama through Executive Order No. 9 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 wholly owns subsidiaries Arrendadora Internacional, S.A. and Bicsa Capital S.A., engaged in providing funding through financial leases and purchase of invoices and brokerage services, respectively.

The Branch in Miami has been operating since September 1, 1983 under an international banking license granted by the office of the State Comptroller and Banking Commissioner of the State of Florida, United States of America.

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

##### Miami Branch

The Branch is subject to regulations and periodic oversight by certain federal and state agencies. For such purposes, the Branch has an agreement with federal and state regulatory authorities, which requires the Branch to continually maintain and report certain minimum capital ratios and maturity parameters, e.g. the Branch must maintain a minimum ratio of eligible assets to third party liabilities of 110%, on a daily basis.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

Panama 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 and SUPEN 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).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

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

March 31, 2021

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	Ownership Percentage
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. Foreign currency transactions*

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

Notes to the consolidated financial statements

March 31, 2021

- 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 March 31, 2021, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ₡615.81 (₡617.30 and ₡587.37 for December and March 2020, respectively) for US\$1,00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended March 31, 2021 gave rise to foreign exchange losses of ₡130.739.249.361 (₡853.653.297.140 and ₡246.556.002.791 for December and March 2020, respectively), and gains of ₡130.524.961.725 (₡860.136.733.021 and ₡248.909.508.359, for December and March 2020, 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 March 31, 2021, valuation of other assets gave rise to losses of ₡143.902.084 (₡1.099.588.980 and ₡854.018.382, for December and March 2020, respectively) and valuation of other liabilities gave rise to losses of ₡214.287.636 (₡1.474.999.372. and ₡538.497.460, for December and March 2020, respectively).



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

*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 BCR's interest in BICSA, net profits as of March 31, 2021 arise for ¢191.970.142 (¢864.341.486, and ¢604.174.406, for December and March 2020, respectively), which are disclosed in the consolidated income statement.

As result of the conversions for the period ended on March 31, 2021, losses for exchange differences arise for ¢164.000.153 (¢6.092.994.523 and ¢2.145.824.779 for December and March 2020, 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(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.

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, as of January 1, 2008, 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 training 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.

Subsequent to 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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.

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) Fair value measurement principles*

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 aforementioned 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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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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. (PIPICA).

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 changes in other comprehensive income.
  - c. Fair value through changes in 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, it will not correspond, in accordance with the Entity's business model, to carry out future investments in closed funds; however, current investments in these instruments must be classified in compliance with the provisions of the standard.

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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In compliance with the provisions of the Financial Reporting Regulation with respect to IFRS 9, at the meeting of the General Board of Directors of October 29, 2019, 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.

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(i) Loans 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.

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:



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- 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

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.

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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.
4	a. Debtors with delinquency of more than 90 days and up to 120 days with the entity. 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.

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.

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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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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%

As of January 1, 2014, as an exception in the case of risk category E, the minimum allowance for loans to a borrower whose historical payment behavior is rated as level 3 is to be calculated as follows:

<b>Arrears</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>Credworthiness (Borrowers Group 1)</b>	<b>Credworthiness (Borrowers Group 2)</b>
30 days or les	20%	0,5%	Level 1	Level 1
60 days or les	50%	0,5%	Level 2	Level 2
More than 61 days	100%	0,5%	Level 1, Level 2, Level 3 or Level 4	Level 1 or Level 2

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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>Credworthiness (Borrowers Group 1)</b>	<b>Credworthiness (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
More than 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

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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As of September, 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 March 31, 2021, the total allowance of the loan portfolio reflected in the accounting records amounts to 125.437.017.848, (for December 2020 the allowance was of ¢119.006.689.665, of which ¢32.426.041.150 are additional recorded allowances, including ¢18,000,000,000 that correspond to renegotiated operations as a result of COVID -19; for March 2020 the allowance was of ¢90.426.147.327)

As of March 31, 2021, 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 March 31, 2021, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

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 less	2%
60 days or less	10%
90 days or less	50%
120 days or less	75%
More than 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.

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*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.

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.

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As of March 31, 2021, the allowance disclosed in the accounting records amounts to ¢141.369.770.833 (¢134.224.712.484 and ¢103.118.828.697 for December and March 2020, 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 balance sheet.

(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.



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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. 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.

(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.

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(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.

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.

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(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:

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 2015, and it was recorded on November 30, 2015.

(q) *Deferred charges*

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

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(r) Intangible assets

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

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.

The 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, in order 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."

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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.

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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 for employees

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 March 31, 2021 amounted to ¢120.044.770 (¢428.891.398 and ¢116.112.914 for December and March 2020, respectively), equivalent to US\$194.938 (US\$694.786 and US\$204,549 for December and March 2020, 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 March 31, 2021, the severance fund had a balance of ¢709.419.894 (¢636.010.980 and ¢632.568.709 for December and March 2020, respectively), equivalent to US\$1.152.011 (US\$1.030.311 and US\$1.076.951 for December and March 2020, respectively), which is disclosed in the consolidated financial statements as prepaid expenses.

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(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.

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(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) Operating lease expenses

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.



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(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."

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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 Employee 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.

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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

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(2) Collateralized or restricted assets

Collateralized or restricted assets are as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢ 586,123,211,993	544,202,156,330	512,575,700,483
Restricted cash and cash equivalents (see note 4)	40,790,489	93,806,100	330,689,029
Total cash and cash equivalents	<u>586,164,002,482</u>	<u>544,295,962,430</u>	<u>512,906,389,512</u>
Past due and restricted financial instruments (see note 5)	61,406,009,388	48,403,442,246	42,200,827,652
Other assets	861,321,131	851,645,599	791,552,147
	<u>¢ 648,431,333,001</u>	<u>593,551,050,275</u>	<u>555,898,769,311</u>

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(3) Balances and transactions with related parties

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Assets:</b>			
Loan portfolio	¢ 1,159,392,082	1,000,452,626	1,016,903,817
Other accounts receivable	658,917,577	168,842,012	1,494,794,272
Interests in other entities	668,175,446	536,364,510	340,098,252
Total assets	<b>¢ 2,486,485,105</b>	<b>1,705,659,148</b>	<b>2,851,796,341</b>
<b>Liabilities:</b>			
Other accounts payable and provisions	0	46,411,286	0
Total liabilities	<b>¢ 0</b>	<b>46,411,286</b>	<b>0</b>
<b>Income:</b>			
Income from interest in entities	131,810,936	225,016,450	0
Sundry operating income	¢ 158,615,659	314,650,831	77,827,250
Total income	<b>¢ 290,426,595</b>	<b>539,667,281</b>	<b>77,827,250</b>
<b>Expenses:</b>			
Financial expenses	178,856,243	0	0
Expenses from investments in other companies	0	119,534,816	78,095,659
Sundry operating expenses	¢ 520,761,288	2,095,886,036	372,765,946
Total expenses	<b>¢ 699,617,531</b>	<b>2,215,420,852</b>	<b>450,861,605</b>

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Short-term benefits	¢	1,163,179,936	3,997,828,497	981,860,003
Long-term benefits		9,263,911	130,965,257	43,520,275
Directors' seating fees		109,537,564	286,651,424	69,868,455
	¢	<u>1,281,981,411</u>	<u>4,415,445,178</u>	<u>1,095,248,733</u>

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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Cash	¢	100,725,088,472	119,287,622,423	76,413,152,616
Demand deposits in BCCR		558,401,154,592	557,130,153,527	522,486,709,991
Checking accounts and demand deposits in local financial entities		42,044,776	406,513,723	2,486,209,193
Checking accounts and demand deposits in foreign financial entities		127,285,923,696	124,787,806,670	169,760,563,118
Notes payable on demand		1,463,674,463	933,476,898	4,085,935,670
Restricted cash and cash equivalents		415,260,135	502,245,670	730,179,701
Interest receivable		0	37,968	0
<b>Total cash and cash equivalents</b>		<b>788,333,146,134</b>	<b>803,047,856,879</b>	<b>775,962,750,289</b>
Investments in short-term financial instruments		166,915,817,636	137,553,102,484	213,319,621,845
<b>Total cash and cash equivalents</b>	¢	<u><b>955,248,963,770</b></u>	<u><b>940,600,959,363</b></u>	<u><b>989,282,372,134</b></u>

As of March 31, 2021, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢586.093.215.082 (¢544.307.870.416 and ¢512.545.653.982 for December and March 2020, respectively).

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As of March 31, 2021, BCR Pension's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢2.571.466 (¢3.744.956 and ¢3.362.252 for December and March 2020, respectively), for a total of ¢3.163.934.848 (¢3.048.836.070 for December 2020).

As of March 31, 2021, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢27.425.445 (¢27.219.750 and ¢26.684.249 for December and March 2020, respectively), for a total of ¢34.177.408.726 (¢28.775.581.282 and ¢357.373.278 for December and March 2020, respectively).

As of March 31, 2021, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢34.109.192.791 (¢28.654.555.433 and ¢330.689.029 for December and March 2020, respectively). (See note 2).

As of March 31, 2021, the Bank has a liability for outstanding checks in the amount of ¢867.744.169 (¢1.185.956.937 and ¢1.616.766.598 for December and March 2020, 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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
At fair value through profit or loss	¢ 106,266,115,073	129,268,183,986	142,734,777,153
At fair value through other comprehensive income	1,205,164,750,543	1,158,570,957,948	874,007,580,940
At amortized cost	164,576,344,888	116,422,768,236	45,753,002,303
Interest receivable for investments at fair value through profit or loss	736,006,890	911,154,050	1,845,611
Interest receivable for investments at fair value through other comprehensive income	12,907,767,183	17,032,432,102	10,837,386,759
Interest receivable for investments classified at amortized cost	16,937,854	20,893,136	11,665,755
Allowance for impairment of financial instruments	(1,187,618)	(452,729)	0
	<b>¢ 1,489,666,734,813</b>	<b>1,422,225,936,729</b>	<b>1,073,346,258,521</b>

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	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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>			
Other (Open Investment Funds)	¢ 79,862,908,163	71,241,983,986	60,502,977,153
	<b>79,862,908,163</b>	<b>71,241,983,986</b>	<b>60,502,977,153</b>
<u>Foreign issuers:</u>			
Private Banks	24,632,400,000	58,026,200,000	82,231,800,000
Other	1,770,806,910	0	0
	¢ <b>106,266,115,073</b>	<b>129,268,183,986</b>	<b>142,734,777,153</b>
	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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	¢ 105,047,900,583	100,852,372,058	0
State-owned Banks	44,030,415,000	3,086,500,000	45,667,953,477
Private Banks	3,079,050,000	12,483,896,178	85,048,826
Private issuers	12,418,979,305	0	0
	¢ <b>164,576,344,888</b>	<b>116,422,768,236</b>	<b>45,753,002,303</b>
	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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	¢ 974,861,642,040	925,005,764,942	707,141,246,974
State-owned Banks	180,467,307,830	178,355,116,103	129,599,254,107
Private Banks	26,363,607,298	34,376,187,824	4,031,615,432
Private issuers	10,114,389,306	10,798,808,074	6,926,829,712
Other	9,623,088,229	7,574,901,609	1,129,575,909
	<b>1,201,430,034,703</b>	<b>1,156,110,778,552</b>	<b>848,828,522,134</b>
<u>Foreign issuers:</u>			
Government	1,234,416,393	1,189,524,754	2,922,427,130
Private Banks	1,242,992,163	0	2,335,508,230
Private issuers	1,257,307,284	1,270,654,642	19,921,123,446
	¢ <b>1,205,164,750,543</b>	<b>1,158,570,957,948</b>	<b>874,007,580,940</b>

As of March 31, 2021, the investment portfolio amounts to ¢127.386.189.966 (¢146.390.267.241 and ¢119.721.546.353 for December and March 2020, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 40).



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Maturities for investments in financial instruments are from January 01, 2021 to August 23, 2028.

Purchased financial instruments earn annual yield rates as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Colones	0,7499% to 8.8901%	0,0099% to 9,5288%	0,4143% to 5,5741%
US Dollars	0,0094% to 5.8756%	0,0099% to 9,5837%	0,1000% to 4,4499%

Investments have been pledged as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Securities in guarantee, liquidity market Restricted minimum operating capital Operadora de Pensiones Complementarias, S.A.	24,135,453,216	16,703,795,700	0
Collateral for obligations for securities repurchase agreements BCR Valores, S.A.	3,161,363,382	3,045,091,114	2,785,836,306
Brokerage House	34,109,192,790	28,654,555,432	40,420,341,347
	0	0	(1,005,350,001)
	<b>¢ 61,406,009,388</b>	<b>48,403,442,246</b>	<b>42,200,827,652</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 March 31, 2021 amount to ¢3.161.363.382 (¢3.045.091.114 and ¢2.785.836.306 for December and March 2020, respectively).

As of March 31, 2021 BCR Valores holds restricted investments in securities in the amount of ¢34.109.192.792 (¢28.654.555.433 and ¢40.420.341.347 for December and March 2020, respectively).

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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 March 31, 2021, 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	¢ 86,047,792,529	86,047,792,529	01/01/2021 to 05/04/2021	100,00%
Others	1,562,261,979	1,566,614,865	01/01/2021 to 25/05/2021	100,00%
	<b>¢ 87,610,054,508</b>	<b>87,614,407,394</b>		

As of December 31, 2020

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local Government	¢ 38,533,178,993	38,533,178,993	01/01/2021 to 09/02/2021	100,00%
Others	¢ 1,148,034,976	1,150,598,484	01/01/2021 to 26/01/2021	100,00%
	<b>¢ 39,681,213,969</b>	<b>39,683,777,477</b>		

As of March 31, 2020

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Central Bank of Costa Rica	¢ 5,956,915,607	5,941,000,000	12-02-20 to 23-04-20	100,00%
Local Government	¢ 28,944,792,967	31,889,223,543	11-02-20 to 14-05-20	100,00%
Others	525,940,838	604,443,654	30-03-20 to 20-04-20	100,00%
	<b>¢ 35,427,649,412</b>	<b>38,434,667,197</b>		

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March 31, 2021

(6) Loan portfolio

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

a) Loan portfolio by economic sector

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Current loans</b>			
Personal loans	¢ 1,201,169,264,406	1,172,342,559,479	985,364,241,631
Loans Development Banking System	62,063,836,532	52,169,272,262	52,654,026,794
Business loans	190,598,965,621	191,836,337,097	168,113,585,441
Loans - Corporate	1,911,020,284,947	1,953,660,584,223	1,755,620,961,107
Loans - Public sector	106,134,872,735	121,787,364,424	122,931,423,394
Loans - Financial sector	112,664,365,094	119,917,688,959	154,220,115,462
	<u>3,583,651,589,335</u>	<u>3,611,713,806,444</u>	<u>3,238,904,353,828</u>
<b>Past due loans</b>			
Personal loans	73,814,090,167	75,263,661,053	192,094,003,714
Loans Development Banking System	1,647,604,798	1,026,613,616	4,602,625,929
Business loans	13,154,535,388	15,542,334,755	28,582,649,014
Loans - Corporate	120,734,938,291	99,294,857,344	300,369,145,792
Loans - Public sector	131,026,192	0	424,866
	<u>209,482,194,836</u>	<u>191,127,466,768</u>	<u>525,648,849,315</u>
<b>Judicial Collection</b>			
Personal loans	33,351,752,927	35,271,822,067	38,273,446,770
Loans Development Banking System	97,872,634	96,844,502	402,480,477
Business loans	5,291,614,167	4,552,475,518	5,784,788,832
Loans - Corporate	5,812,613,587	7,385,366,030	3,388,660,694
	<u>44,553,853,315</u>	<u>47,306,508,117</u>	<u>47,849,376,773</u>
	<u>¢ 3,837,687,637,486</u>	<u>3,850,147,781,329</u>	<u>3,812,402,579,917</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

b) Loan portfolio by activity

Activity	March 2021	December 2020	March 2020
Agriculture, livestock, hunting and service activities	¢ 205,622,682,262	193,594,861,611	179,221,422,046
Fishing and aquaculture	23,672,166	11,172,166	0
Manufacturing	412,507,678,414	459,373,100,944	462,737,205,105
Telecommunications and public services	77,963,876,457	54,793,466,607	55,538,943,863
Mining and quarrying	433,183,435	41,301,001	40,833,796
Retail	277,648,053,305	275,150,270,515	263,996,557,188
Services	1,175,724,087,576	1,246,294,297,451	1,296,145,702,013
Transportation	54,467,633,938	55,192,075,081	50,636,358,450
Financial activities and stock exchange	3,985,414,230	4,064,820,107	4,348,947,061
A Real estate, business, and leasing Activities	7,818,500,039	8,666,712,945	4,272,894,024
Construction, purchase, and repair of real estate	1,213,754,333,331	1,145,267,404,096	1,081,042,827,132
Consumer	294,695,015,677	299,542,513,969	310,932,219,834
Hospitality	108,025,132,414	103,285,509,304	98,705,442,225
Education	3,622,103,677	3,431,935,531	3,299,420,036
Other activities from the non-financial private sector	1,396,270,565	1,438,340,001	1,483,807,143
	<u>3,837,687,637,486</u>	<u>3,850,147,781,329</u>	<u>3,812,402,579,916</u>
Plus interest receivable	34,579,768,308	39,101,667,115	27,367,029,996
Deferred income from loan portfolio	(17,781,708,175)	(17,174,110,485)	(16,444,310,633)
Less allowance for loan	(141,369,770,833)	(134,225,242,689)	(103,118,828,697)
	<u>¢ 3,713,115,926,786</u>	<u>3,737,850,095,270</u>	<u>3,720,206,470,582</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

c) Current loans

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Current</b>			
Personal	¢ 1,201,169,264,406	1,172,342,559,479	985,364,241,631
Development Banking System	62,063,836,532	52,169,272,262	52,654,026,794
Business	190,598,965,621	191,836,337,097	168,113,585,441
Corporate	1,911,020,284,947	1,953,660,584,223	1,755,620,961,107
Public sector	106,134,872,735	121,787,364,424	122,931,423,394
Financial sector	112,664,365,094	119,917,688,959	154,220,115,462
	¢ <b><u>3,583,651,589,335</u></b>	<b><u>3,611,713,806,444</u></b>	<b><u>3,238,904,353,828</u></b>

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Past due</b>			
Personal	¢ 73,814,090,167	75,263,661,053	192,094,003,714
Development Banking System	1,647,604,798	1,026,613,616	4,602,625,929
Business	13,154,535,388	15,542,334,755	28,582,649,014
Corporate	120,734,938,291	99,294,857,344	300,369,145,792
Public sector	131,026,192	0	424,866
	¢ <b><u>209,482,194,836</u></b>	<b><u>191,127,466,768</u></b>	<b><u>525,648,849,315</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Judicial collection</b>			
Personal	¢ 33,351,752,927	35,271,822,067	38,273,446,770
Development Banking System	97,872,634	96,844,502	402,480,477
Business	5,291,614,167	4,552,475,518	5,784,788,832
Corporate	5,812,613,587	7,385,366,030	3,388,660,694
	¢ <u><b>44,553,853,315</b></u>	<u><b>47,306,508,117</b></u>	<u><b>47,849,376,773</b></u>

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Total minimum payments	¢ <u>28,268,881,828</u>	<u>27,788,689,154</u>	<u>25,791,487,772</u>
	¢ <u><b>28,268,881,828</b></u>	<u><b>27,788,689,154</b></u>	<u><b>25,791,487,772</b></u>

The maturities of the financial leases are as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Less than a year	¢ 1,151,886,153	159,877,614	148,413,715
From 1 to 5 years	<u>27,116,995,675</u>	<u>27,628,811,540</u>	<u>25,643,074,057</u>
	¢ <u><b>28,268,881,828</b></u>	<u><b>27,788,689,154</b></u>	<u><b>25,791,487,772</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Current	¢ 3,583,651,589,335	3,611,713,806,444	3,238,904,353,828
1 to 30 days	111,258,133,810	102,179,456,193	372,814,306,264
31 to 60 days	43,443,068,052	26,203,564,057	71,063,728,438
61 to 90 days	13,785,029,376	15,362,107,871	38,109,677,157
91 to 120 days	3,768,684,482	9,410,529,852	7,459,772,975
121 to 180 days	3,994,234,983	3,885,327,917	8,311,227,982
More than 180 days	77,786,897,447	81,392,988,995	75,739,513,273
	<b>¢ 3,837,687,637,485</b>	<b>3,850,147,781,329</b>	<b>3,812,402,579,917</b>

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

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:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Number of operations	2,775	2,567	2,383
Past due loans in non-accrual status	¢ 77,786,897,448	81,392,988,995	75,739,513,273
Past due loans bearing interest	¢ 176,249,150,703	157,040,985,890	497,758,712,815
Total of unearned interest	¢ 15,202,269,486	17,735,939,374	9,946,513,292

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

Loans in legal collection as of March 31, 2021:

<u># operations</u>	<u>Percentage</u>		<u>Balance</u>
1 233	1,16%	¢	<u>44,553,853,315</u>

Loans in legal collection as of December 31, 2020:

<u># operations</u>	<u>Percentage</u>		<u>Balance</u>
1 306	1,23%	¢	<u>47,306,508,117</u>

Loans in legal collection as of March 31, 2020:

<u># operations</u>	<u>Percentage</u>		<u>Balance</u>
1 315	1,26%	¢	<u>47,849,376,773</u>

As of March 31, 2021, the average annual interest rate earned on loans is 8.46% (9.06% and 9.69% for December and March 2020, respectively) in colones and 8.14% (6.38% and 7.51% for December and March 2020, respectively) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 6.10% (6.60% and 6.27% for December and March 2020, respectively).

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

	<u>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
Personal	¢ 15,992,534,554	14,594,983,605	9,717,044,492
Development Banking System	309,962,824	262,038,379	204,415,998
Business	2,254,465,582	2,304,086,284	1,465,626,676
Corporate	14,767,665,025	20,895,091,642	14,430,339,296
Public sector	804,020,279	579,760,109	887,299,682
Financial sector	451,120,044	465,707,096	662,303,852
	¢ <u>34,579,768,308</u>	<u>39,101,667,115</u>	<u>27,367,029,996</u>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

<b>2021 Opening Balance</b>	¢ <b>134,225,242,689</b>
Currency translation effect	(18,206,872)
<b>Adjusted balance at the beginning of 2020</b>	<b><u>134,207,035,817</u></b>
Plus:	
Allowance charged through profit or loss (see note 29)	9,652,375,968
Recoveries	(367,988,350)
Less:	
Adjustments for exchange differences	(97,104,735)
Transfer to unpaid balances	(104,724,184)
Reversal of allowance against income (see note 30)	(1,919,823,683)
<b>Balance as of March 31, 2021</b>	¢ <b><u><u>141,369,770,833</u></u></b>
As of December 31, 2020	
<b>2020 Opening Balance</b>	¢ <b>97,730,957,808</b>
Currency translation effect	1,377,388,676
Plus:	
Allowance charged to profit and loss (See note 29)	48,916,849,795
Recoveries	(2,550,660,760)
Transfer of balances	254,854,533
Reversions	3,158,257,818
Less:	
Loan payments	(259,391,390)
Adjustments for exchange differences	(4,113,854,898)
Transfer to unpaid balances	(10,289,158,893)
<b>Balance as of December 31, 2020</b>	¢ <b><u><u>134,225,242,689</u></u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of March 31, 2020

<b>2020 Opening Balance</b>	¢	<b>97,730,957,808</b>
Currency translation effect		376,296,599
Plus:		
Allowance charged to profit and loss (See note 29)		7,326,010,779
Recoveries		725,971
Transfer of balances		285,590,362
Reversions		1,004,343,101
Less:		
Reversal of allowance against income (see note 30)		<u>(3,605,095,923)</u>
<b>Balance as of March 31, 2021</b>	¢	<b><u><u>103,118,828,697</u></u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

h) Syndicated loans

As of March 31, 2021, 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:

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
4	GLOBAL BANK	€ 72,327,796,022	11,335,694,602	€ 83,663,490,624
5	BANCO AGROMERCANTIL DE GUATEMALA, S.A.	332,200,090,103	8,958,649,897	341,158,740,000
2	BLADEX	84,406,921,365	3,653,908,635	88,060,830,000
2	Bladex and Nomura Securities International	59,271,712,500	2,309,287,500	61,581,000,000
12	CREDICORP BANK	4,111,291,740	2,361,386,830	6,472,678,570
2	Credit Suisse AG	65,614,555,500	2,124,544,500	67,739,100,000
1	MMG BANK	21,943,106,827	841,863,173	22,784,970,000
5	PRIVAL BANK	13,518,515,697	15,432,669,387	28,951,185,084
1	CITIBANK NEW YORK	40,648,677,931	4,473,129,952	45,121,807,883
1	BICSA,US EXIM,FMO,BHD INT,UNIBANK, BANCO PANAMA	62,855,033,926	4,359,011,073	67,214,044,999
2	Banistmo	43,472,032,232	4,347,751,744	47,819,783,976
7	BICSA,BANPRO, ST GEORGES BANK, INVERSIONES DEL LAGO	23,505,040,894	7,593,364,106	31,098,405,000
6	BICSA/BANPRO/ST GEORGES BANK	12,162,151,852	1,077,763,148	13,239,915,000
1	Banco Latinoamericano de Comercio Exterior, S.A. (Bladex)	60,189,446,544	1,391,553,456	61,581,000,000
1	THE BANK OF NOVA SCOTIA (SCOTIABANK)	12,352,855,357	6,121,444,643	18,474,300,000
1	THE BANK OF NOVA SCOTIA (SCOTIABANK), BANCO MERCANTIAL, UNIBANK	289,922,979	134,985,921	424,908,900
<b>53</b>		€ <b>908,869,151,469</b>	<b>76,517,008,567</b>	€ <b>985,386,160,036</b>

As of December 30, 2020

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
4	GLOBAL BANK	€ 72,225,370,564	11,640,550,356	€ 83,865,920,920
5	BANCO AGROMERCANTIL DE GUATEMALA, S.A.	332,795,998,181	9,188,201,819	341,984,200,000
2	BLADEX	84,268,240,300	4,005,659,700	88,273,900,000
2	Bladex and Nomura Securities International	59,029,312,500	2,700,687,500	61,730,000,000
12	CREDICORP BANK	3,969,184,375	2,519,155,342	6,488,339,717
2	Credit Suisse AG	65,125,150,000	2,777,850,000	67,903,000,000
1	MMG BANK	21,996,199,874	843,900,126	22,840,100,000
5	PRIVAL BANK	13,651,433,872	15,369,800,845	29,021,234,717
1	CITIBANK NEW YORK	40,370,798,107	4,860,185,485	45,230,983,592
1	BICSA,US EXIM,FMO,BHD INT,UNIBANK, BANCO PANAMA	63,007,116,550	4,369,558,038	67,376,674,588
1	BICSA/MULTIBANK	50,484,206,592	5,858,177,000	56,342,383,592
2	Banistmo	44,014,621,566	3,920,866,082	47,935,487,648
7	BICSA,BANPRO, ST GEORGES BANK, INVERSIONES DEL LAGO	23,561,913,162	7,611,736,838	31,173,650,000
6	BICSA/BANPRO/ST GEORGES BANK	12,185,836,799	1,086,113,201	13,271,950,000
1	Banco Latinoamericano de Comercio Exterior, S.A. (Bladex)	60,335,079,573	1,394,920,427	61,730,000,000
1	CITIBANK NA	74,196,990,800	2,965,509,200	77,162,500,000
1	THE BANK OF NOVA SCOTIA (SCOTIABANK)	12,382,744,048	6,136,255,952	18,519,000,000
<b>54</b>		€ <b>1,033,600,196,863</b>	<b>87,249,127,911</b>	€ <b>1,120,849,324,774</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of March 31, 2020

<u>No.</u>		<u>Syndicated balances other banks</u>	<u>Syndicated balance BICSA</u>	<u>Total balance</u>
6	Banco Agromercantil de Guatemala	311,104,955,144	14,298,024,827	¢ 325,402,979,971
1	BICSA, Us Exim, FMO, BHD Int, Banco Panamá	59,721,534,910	4,388,358,732	64,109,893,642
1	BICSA / Multibank	47,739,514,662	5,871,089,463	53,610,604,125
11	BICSA / Lafise	8,001,252,231	4,462,367,335	12,463,619,566
2	BLADEX	113,479,884,000	7,518,336,000	120,998,220,000
2	Banco Financiera Comercial Hondureña	14,341,629,443	3,279,470,762	17,621,100,205
7	BICSA, Banpro, St Georges Bank, Inversiones del Lago	22,086,856,489	7,575,328,341	29,662,184,830
6	BICSA / Banpro /St Georges Bank	11,589,538,439	1,038,916,561	12,628,455,000
2	Banistmo	42,298,746,881	3,312,572,275	45,611,319,156
1	Citibank NY	38,070,292,571	4,967,651,608	43,037,944,179
2	Bladex and Nomura Securities International	55,800,150,000	2,936,850,000	58,737,000,000
9	Credicorp Bank	3,759,442,302	2,414,307,821	6,173,750,123
2	Credit Suisse AG	61,967,535,000	2,643,165,000	64,610,700,000
1	FMO	64,219,119,804	391,579,984	64,610,699,788
5	Global Bank	67,031,332,827	12,768,320,226	79,799,653,053
1	Inter-American Investment Corporation	23,377,326,000	117,474,000	23,494,800,000
2	MMG Bank Corporation	17,992,856,458	3,739,833,542	21,732,690,000
4	Prival Bank	15,482,333,701	12,131,796,747	27,614,130,448
1	Terrabank. N. A.	397,471,517	1,408,691,409	1,806,162,926
<b>66</b>		<b>978,461,772,379</b>	<b>95,264,134,633</b>	<b>¢ 1,073,725,907,012</b>

(7) Held-for-sale assets, net

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

	<u>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
Financial instruments	¢ 151,608,370,055	152,481,663,041	148,888,738,328
Other assets	518,342,565	693,972,758	1,853,764,385
Purchased for sale	891,697,615	977,446,409	458,856,192
Idle real property, furniture, and equipment	2,167,121,992	2,157,604,499	3,440,415,883
	155,185,532,227	156,310,686,707	154,641,774,788
Allowance for impairment and per legal requirement	(88,322,713,478)	(91,291,928,384)	(102,512,527,080)
	<b>¢ 66,862,818,749</b>	<b>65,018,758,323</b>	<b>52,129,247,708</b>

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>At the beginning of the year</b>	¢ <b>156,310,686,707</b>	<b>144,375,955,540</b>	<b>144,375,955,540</b>
Translation effect	(48,746,471)	776,138,934	286,797,733
<b>Adjusted Balance</b>	<b>156,261,940,236</b>	<b>145,152,094,474</b>	<b>144,662,753,273</b>
Increase for awarded assets	8,962,038,198	45,589,449,907	14,758,139,269
Transfer to unused property, furniture, and equipment	9,517,492	81,847,646	23,502,512
Increase goods acquired for sale	685,532,041	3,096,128,083	604,056,296
Sales of goods	(10,733,495,741)	(36,256,614,785)	(5,395,614,460)
Withdrawal of unused property, furniture, and equipment	0	(1,352,218,618)	(11,062,102)
<b>Balance at the end of the period</b>	¢ <b>155,185,532,226</b>	<b>156,310,686,707</b>	<b>154,641,774,788</b>

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Opening balance</b>	¢ <b>91,293,299,040</b>	<b>96,813,230,661</b>	<b>96,813,230,661</b>
Currency conversion effect	(21,520)	681,949	249,610
<b>Adjusted Balance</b>	<b>91,293,277,520</b>	<b>96,813,912,610</b>	<b>96,813,480,271</b>
Increase in the allowance	4,933,500,367	24,786,848,229	10,076,956,519
Reversal in the allowance	(7,902,693,753)	(29,609,811,572)	(4,366,848,163)
Transfer of balances	(1,370,656)	(689,329,993)	(1,370,656)
Adjustment of allowance for appraisal of assets	0	(9,690,890)	(9,690,891)
<b>Closing balance</b>	¢ <b>88,322,713,478</b>	<b>91,291,928,384</b>	<b>102,512,527,080</b>

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(8) Interest in other companies' capital

Interest in other companies' capital is detailed as follows:

	<u>March</u> <u>2021</u>	<u>December</u> <u>2020</u>	<u>March</u> <u>2020</u>
Capital interest in Bolsa Nacional de Valores, S.A.	¢ 29,057,201	29,057,201	29,057,201
Capital interest in Interclear Central de Valores. S.A.	36,359,987	36,359,987	36,359,988
Capital interest in Banprocesa. S. R. L.	<u>668,175,447</u>	<u>536,364,510</u>	<u>340,098,252</u>
	<u>¢ 733,592,635</u>	<u>601,781,698</u>	<u>405,515,441</u>

As of March 31, 2021, Banco de Costa Rica holds a 100% interest in Banprocesa, S.R.L., represented by 100 common registered shares of ¢100.000 par value each, subscribed and paid in full.

As of March 31, 2021, 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 March 31, 2021, the interest in Interclear 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.

Interest in the equity of the financial conglomerate:

As of March 31, 2021, the capital stock of BCR Pensión 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 March 31, 2021, the capital stock of BCR Sociedad Administradora de Fondos de Inversión, 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 March 31, 2021, 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

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March 31, 2021

As of March 31, 2021, 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 March 31, 2021, the capital stock of Depósito Agrícola de Cartago S. A., is represented by 972.647 common and registered shares, which are authorized and issued, with a par value of ₡314.44 each, for a total of ₡305.842.762.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of March 31, 2021, 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 March 31, 2021 includes the amounts of ₡191,970,142 (₡864,341,486 and ₡604,174,406 for December and March 2020, respectively), corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended March 31, 2021 includes an equity decrease of ₡164,000,153 (₡6,092,994,523 and ₡2,145,824,779 for December and March 2020, respectively) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of March 31, 2021, 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 ₡72,364,083,735 (₡72,376,421,244 and ₡68,757,266,121 for December and March 2020, respectively) and the income of the period represents the minority interest in the consolidated income statement in the amount of ₡184,441,889 (₡830,445,741 and ₡580,481,693 for December and March 2020, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

	<b>March 2021</b>		<b>December 2020</b>		<b>March 2020</b>	
	<u>Quantity</u>	<u>Amount in US Dollars</u>	<u>Quantity</u>	<u>Amount in US Dollars</u>	<u>Quantity</u>	<u>Amount in US Dollars</u>
Balance at the beginning of the period	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>
<b>Balance at the end of the period</b>	<b><u>13,278,700</u></b>	<b><u>132,787,000</u></b>	<b><u>13,278,700</u></b>	<b><u>132,787,000</u></b>	<b><u>13,278,700</u></b>	<b><u>132,787,000</u></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), as a result 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.



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(9) Property, furniture, and equipment

As of March 31, 2021, 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>	¢ 35,574,974,547	80,508,103,008	36,223,723,801	48,365,138,743	5,623,133,405	27,032,342,383	233,327,415,887
Currency translation effect	(1,166,521)	(18,567,658)	(2,528,938)	(4,513,495)	(142,967)	(3,343,330)	(30,262,909)
Additions	0	257,823,304	644,323,997	71,304,456	0	1,002,022,570	1,975,474,327
Withdrawals	0	0	(109,039,314)	(70,728,979)	0	0	(179,768,293)
Transfers	0	0	(65,832,239)	(21,460,120)	0	0	(87,292,359)
Revaluation	0	0	0	0	0	0	0
Balance as of March 31, 2021	35,573,808,026	80,747,358,654	36,690,647,307	48,339,740,605	5,622,990,438	28,031,021,625	235,005,566,655
<b>Accumulated depreciation and impairment:</b>							
<b>Balance as of December 31, 2020</b>	0	25,447,268,355	23,203,392,080	31,795,854,236	4,107,909,810	3,306,359,417	87,860,783,898
Currency translation effect	0	(2,317,571)	(2,179,267)	(3,492,577)	(109,665)	(1,156,828)	(9,255,908)
Depreciation expenses	0	497,358,858	575,194,344	1,340,811,672	72,524,676	1,387,543,776	3,873,433,326
Adjustment for previous periods	0	0	0	(272,013)	(987,419)	0	(1,259,432)
Withdrawals	0	0	(109,321,991)	(70,542,600)	(1)	0	(179,864,592)
Transfers	0	0	(51,189,333)	(21,395,033)	0	(104,109,270)	(176,693,636)
Balance as of March 31, 2021	¢ 0	25,942,309,642	23,615,895,833	33,040,963,685	4,179,337,401	4,588,637,095	91,367,143,656
Net balance:							
<b>March 31, 2021</b>	¢ 35,573,808,026	54,805,049,012	13,074,751,474	15,298,776,920	1,443,653,037	23,442,384,530	143,638,422,999

Transfers are the property the entity is not using or that it is not using anymore and which value is transferred to another account.

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of December 31, 2020, property, furniture, and equipment are detailed as follows:

<u>Cost:</u>	<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</u>	<u>Total</u>
<b>Balance as of December 31, 2019</b>	¢ <b>34,887,514,810</b>	<b>77,294,922,807</b>	<b>36,661,824,105</b>	<b>44,829,365,447</b>	<b>5,495,590,362</b>	<b>1,706,871,694</b>	<b>200,876,089,225</b>
Currency translation effect	36,960,687	588,308,124	79,791,319	143,530,044	4,858,053	141,348,578	994,796,805
Additions	650,499,050	2,624,872,077	1,922,730,772	5,913,545,899	159,695,490	40,629,687,225	51,901,030,513
Withdrawals	0	0	(1,515,562,796)	(2,079,149,086)	0	(10,750,281,179)	(14,344,993,061)
Transfers	0	0	(925,059,599)	(442,153,561)	(37,010,500)	(4,049,285,643)	(5,453,509,303)
Revaluation	0	0	0	0	0	(645,998,291)	(645,998,291)
Balance as of December 31, 2020	<u>¢ <b>35,574,974,547</b></u>	<u><b>80,508,103,008</b></u>	<u><b>36,223,723,801</b></u>	<u><b>48,365,138,743</b></u>	<u><b>5,623,133,405</b></u>	<u><b>27,032,342,384</b></u>	<u><b>233,327,415,888</b></u>
<b><u>Accumulated depreciation and impairment:</u></b>							
<b>Balance as of December 31, 2019</b>	<b>0</b>	<b>23,422,095,753</b>	<b>23,119,456,851</b>	<b>29,205,986,903</b>	<b>3,833,880,855</b>	<b>444,489,481</b>	<b>80,025,909,843</b>
Currency translation effect	0	93,943,430	75,186,146	133,809,856	4,173,138	36,809,452	343,922,022
Depreciation expenses	0	1,931,229,172	2,285,879,112	4,976,265,969	307,173,487	4,180,111,416	13,680,659,156
Withdrawals	0	0	(1,439,402,644)	(2,070,713,375)	0	(941,830,461)	(4,451,946,480)
Transfers	0	0	(837,715,250)	(449,481,988)	(37,010,501)	(413,220,471)	(1,737,428,210)
Reversion of ccumulated depreciation	0	0	(12,135)	(13,129)	(307,169)	0	(332,433)
<b>Balance as of December 31, 2020</b>	¢ <b>0</b>	<u><b>25,447,268,355</b></u>	<u><b>23,203,392,080</b></u>	<u><b>31,795,854,236</b></u>	<u><b>4,107,909,810</b></u>	<u><b>3,306,359,417</b></u>	<u><b>87,860,783,898</b></u>
Net balance:							
<b>December 31, 2020</b>	¢ <u><b>35,574,974,547</b></u>	<u><b>55,060,834,653</b></u>	<u><b>13,020,331,721</b></u>	<u><b>16,569,284,507</b></u>	<u><b>1,515,223,595</b></u>	<u><b>23,725,982,967</b></u>	<u><b>145,466,631,990</b></u>

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As of March 31, 2020, property, furniture, and equipment are detailed as follows:

	Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Asset for the right-of-use	Total
<b>Cost:</b>							
<b>Balance as of December 31, 2019</b>	€ 34,887,514,810	77,294,922,807	36,661,824,105	44,829,365,447	5,495,590,362	1,706,871,694	200,876,089,225
Currency translation effect	13,528,499	215,334,979	29,205,549	52,535,457	1,658,016	51,736,994	363,999,494
Additions	135,249,041	61,019,180	46,656,833	874,589,289	0	41,057,581,136	42,175,095,479
Withdrawals	0	0	(274,478,783)	(139,983,305)	0	(1,875,195,241)	(2,289,657,329)
Transfers	0	0	(764,848,126)	(1,140,567)	(37,010,499)	(7,085,899,197)	(7,888,898,389)
Revaluation	0	0	0	0	723,492	0	723,492
<b>Balance as of March 31, 2020</b>	<b>35,036,292,350</b>	<b>77,571,276,966</b>	<b>35,698,359,578</b>	<b>45,615,366,321</b>	<b>5,460,961,371</b>	<b>33,855,095,386</b>	<b>233,237,351,972</b>
<b>Accumulated depreciation and impairment:</b>							
<b>Balance as of December 31, 2019</b>	0	23,866,584,664	23,119,456,851	29,205,986,903	3,833,880,855	444,489,481	80,470,398,754
Currency translation effect	0	44,415,281	26,852,852	46,193,129	1,405,411	13,472,922	132,339,595
Depreciation expenses	0	477,531,889	570,791,218	1,225,812,235	77,129,662	817,754,322	3,169,019,326
Withdrawals	0	(457,962,404)	(955,007,036)	(139,373,667)	0	(473,589,030)	(2,025,932,137)
Transfers	0	0	(66,254,754)	(1,140,565)	25,961	(118,073,879)	(185,443,237)
Reversion of accumulated depreciation	0	0	0	0	(37,010,501)	0	(37,010,501)
<b>Balance as of March 31, 2020</b>	€ 0	<b>23,930,569,430</b>	<b>22,695,839,131</b>	<b>30,337,478,035</b>	<b>3,875,431,388</b>	<b>684,053,816</b>	<b>81,523,371,800</b>
<b>March 31, 2020</b>	€ <b>35,036,292,350</b>	<b>53,640,707,536</b>	<b>13,002,520,447</b>	<b>15,277,888,286</b>	<b>1,585,529,983</b>	<b>33,171,041,570</b>	<b>151,713,980,172</b>

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Notes to the consolidated financial statements

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(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Improvement of properties in operating lease	¢ 1,124,007,494	934,883,929	1,057,177,919
Pre-issuance cost of financial instruments	484,185,959	548,927,366	741,242,228
Other deferred charges	9,511,318,579	9,536,953,846	8,071,219,884
	<b>¢ 11,119,512,032</b>	<b>11,020,765,141</b>	<b>9,869,640,031</b>

(b) Intangible Assets

Intangible assets include software and goodwill acquired from the purchase of BICSA's shares.

The changes in the balance of the net intangible assets are detailed as follows:

*Cost:*

<b>Balance as of December 31, 2020</b>	¢ <b>47,895,898,524</b>
Currency translation effect	(18,804,438)
<b>Adjusted balance</b>	<b>47,877,094,087</b>
Additions to computer systems	1,963,942,282
Index revaluation	131,491,705
<b>Balance as of March 31, 2021</b>	<b>49,972,528,074</b>

*Accumulated depreciation and impairment:*

<b>Balance as of December 31, 2020</b>	<b>31,345,255,637</b>
Currency translation effect	(9,180,880)
<b>Adjusted balance</b>	<b>31,336,074,757</b>
Amortization expense on computer systems	1,917,286,757
<b>Balance as of March 31, 2021</b>	<b>33,253,361,514</b>

*Net Balance:*

<b>March 31, 2021</b>	¢ <b>16,719,166,560</b>
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BANCO DE COSTA RICA AND SUBSIDIARIES

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<b>December</b>	<b>2020</b>
<i>Cost:</i>	
<b>Balance as of December 31, 2019</b>	€ <b>49,285,029,618</b>
Currency translation effect	540,412,616
Additions to computer systems	9,670,302,360
Transfers	(22,850,431)
Withdrawals	(11,576,995,639)
<b>Balance as of December 31, 2020</b>	<u><b>47,895,898,524</b></u>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2019</b>	<b>36,709,871,974</b>
Currency translation effect	402,604,129
Amortization expense on computer systems	5,501,715,386
Transfers	(22,850,431)
Withdrawals	(11,246,085,421)
<b>Balance as of December 31, 2020</b>	<u><b>31,345,255,637</b></u>
<i>Net Balance:</i>	
<b>December 31, 2020</b>	€ <u><u><b>16,550,642,887</b></u></u>
<b>March</b>	<b>2020</b>
<i>Cost:</i>	
<b>Balance as of December 31, 2019</b>	€ <b>49,285,029,618</b>
Currency translation effect	197,803,744
Additions to computer systems	914,194,642
Transfers	(606,078,995)
Withdrawals	(288,841,519)
<b>Balance as of March 31, 2020</b>	<u><b>49,502,107,490</b></u>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2019</b>	<b>36,709,871,974</b>
Currency translation effect	127,883,659
Amortization expense on computer systems	1,246,317,925
Transfers	(9,479,015)
Withdrawals	(606,926,871)
<b>Balance as of December 31, 2020</b>	<u><b>37,467,667,672</b></u>
<i>Net Balance:</i>	
<b>March 31, 2020</b>	€ <u><u><b>12,034,439,818</b></u></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(c) Other assets

Other assets are detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Prepaid taxes	¢ 6,930,039,897	15,288,990,103	1,020,304,019
Other prepaid taxes	859,936,727	385,928,083	693,699,396
Prepaid leases	72,293	72,293	78,393
Prepaid insurance policy	190,561,427	193,709,427	734,458,022
Other prepaid expenses	848,380,154	829,899,298	1,007,759,481
<b>Prepaid Expenses</b>	<b>8,828,990,498</b>	<b>16,698,599,204</b>	<b>3,456,299,311</b>
Stationery, supplies and other materials	130,762,747	129,109,947	132,740,710
Library and works of art	37,788,555	37,875,010	36,138,360
Construction in process	5,668,476,760	6,491,211,602	8,086,236,903
Automated applications under development	3,124,662,876	3,145,984,760	3,640,879,419
Membership in social and professional institutions	36,633,800	36,633,800	36,633,800
Other miscellaneous goods	17,418,858,973	15,184,447,576	21,587,770,273
<b>Miscellaneous goods</b>	<b>26,417,183,711</b>	<b>25,025,262,695</b>	<b>33,520,399,465</b>
Missing cash	42,798,532	78,186,600	84,103,228
Transactions to be settled	31,965,461,222	33,252,087,163	35,582,275,489
Other operations pending allocation	121,403,233	200,028,768	0
<b>Operations pending allocation</b>	<b>32,129,662,987</b>	<b>33,530,302,531</b>	<b>35,666,378,717</b>
Guarantee deposits	1,078,386,518	1,088,570,357	1,003,622,356
	<b>¢ 68,454,223,714</b>	<b>76,342,734,787</b>	<b>73,646,699,849</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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(11) Demand obligations with the public

Demand obligations with the public are as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Checking accounts	¢ 1,904,011,033,392	1,746,610,242,356	1,463,303,595,901
Cashier's checks	183,899,978	110,507,020	211,543,749
Demand savings deposits	859,381,732,279	870,299,919,141	694,722,376,406
Overdue term borrowings	3,480,496,020	3,282,393,546	3,991,903,227
Overnight deposits	3,205,291,050	4,768,642,500	7,544,767,650
Other demand borrowings	2,382,878,027	1,156,645,504	5,448,072,902
Other demand obligations with the public	5,346,006,040	4,896,945,069	5,345,368,447
	<b>¢ 2,777,991,336,786</b>	<b>2,631,125,295,136</b>	<b>2,180,567,628,282</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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<u>Obligations with the public</u>	<b>Demand</b>	<b>Demand</b>	<b>Demand</b>
Deposits from the public	¢ 2,772,645,330,745	2,626,228,350,066	2,175,222,259,835
Other obligations with the public	5,346,006,041	4,896,945,070	5,345,368,447
(See note 11)	<u>2,777,991,336,786</u>	<u>2,631,125,295,136</u>	<u>2,180,567,628,282</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	13,840,608,618	5,719,231,057	9,771,764,215
Deposits from other Banks	10,016,015,278	7,422,983,997	9,533,589,031
Other obligations with entities	47,836,503,410	43,881,820,588	46,146,058,058
	<u>71,693,127,306</u>	<u>57,024,035,642</u>	<u>65,451,411,304</u>
	<b>¢ 2,849,684,464,092</b>	<b>2,688,149,330,778</b>	<b>2,246,019,039,586</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
	<b>Demand</b>	<b>Demand</b>	<b>Demand</b>
<u>Obligations with the public</u>			
Deposits from the public	¢ 1,745,364,666,530	1,765,476,303,772	1,883,436,981,272
Other obligations with the public	13,085,174	12,226,036	8,429,327
	<u>1,745,377,751,704</u>	<u>1,765,488,529,808</u>	<u>1,883,445,410,599</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	48,676,464,770	56,827,897,834	65,355,059,557
Deposits from other Banks	6,296,315,843	6,302,842,901	4,611,488,791
Other obligations with entities	746,005,745,681	871,431,482,341	812,362,644,592
	<u>800,978,526,294</u>	<u>934,562,223,076</u>	<u>882,329,192,940</u>
	<u>¢ 2,546,356,277,998</u>	<u>2,700,050,752,884</u>	<u>2,765,774,603,539</u>

As of March 31, 2021, demand deposits with the public include court-ordered deposits for ¢231.871.642.171 (¢224.285.191.705 and ¢216.008.223.277 for December and March 2020, respectively), which are restricted because of their nature.

As of March 31, 2021, the Bank has a total of 1.567.266 (1.979.536 and 1.926.977 for December and March 2020, respectively) employees with demand deposits and with term deposits 36.515 (35.689 and 36.780 for December and March 2020, respectively). The subsidiary BICSA has a total of 1.057 customers (1.057 and 1.043 for December and March 2020, respectively) with demand deposits and 1.103 (1.105 and 1.070 for December and March 2020, respectively) customers with demand deposits.

(13) Other obligations with the public

Other obligations with the public are as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Obligations for confirmed letters of credit	¢ 4,540,197,148	2,760,818,741	2,149,975,433
Obligations for security tripartite agreements forward buyer	940,838,079	20,090,554,686	31,475,738,317
	<u>¢ 5,481,035,227</u>	<u>22,851,373,427</u>	<u>33,625,713,750</u>



BANCO DE COSTA RICA AND SUBSIDIARIES

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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 March 31, 2021, 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>34,109,192,792</u>	<u>940,838,079</u>	11/01/2021 to 10/02/2021	100%

As of December 31, 2020, 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>28,654,555,433</u>	<u>20,090,554,686</u>	11/01/2021 to 10/02/2021	100%

As of March 31, 2020, 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>32,370,797,941</u>	<u>31,475,738,317</u>	02/04/2020 to 08/05/2020	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>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
Term obligations with the Central Bank of Costa Rica	¢ 1,243,490,384	0	0
Term obligations with the Central Bank of Costa Rica	19,530,000,000	2,500,208,320	0
Charges payable for obligations with the Central Bank of Costa Rica	<u>24,738,000</u>	<u>0</u>	<u>0</u>
	20,798,228,384	2,500,208,320	0
Checking accounts of local financial entities	42,871,919,043	29,483,679,347	28,045,187,361
Checking accounts of foreign financial entities	5,670,641,431	4,169,254,694	3,193,991,775
Overdrafts on demand checking accounts of foreign financial entities	3,759,756,299	5,617,981,088	7,516,235,024
Obligations for check deposits	867,744,169	1,185,956,937	1,616,766,598
Overnight deposits	18,523,066,363	16,567,163,575	25,079,230,546
Term deposits from local financial entities	79,811,199,263	92,713,916,110	88,316,844,338
Term deposits from financial entities abroad	36,134,961,038	52,264,004,508	36,971,541,215
Loan from foreign financial entities (See note 14-a)	359,532,431,980	483,223,693,928	485,116,705,323
Obligations for financial leases (See note 14-a)	26,225,080,358	25,414,990,755	33,240,551,402
Obligations for resources taken from the liquidity market	31,307,029,908	6,666,813,998	5,674,273,688
Obligations with resources from the Development Credit Fund (DCF)	157,832,658,223	168,090,921,427	147,097,016,553
Charges payable for obligations with financial and non-financial entities	<u>4,239,559,331</u>	<u>4,599,061,202</u>	<u>7,454,094,736</u>
	766,776,047,406	889,997,437,569	869,322,438,559
Loans from local financial entities (See note 14-a)	107,671,915,259	93,572,803,199	0
Obligations for deferred liquidity operations (See note 14-a)	<u>2,463,250,265</u>	<u>12,615,079,151</u>	<u>85,912,260,420</u>
	<u>876,911,212,930</u>	<u>996,185,319,919</u>	<u>955,234,698,979</u>
	<u>¢ 897,709,441,314</u>	<u>998,685,528,239</u>	<u>955,234,698,979</u>

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The maturities of the term obligations with entities are from April 1, 2021 to February 30, 2025.

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Colones	0,3571 % to 1.50%	0,26 % to 3,750%	0,26571% to 2,75%
US dollars	0,009% to 0.499%	0,009% to 3,2753%	0,49974% to 3,1918%

As of March 31, 2021, December and March 2020 there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

As of March 31, 2021, 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	0	101,771,289,044	154,058,596,820	24,632,400,000	280,462,285,864
From one to two years	0	11,700,390,000	93,879,984,179	38,035,323,540	143,615,697,719
From three to five years	19,530,000,000	3,330,300,480	26,878,748,764	0	49,739,049,244
More than five years	0	0	22,047,378,677	0	22,047,378,677
<b>Total</b>	<b>€ 19,530,000,000</b>	<b>116,801,979,524</b>	<b>296,864,708,440</b>	<b>62,667,723,540</b>	<b>495,864,411,504</b>

As of December 31, 2020, 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>
From one to five years	€ 2,500,208,320	92,231,937,948	219,900,562,655	64,816,500,000	379,449,208,923
From one to two years	0	17,284,400,000	104,929,510,398	43,574,117,657	165,788,028,055
From three to five years	0	3,338,358,400	26,964,076,852	0	30,302,435,252
More than five years	0	0	23,038,926,366	0	23,038,926,366
<b>Total</b>	<b>€ 2,500,208,320</b>	<b>112,854,696,348</b>	<b>374,833,076,271</b>	<b>108,390,617,657</b>	<b>598,578,598,596</b>

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As of March 31, 2020, 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	¢ 0	45,786,945,728	197,717,049,258	41,115,900,000	284,619,894,986
From one to five years	0	42,850,990,980	145,570,937,557	57,009,441,183	245,431,369,720
From three to five years	0	2,948,597,400	29,674,130,270	0	32,622,727,670
More than five years	0	0	14,029,247,055	0	14,029,247,055
<b>Total</b>	<b>¢ 0</b>	<b>91,586,534,108</b>	<b>386,991,364,140</b>	<b>98,125,341,183</b>	<b>576,703,239,431</b>

b) Lease obligations

As of March 31, 2021, there are obligations for the right of use – leased assets received.

	<b>Fee</b>	<b>Interest</b>	<b>Maintenance</b>	<b>Amortization</b>
Less than one year	¢ 3,805,539,012	1,481,980,948	0	2,323,558,064
From one to five years	30,059,456,029	6,157,933,735	0	23,901,522,294
	<b>¢ 33,864,995,040</b>	<b>7,639,914,682</b>	<b>0</b>	<b>26,225,080,358</b>

As of December 31, 2020, there are obligations for the right of use – leased assets received.

	<b>Fee</b>	<b>Interest</b>	<b>Maintenanc e</b>	<b>Amortization</b>
Less than one year	¢ 3,813,235,428	1,519,542,903	0	2,293,692,525
From one to five years	30,174,308,953	7,053,010,724	0	23,121,298,230
	<b>¢ 33,987,544,381</b>	<b>8,572,553,626</b>	<b>0</b>	<b>25,414,990,755</b>

As of March 31, 2020, there are obligations for the right of use – leased assets received.

	<b>Fee</b>	<b>Interest</b>	<b>Maintenance</b>	<b>Amortization</b>
Less than one year	¢ 7,827,013,026	2,090,148,323	0	5,736,864,703
From one to five years	37,599,585,959	10,095,899,260	0	27,503,686,699
	<b>¢ 45,426,598,985</b>	<b>12,186,047,583</b>	<b>0</b>	<b>33,240,551,402</b>

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As of March 31, 2021, the allowance for future lease payments is as follows:

	<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	(56,588,347)	2,682,429,987
2 years	498,554,032	3,172,479,008
3 years	509,737,543	2,869,631,927
4 years	537,595,258	2,938,847,901
5 years	361,226,074	2,762,275,221
More than 5 years	1,387,041,209	11,598,076,913
	<u><b>3,237,565,770</b></u>	<u><b>26,023,740,956</b></u>

As of December 31, 2020, the allowance for future lease payments is as follows:

	<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	400,966,444	2,455,506,625
2 years	522,819,868	2,437,642,272
3 years	377,241,226	2,568,825,411
4 years	504,310,942	2,492,834,695
5 years	348,470,430	2,813,773,669
More than 5 years	1,465,547,531	12,409,113,727
	<u><b>3,619,356,441</b></u>	<u><b>25,177,696,399</b></u>

As of March 31, 2021, future payments of the lease liability are presented as follows:

	<b>Year</b>	<b>Payments</b>	<b>Present value</b>	<b>Amortization</b>	<b>Interest</b>	<b>Balance of the agreement</b>
1	31/12/2021	4,193,954,507	2,466,074,935	859,643,968	1,742,258,079	26,580,701,392
2	31/12/2022	5,152,647,903	3,682,511,180	2,381,524,946	1,494,074,721	23,035,235,390
3	31/12/2023	4,570,628,483	3,390,313,506	2,314,794,260	1,198,020,166	19,752,417,563
4	31/12/2024	4,884,958,272	3,728,079,769	2,605,589,312	1,169,489,101	16,146,711,265
5	31/12/2025	4,053,527,762	3,192,161,015	2,334,877,886	861,366,748	12,910,054,724
6	31/12/2026	3,817,060,291	3,140,566,164	2,464,072,038	676,494,126	9,661,600,586
7	31/12/2027	3,498,971,933	3,047,115,325	2,595,258,716	451,856,608	6,614,485,261
8	31/12/2028	4,135,148,648	3,821,355,088	3,507,561,529	313,793,560	2,793,130,173
9	31/12/2029	2,862,795,218	2,793,130,173	2,723,465,127	69,665,045	0
10	31/12/2030	0	0	0	0	0
		<u><b>37,169,693,017</b></u>	<u><b>29,261,307,154</b></u>	<u><b>21,786,787,781</b></u>	<u><b>7,977,018,153</b></u>	<u><b></b></u>

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As of December 31, 2020, future payments of the lease liability are presented as follows:

	<b>Year</b>	<b>Payments</b>	<b>Present value</b>	<b>Amortization</b>	<b>Interest</b>	<b>Balance of the agreement</b>
1	31/12/2021	4,418,285,512	4,221,461,659	938,575,432	1,816,184,200	25,926,076,050
2	31/12/2022	4,183,740,429	4,065,342,025	1,352,004,839	1,452,936,069	23,195,271,690
3	31/12/2023	4,287,322,699	3,930,393,659	1,755,799,622	1,302,080,540	20,210,029,531
4	31/12/2024	4,287,322,699	3,699,506,780	2,098,116,710	1,118,262,739	17,040,971,422
5	31/12/2025	4,252,330,799	3,453,004,607	2,340,404,036	1,009,186,020	13,711,824,792
6	31/12/2026	3,951,328,915	3,182,919,391	2,500,680,422	726,415,524	10,486,905,401
7	31/12/2027	3,825,298,530	3,290,493,013	2,755,687,496	534,805,517	7,196,412,388
8	31/12/2028	3,825,298,530	3,491,529,804	3,157,761,079	333,768,726	3,704,882,583
9	31/12/2029	3,825,298,530	3,704,882,583	3,584,466,637	120,415,947	0
10	31/12/2030	0	0	0	0	0
		<b><u>36,856,226,643</u></b>	<b><u>33,039,533,522</u></b>	<b><u>20,483,496,272</u></b>	<b><u>8,414,055,282</u></b>	

(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 March 31, 2021, the consolidated balance of income tax payable amounts to ¢7.713.507.084 (¢13.411.228.956 and ¢5.206.740.862 for December and March 2020, respectively) (see note 17) and the income tax advance payments amounted to ¢6.930.039.897 (¢15.288.990.103 and ¢1.020.304.019 for December and March 2020, respectively) (see note 10.b), recorded as other assets.

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Income tax expenses are detailed below:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Current income tax	¢ 6,991,192,247	18,927,088,406	6,917,929,636
Decrease in income tax	0	(913,333,140)	(2,456,991,753)
Increase in income tax	152,436,412	0	197,828,492
Adjustment to income tax from the previous period	569,878,425	(2,527,860,894)	0
Advances of settled income taxes	0	(2,074,665,416)	87,222,242,
	<u>7,713,507,084</u>	<u>13,411,228,956</u>	<u>4,745,988,617</u>
<u>Expenses for income taxes:</u>			
Expense for current income tax of the period	7,405,786,009	16,399,227,512	6,917,929,636
Expense for income tax from previous period	(414,593,762)	2,527,174,078	197,828,492
	<u>6,991,192,247</u>	<u>18,926,401,590</u>	<u>7,115,758,128</u>
Decrease in income tax	0	(913,333,140)	(2,456,991,753)
	<u>6,991,192,247</u>	<u>18,013,068,450</u>	<u>4,658,766,375</u>
Deferred income tax	16,696,088	652,540,952	8,614,021
Income for deferred income tax	(39,601,035)	(189,236,236)	0
Decrease in the deferred income tax	(155,284,663)	0	(64,255,617)
Income tax	¢ <u>6,813,002,637</u>	<u>18,476,373,166</u>	<u>4,603,124,779</u>
Realization of deferred income tax	¢ <u>22,904,947</u>	<u>(463,304,716)</u>	<u>55,641,596</u>

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.

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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.

Deferred tax assets and liabilities are attributed to the following:

As of March 31, 2021:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 79,958,383	(9,334,331,110)	(9,254,372,727)
Revaluation of assets	0	(5,086,549,340)	(5,086,549,340)
Provisions	462,219	0	462,219
Allowance for doubtful accounts	57,692,475	0	57,692,475
	<u>¢ 942,499,494</u>	<u>(14,420,880,450)</u>	<u>(13,478,380,956)</u>

As of December 31, 2020:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 902,379,611	(3,137,280,827)	(2,234,901,216)
Revaluation of assets	0	(5,124,654,741)	(5,124,654,741)
Provisions	6,519,491	0	6,519,491
Losses and unused tax credits	764,086,532	0	764,086,532
Allowance for doubtful accounts	57,751,610	0	57,751,610
	<u>¢ 1,730,737,244</u>	<u>(8,261,935,568)</u>	<u>(6,531,198,324)</u>

As of March 31, 2020:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 906,155,956	(3,573,327,897)	(2,667,171,941)
Revaluation of assets	0	(5,238,973,205)	(5,238,973,205)
Provisions	3,975,384	0	3,975,384
Losses and unused tax credits	1,356,727,785	0	1,356,727,785
Allowance for doubtful accounts	61,325,604	0	61,325,604
	<u>¢ 2,328,184,729</u>	<u>(8,812,301,102)</u>	<u>(6,484,116,373)</u>



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The movement of temporary differences is as follows:

As of March 31, 2021:

	<u>December 31, 2020</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>March 31, 2021</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (3,137,280,827)	0	(6,197,050,283)	(9,334,331,110)
Revaluation of assets	(5,124,654,741)	38,105,401	0	(5,086,549,340)
<b>On assets account</b>				
Valuation of investments	902,379,610	0	(822,421,227)	79,958,383
Losses and unused tax credits	764,086,532	(9,084,047)	49,383,932	804,386,417
Provisions	6,519,491	(6,057,272)	0	462,219
Allowance for doubtful accounts	57,751,610	(59,135)	0	57,692,475
	¢ <u>(6,531,198,325)</u>	<u>22,904,947</u>	<u>(6,970,087,578)</u>	<u>(13,478,380,956)</u>

As of December 31, 2020:

	<u>December 31, 2019</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>December 31, 2020</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (4,678,909,244)	0	1,541,628,417	(3,137,280,827)
Revaluation of assets	(5,277,080,116)	152,425,375	0	(5,124,654,741)
<b>On assets account</b>				
Valuation of investments	1,035,665,812	0	(133,286,201)	902,379,611
Losses and unused tax credits	1,207,769,870	(609,256,481)	165,573,143	764,086,532
Provisions	7,246,554	(999,357)	272,294	6,519,491
Allowance for doubtful accounts	63,225,862	(5,474,252)	0	57,751,610
	¢ <u>(7,642,081,262)</u>	<u>(463,304,715)</u>	<u>1,574,187,653</u>	<u>(6,531,198,324)</u>

As of March 31, 2020:

	<u>December 31, 2019</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>March 31, 2020</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (4,678,909,244)	0	1,105,581,347	(3,573,327,897)
Revaluation of assets	(5,277,080,116)	38,106,911	0	(5,238,973,205)
<b>On assets account</b>				
Valuation of investments	1,035,665,794	0	(129,509,838)	906,155,956
Losses and unused tax credits	1,405,629,435	22,706,132	(71,607,782)	1,356,727,785
Provisions	7,246,573	(3,271,189)	0	3,975,384
Allowance for doubtful accounts	63,225,862	(1,900,258)	0	61,325,604
	¢ <u>(7,444,221,696)</u>	<u>55,641,596</u>	<u>904,463,727</u>	<u>(6,484,116,373)</u>

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As of March 31, 2021, the consolidated group presents a balance for income tax receivable of ¢135.205.703 (¢91.649.266 and ¢94.440.962 for December and March 2020, respectively), in addition to supported value added tax for ¢771.575.867 (¢1.223.915.502 and ¢633.045.626 for December and March 2020, respectively) and deductible value added tax for ¢24.917.485 (¢43.630.817 and ¢20.713.320 for December and March 2020, 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.

IFRIC-23 "Uncertainty against 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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Banco de Costa Rica	¢ 33,377,662,908	33,377,662,907	35,112,644,703
BCR Valores, S. A.- Puesto de Bolsa	900,141,980	900,141,980	1,301,643,081
BCR Sociedad Administradora de Fondos de inversión, S.A.	270,420,281	270,420,281	312,877,409
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	249,398,960	249,398,960	300,412,053
BCR Corredora de Seguros, S.A.	241,600,214	241,600,214	282,480,358
	<u>¢ 35,039,224,342</u>	<u>¢ 35,039,224,341</u>	<u>¢ 37,310,057,604</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(16) Provisions

The movement in provisions is detailed as follows:

As of March 31, 2021:

	<b>Legal benefits</b>	<b>Lawsuits</b>	<b>Other</b>	<b>Total</b>
<b>Balance as of December 31, 2020</b>	¢ <b>9,569,600,725</b>	<b>15,745,248,767</b>	<b>35,039,224,342</b>	<b>60,354,073,834</b>
Currency conversion effect	1,378,781	0	0	1,378,781
<b>Adjusted balance</b>	<b>9,570,979,506</b>	<b>15,745,248,767</b>	<b>35,039,224,342</b>	<b>60,355,452,615</b>
Provision made	172,893,037	244,832,285	0	417,725,322
Provision used	(110,672,372)	(672,819,411)	0	(783,491,783)
Adjustment for exchange rate differences	0	(2,450,117)	0	(2,450,117)
<b>Balance as of March 31, 2020</b>	¢ <b>9,633,200,171</b>	<b>15,314,811,524</b>	<b>35,039,224,342</b>	<b>59,987,236,037</b>

As of December 31, 2020:

	<b>Legal benefits</b>	<b>Lawsuits</b>	<b>Other</b>	<b>Total</b>
<b>Balance as of December 31, 2019</b>	¢ <b>9,630,769,477</b>	<b>16,399,929,029</b>	<b>37,269,529,821</b>	<b>63,300,228,327</b>
Currency conversion effect	83,843,520	0	0	83,843,520
<b>Adjusted balance</b>	<b>9,714,612,997</b>	<b>16,399,929,029</b>	<b>37,269,529,821</b>	<b>63,384,071,847</b>
Provision made	375,162,854	4,207,994,950	40,527,781	4,623,685,585
Provision used	(489,873,938)	(2,494,060,685)	(206,824,642)	(3,190,759,265)
Adjustment for exchange rate differences	0	65,888,349	0	65,888,349
Provisions reversed	(30,301,187)	(2,434,502,876)	(2,064,008,619)	(4,528,812,682)
<b>Balance as of December 31, 2020</b>	¢ <b>9,569,600,726</b>	<b>15,745,248,767</b>	<b>35,039,224,341</b>	<b>60,354,073,834</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of March 31, 2020:

	<b>Legal benefits</b>	<b>Lawsuits</b>	<b>Other</b>	<b>Total</b>
<b>Balance as of December 31, 2019</b>	¢ <b>9,630,769,477</b>	<b>16,399,929,029</b>	<b>37,269,529,821</b>	<b>63,300,228,327</b>
Currency conversion effect	20,617,874	0	0	20,617,874
<b>Adjusted balance</b>	<b>9,651,387,351</b>	<b>16,399,929,029</b>	<b>37,269,529,821</b>	<b>63,320,846,201</b>
Provision made	82,064,969	191,258,789	40,527,783	313,851,541
Provision used	(58,186,233)	(1,915,575,047)	0	(1,973,761,280)
Adjustment for exchange rate differences	0	28,886,269	0	28,886,269
Provisions reversed	(8,476,973)	(1,538,217,686)	0	(1,546,694,659)
<b>Balance as of March 31, 2020</b>	¢ <b>9,666,789,114</b>	<b>13,166,281,354</b>	<b>37,310,057,604</b>	<b>60,143,128,072</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of March 31, 2021, the Bank is a defendant in litigation, for which the following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ₡25.135.812.413 and US\$69.301.542 for which the Bank has provisions recorded in the amounts of ₡1.783.901.568 and US\$1.395.500, respectively.
- The criminal lawsuits against the Bank have been estimated in ₡1.799.404.429 and US\$10.077, for which the Bank has recorded a provision in the amount of ₡98.929.000.
- For their nature, labor suits are difficult to estimate, however they are estimated in ₡5.179.322.543 and \$825.001, for which the Bank has provisions recorded in the amount of ₡1.868.413.533, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ₡10.504.406.145 and US\$36.257, for which ₡10.492.939.628 and US\$34.057, respectively, have been provisioned.
- In compliance with Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica” the amount of ₡801.701.887 was transferred for pending proceedings.
- Reversal is made due to the 2015 prescription to IFRIC 23 (see note 38), recorded in other provisions.

As of March 31, 2021, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of March 31, 2021, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of March 31, 2021, BCR Valores Puesto de Bolsa, S.A. is a defendant in a lawsuit filed by a customer, under file number 08-001181-1027-CA. which was admitted during a vote of the First Chamber of the Supreme Court of Justice, and BCR Valores Puesto de Bolsa, S.A. was ordered to pay damages, which existence and estimate must be proven in the enforcement of the judgment. The amount claimed by the customer is of US\$202.737. The Brokerage House has provisioned ₡124.847.472.

BANCO DE COSTA RICA AND SUBSIDIARIES

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On January 25, 2021, the First Chamber of the Supreme Court of Justice by vote number 169-f-S1-2021 states: "The appeal is declared inadmissible ... its costs charged to who interposed the appeal." Consequently, the decision of the executing judge in judgment number 402-2019, exonerating BCR Valores S.A., is final.

As of March 31, 2021, BCR Valores Puesto de Bolsa, S.A., has an established legal process of labor nature, file number 17-002581-1178-LA, for which a provision was made in the amount of ¢8,441,966.

As of March 31, 2021, BICSA there are no provision for litigation.

As of December 31, 2020, following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ¢28.756.508.316 and US\$69.193.922 for which the Bank has provisions recorded in the amounts of ¢1.754.726.808 and US\$1.395.500, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢2.416.905.449 and US\$10.077, for which the Bank has recorded a provision in the amount of ¢716.430.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5.179.322.543 and \$825.001, for which the Bank has provisions recorded in the amount of ¢1.868.413.533, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢10.394.615.080 and US\$36.257, for which ¢10.389.621.563 and US\$34.057, respectively, have been provisioned.
- Reversal is made due to the 2015 prescription to IFRIC 23 (see note 38), recorded in other provisions.
- In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" the amount of ¢801.701.887 was transferred for pending proceedings.

As of December 31, 2020, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of December 31, 2020, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of December 31, 2020, BCR Valores Puesto de Bolsa, S.A. is a defendant in a lawsuit filed by a customer, under file number 08-001181-1027-CA. which was admitted during a vote of the First Chamber of the Supreme Court of Justice, and BCR Valores Puesto de Bolsa, S.A. was ordered to pay damages, which existence and estimate must be proven in the enforcement of the judgment. The amount claimed by the customer is of US\$202.737. The Brokerage House has provisioned ₡125.149.550.

As of December 31, 2020, BCR Valores Puesto de Bolsa, S.A., has an established legal process of labor nature, file number 17-002581-1178-LA, for which a provision was made in the amount of ₡8,441,966.

As of December 31, 2020, BICSA there are no provision for litigation.

As of March 31, 2020, the Bank is a defendant in litigation, for which the following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ₡26.184.572.157 and US\$57.148.922 for which the Bank has provisions recorded in the amounts of ₡2.186.722.855 and US\$1.492.115, respectively.
- The criminal lawsuits against the Bank have been estimated in ₡1.794.475.429 and US\$10.077, for which the Bank has recorded a provision in the amount of ₡89.000.000.
- For their nature, labor suits are difficult to estimate, however they are estimated in ₡4.526.028.717 and US\$825.000, for which the Bank has provisions recorded in the amount of ₡2.189.088.487, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ₡7.176.849.269 and US\$36.257, for which ₡7.171.855.752 and US\$34.057, respectively, have been provisioned.
- In compliance with Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica” the amount of ₡514.105.087 was transferred for pending proceedings.

As of March 31, 2020, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of March 31, 2020, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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As of March 31, 2020, BCR Valores Puesto de Bolsa, S.A. is a defendant in a lawsuit filed by a customer, under file number 08-001181-1027-CA. which was admitted during a vote of the First Chamber of the Supreme Court of Justice, and BCR Valores Puesto de Bolsa, S.A. was ordered to pay damages, which existence and estimate must be proven in the enforcement of the judgment. The amount claimed by the customer is of US\$202.737. The Brokerage House has provisioned ¢119.081.632.

As of March 31, 2020, BICSA there are no provision for litigation.

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Fees payable	66,276,159	41,113,008	1,848,114
Due for goods and services	¢ 575,324,187	834,557,500	751,010,107
Current income tax	7,713,507,084	13,411,228,956	4,860,179,211
Tax on DU propts	338,685,614	353,549,557	332,555,986
Value added tax	214,137,219	549,277,629	633,596,380
Other payable taxes	20,713,830	0	0
Employer contributions	8,288,666,976	6,022,929,931	4,131,968,917
Court-ordered withholdings	895,340,954	874,650,168	893,582,706
Tax withholdings payable	2,768,454,197	3,828,562,482	3,234,256,981
Withheld employer contributions payable	2,557,802,335	1,292,495,700	955,004,088
Other third-party withholdings payable	11,240,030,292	10,919,407,574	19,058,851,881
Compensations and salaries payable	3,203,368,478	7,779,788,215	2,122,908,224
Dividends payable	3,750,000,000	0	0
Interests (distributions) payable on results of the period (see note 33)	5,900,960,137	10,819,260,713	3,587,462,492
Obligations payable on loans with related parties	15,754,227	15,779,227	10,902,095
Accrued vacations	7,154,794,589	6,336,565,846	6,122,005,733
Accrued statutory Christmas bonus	2,035,834,767	621,670,397	2,024,699,895
Commissions payable from insurance placement	56,389,210	51,938,166	46,819,236
Commissions payable with related parties	2,641,779,732	2,117,502,409	399,958,713
Contribution to the Superintendencia's budget	13,725,123	0	59,228,330
Miscellaneous creditors	20,798,584,797	26,486,712,679	24,535,458,018
	¢ <b>80,250,129,907</b>	<b>92,356,990,157</b>	<b>73,762,297,107</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(18) Equity

a) Capital Stock

The Bank's capital stock is as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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>¢ 181,409,990,601</b>	<b>181,409,990,601</b>	<b>181,409,990,601</b>

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.

As of March 31, 2021, the amount for the constitution of the Development Financing Fund's equity is ¢36.212.011.410 (¢33.309.728.460 and ¢24.336.546.259 for December and March 2020, 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 equity managed by the entity was transferred.

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 March 31, 2021, the revaluation surplus amounts to ¢37.774.830.067 (¢37.774.830.067 and ¢37.774.830.067 for December and March 2020, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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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 March 31, 2021, 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 ¢9.931.916.317 (¢2.718.583.704 and ¢618.993.476 for December and March 2020, 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 March 31, 2020, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢20.738.126.436 (¢20.902.126.589 and ¢16.954.956.845 for December and March 2020, respectively).

e) Special reserves of retained earnings from BICSA

As of March 31, 2021, 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\$37.556.608 (51% for US\$73.640.408) (US\$33.061.387 equivalent to 51% for US\$65.123.795 for December 2020 and US\$33.213.135 equivalent to 51% in US\$65.123.795 for March 2020) 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.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

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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.

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.

In case of an excess of a specific provision calculated in accordance with this agreement over the estimate calculated in accordance with IFRS, this excess will be recorded as a regulatory reserve in the equity, that increases or decreases towards undistributed earnings. The balance of the regulatory reserves will not be considered as capital funds for purposes of calculating certain ratios or prudential ratios mentioned in the agreement. The Bank determines its country risk reserve in compliance with provisions established in general resolutions No.7-2000 and No.10 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

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*Regulatory capital*

As of March 31, 2021, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

<b>Companies of the Fiancial Conglomerate</b>	<b>Capital base</b>	<b>Minimum individual capital requirement</b>	<b>Individual surplus or déficit</b>	<b>Non-transferable items</b>	<b>Transferable surplus and individual deficit</b>
<b>Parent Company</b>					
Banco de Costa Rica	¢ 464,231,975,409	391,715,294,855	72,516,680,553	0	72,516,680,553
	<u>464,231,975,409</u>	<u>391,715,294,855</u>	<u>72,516,680,553</u>	<u>0</u>	<u>72,516,680,553</u>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	147,683,554,200	104,016,467,100	43,667,087,100	21,396,872,679	22,270,214,421
BCR Valores, S. A.- Puesto de Bolsa	20,696,070,920	4,499,280,720	16,196,790,200	0	16,196,790,200
BCR Sociedad Administradora de Fondos de inversión, S.A.	8,550,302,890	3,185,758,620	5,364,544,270	0	5,364,544,270
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	5,194,792,666	3,943,100,238	1,251,692,428	0	1,251,692,428
	¢ <u>182,124,720,676</u>	<u>115,644,606,678</u>	<u>66,480,113,998</u>	<u>21,396,872,679</u>	<u>45,083,241,319</u>
<b>Non regulated entities</b>					
BCR Corredora de Seguros, S.A.	4,944,608,630	2,330,900,210	2,613,708,420	0	2,613,708,420
Depósito Agrícola de Cartago S.A and subsidiary	680,346,900	242,079,200	438,267,700	0	438,267,700
	¢ <u>5,624,955,530</u>	<u>2,572,979,410</u>	<u>3,051,976,120</u>	<u>0</u>	<u>3,051,976,120</u>
<b>Global surplus or déficit of the Financial Conglomerate</b>					¢ <u><u>120,651,897,992</u></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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March 31, 2021

As of December 31, 2020, 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	¢ 455,497,193,648	378,572,743,719	76,924,449,930	0	76,924,449,930
	455,497,193,648	378,572,743,719	76,924,449,930	0	76,924,449,930
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S.A. and subsidiary	147,708,196,486	110,394,574,092	37,313,622,394	18,283,674,973	19,029,947,421
BCR Valores, S. A.- Puesto de Bolsa	19,345,720,607	3,750,156,134	15,595,564,473	0	15,595,564,473
BCR Sociedad Administradora de Fondos de inversion, S.A.	7,748,149,840	3,623,087,270	4,125,062,570	0	4,125,062,570
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,798,984,775	3,809,250,842	989,733,933	0	989,733,933
	¢ 179,601,051,708	121,577,068,338	58,023,983,370	18,283,674,973	39,740,308,397
<b>Non regulated entities</b>					
BCR Corredora de Seguros, S.A.	4,651,471,820	2,102,117,390	2,549,354,430	0	2,549,354,430
Depósito Agrícola de Cartago S.A. and subsidiary	680,346,900	238,667,200	441,679,700	0	441,679,700
	¢ 5,331,818,720	2,340,784,590	2,991,034,130	0	2,991,034,130
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ 119,655,792,457

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As of March 31, 2020, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

<b>Companies of the Fiancial Conglomerate</b>	<b>Capital base</b>	<b>Minimum individual capital requirement</b>	<b>Individual surplus or deficit</b>	<b>Non-transferable items</b>	<b>Transferable surplus and individual deficit</b>
<b>Parent Company</b>					
Banco de Costa Rica	¢ 427,997,719,986	347,361,385,989	80,636,333,997	0	80,636,333,997
	<u>427,997,719,986</u>	<u>347,361,385,989</u>	<u>80,636,333,997</u>	<u>0</u>	<u>80,636,333,997</u>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S.A. and subsidiary	140,322,693,000	107,606,184,000	32,716,509,000	16,031,089,410	16,685,419,590
BCR Valores, S. A.- Puesto de Bolsa	22,710,646,510	3,730,116,083	18,980,530,427	0	18,980,530,427
BCR Sociedad Administradora de Fondos de inversion, S.A.	9,521,294,330	3,240,147,010	6,281,147,320	0	6,281,147,320
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	6,065,455,199	3,541,650,576	2,523,804,623	0	2,523,804,623
	<u>¢ 178,620,089,039</u>	<u>118,118,097,669</u>	<u>60,501,991,370</u>	<u>16,031,089,410</u>	<u>44,470,901,960</u>
<b>Non regulated entities</b>					
BCR Corredora de Seguros, S.A.	4,948,764,490	2,861,838,580	2,086,925,910	0	2,086,925,910
Depósito Agrícola de Cartago S.A. and subsidiary	453,260,500	110,585,400	342,675,100	0	342,675,100
Investment management company	680,346,900	304,327,600	376,019,300	0	376,019,300
	<u>¢ 6,082,371,890</u>	<u>3,276,751,580</u>	<u>2,805,620,310</u>	<u>0</u>	<u>2,805,620,310</u>
<b>Global surplus or déficit of the Financial Conglomerate</b>					<u>¢ 127,912,856,267</u>

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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:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Guarantees granted:</b>			
Performance bonds	¢ 119,535,339,235	135,430,721,851	111,100,436,190
Bid bonds	674,248,680	898,266,860	11,257,338,945
Other guarantees	112,709,008,284	98,532,545,113	93,436,912,997
Issued non-negotiated letters of credit	11,931,739,385	4,904,268,841	11,209,496,715
Confirmed non-negotiated letters of credit	9,666,336,932	9,994,211,695	8,666,322,048
Credit lines to be used automatically	109,326,637,009	109,920,179,845	112,975,549,245
Other contingencies	70,707,585,399	74,386,976,782	61,228,188,227
Credits pending disbursement	112,872,068	1,529,675,946	1,465,633,476
	<b>¢ 434,663,766,992</b>	<b>435,596,846,933</b>	<b>411,339,877,843</b>

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
With prior deposit	¢ 7,177,043,818	7,226,846,987	11,817,972,891
Without prior deposit	356,779,137,775	353,983,023,164	338,293,716,725
Pending lawsuits and Claims	70,707,585,400	74,386,976,782	61,228,188,227
	<b>¢ 434,663,766,993</b>	<b>435,596,846,933</b>	<b>411,339,877,843</b>

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 March 31, 2021, letters of credit are backed 100% by guarantee deposits or credit facilities.

As of March 31, 2021 floating guarantees in custody are for ¢219.021.823.740 (¢240.876.163.489 and ¢285.460.968.205 for December and March 2020, respectively).

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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 March 31, 2021, 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 ₡27.001.781.507 and US\$67.798.421. 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 ₡3.310.909.009 and US\$825.001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡1.700.475.429 and US\$10.077.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡4.993.517 and US\$2.200.

As of March 31, 2021, 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 March 31, 2021, 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 March 31, 2021, 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 March 31, 2021, there is a process against BCR Valores in the amount of US\$465,000 processed under file 16-000208-1027-CA 2 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.



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As of December 31, 2019, BCR Valores recognized a provision for tax contingencies of ¢1.301.647.081. The remaining ¢1.301.624 correspond to adjustments for exchange rate differences of the provisions in foreign currency.

The provision recorded in BCR Valores affected the profit from previous periods for ¢978.296.974 million, corresponding to contingencies arising in 2015, 2016, 2017 and 2018 (¢194.676.459, ¢264.905.512, ¢206.824.643, and ¢311.890.361, correspondingly); The remaining ¢323.346.107 million, from the 2019 period, were recorded as an expense in 2019. The provision of 2015 for ¢194.676.459 was reversed at the closing of 2020; further, the 2017 provision for ¢206.824.512, was used in 2020 when the Tax authorities reviewed that period.

As of December 31, 2020, 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 ¢27.001.781.507 and US\$67.798.421. 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 ¢3.310.909.009 and US\$825.001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ¢1.700.475.429 and US\$10.077.
- Administrative proceedings against the Bank have been estimated in the amounts of ¢4.993.517 and US\$2.200.

As of December 31, 2020, 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, 2020, 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, 2020, 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

To date and in accordance with the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of December 31, 2020, there is a process againsts BCR Valores in the amount of US\$465,000 processed under file 16-000208-1027-CA 2 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, 2019, BCR Valores recognized a provision for tax contingencies of ₡1.301.647.081. The remaining ₡1.301.624 correspond to adjustments for exchange rate differences of the provisions in foreign currency.

The provision recorded in BCR Valores affected the profit from previous periods for ₡978.296.974 million, corresponding to contingencies arising in 2015, 2016, 2017 and 2018 (₡194.676.459, ₡264.905.512, ₡206.824.643 and ₡311.890.361, correspondingly); The remaining ₡323.346.107 million, from the 2019 period, were recorded as an expense in 2019.

As of March 31, 2020, 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 ₡23.997.849.302 and US\$55.656.807. 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 ₡2.336.940.230 and US\$825.000.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡1.705.475.429 and US\$10.077.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡4.993.517 and US\$2.200.

Income tax, BICSA Costa Rica

BICSA SERVICIOS, S.A., surviving entity of the group of companies that comprised BICSA Corporación Financiera, S.A., was sentenced by the Administrative Tax Court to pay income tax for the fiscal periods from 1999 to 2004. Strictly respecting the deadline to carry out the payment, the amount of US\$1,243,985 alleged in the conviction was paid by BICSA on November 29, 2013, charged to the provision that was held for the case.

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Notwithstanding the payment was made to avoid additional sanctions, given the disagreement that the institution has with such scope, a contentious-administrative judicial process had been filed previously, to declare the absolute nullity and ineffectiveness of the determinative resolution No.DT10R-11-08 from the Directorate of Large Taxpayers, resolution No. AU-10-4-135-08, the Administrative Court ruling No. 035-2012 and resolution No. SFGCN-AL-075-12, all derived from the Transfer of Charges number 2752000016446 of income tax corresponding to fiscal periods 1999-2004. Along with the return of the objected amounts plus interest, additional damages are claimed for a currently undetermined amount, which would be determined in the execution of a possible favorable judgment.

In response to such action, on January 28, 2014, the Costa Rican Government started an administrative litigation process against the Bank, referring to the part won by BICSA in administrative instances. To better manage both actions, the accumulation of the processes was proposed, and in March 2015, the Administrative Litigation Court ordered such accumulation. On June 19, 2015, a preliminary hearing was convened, in which the controversial facts of the claim were indicated, and, in turn, the application of the expert opinions requested by BICSA was approved. On December 23, 2016, the memorial presented by one of the experts was released, granting a period of 3 business days to the parties to refer to it. BICSA referred to the expertise on January 9, 2017.

Subsequently, by means of Resolution of February 17, 2017 of the Contentious Administrative Court, another of the experts was granted a period of 30 working days to submit their report, which was provided on February 19, 2017. On April 21, 2017, BICSA referred to this expert opinion, within the term granted by the resolution of April 17, 2017. To the references and consultations made by BICSA, the expert answered BICSA's objections incompletely, therefore on September 12, 2017, appraisals were again presented regarding this expertise. On July 18 and 19, 2019, the Oral and Public Trial was held with the accumulation of the processes. All the evidence presented by the Bank was admitted and presented, including the testimony of the experts and expert witnesses offered by the Bank, by the State and the appointed judicial expert. On September 24, the Bank was notified of judgment 77-2019-VII, issued by the Contentious Administrative and Civil Court of Finance, Section Eight, in which the exception of prescription and lack of active legitimacy opposed by the State is rejected, regarding compensation claims.

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The exception of lack of rights filed by the State related to the lawsuit filed against it by BICSA SERVICIOS, S.A. is partially accepted. The claim is partially declared admissible, only with respect to the nullity of resolution OT-10R-041-13, of the General Directorate of Taxation, Directorate of Large Taxpayers and the Administrative Tax Court TFA-N ° 497-2013, as relative to the new payment of interests, for one hundred and seventy-four million, six hundred fourteen thousand nine hundred and six colones without cents, which must be returned to the Bank, duly indexed from the date of payment, until its effective return, as determined in the sentence execution phase. Regarding the injurious proceeding filed by the State against BICSA SERVICIOS S.A., the exception of lack of rights opposed by the defendant is partially accepted and the complaint filed as provided below is partially declared admissible: i) It is declared injurious to the States interests and resolution TFA-035-2012 of the First Chamber of the Administrative Tax Court is canceled, only so far as the resolution revokes Determinative Resolution No. DT10R-11-08, related to DECLARED TAXABLE INCOME AS NON-TAXABLE: Income obtained (interest) from operations and investments made with foreign companies. ii) In the rest, the resolution whose harmfulness was intended remains intact. As unnecessary, a statement regarding the counterclaim filed by the Bank is omitted. It is resolved without special conviction in costs related to the three processes initiated. Against such judgment, on September 26, 2019, the Bank filed an appeal, which is pending admission.

As of March 31, 2020, due to the merger process of INS Pensiones Operadora de Pensiones Complementarias, S. A. with BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. a series of contingencies arose that have been reasonably covered by the seller's pledged securities.

As of March 31, 2020, 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 March 31, 2020, there is a process against BCR Valores in the amount of US\$465,000 processed under file 16-000208-1027-CA 2 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.

(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.

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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:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Cash and due from banks	¢ 71,802,023,449	92,575,854,311	87,909,213,820
Investments in financial instruments	87,799,377,019	82,123,315,821	106,611,283,336
Loan portfolio	50,418,063,568	50,726,165,899	49,837,016,115
Allowance for doubtful accounts	(9,042,076,530)	(9,162,850,564)	(9,638,638,972)
Realizable assets	53,244,749,420	56,521,168,659	21,861,086,841
Investments in other companies	35,012,464,940	35,077,180,689	32,581,522,651
Other accounts receivable	77,555,477,935	77,399,842,492	77,685,623,422
Property, furniture, and equipment	376,159,996,279	400,990,434,662	306,866,665,127
Other assets	184,197,337,048	186,416,949,697	356,703,698,169
	<b>¢ 927,147,413,128</b>	<b>972,668,061,666</b>	<b>1,030,417,470,509</b>

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Banco de Costa Rica	¢ 873,772,231,021	919,788,849,804	983,018,898,183
Banco Internacional de Costa Rica, S.A.	53,375,182,107	52,879,211,862	47,327,106,326
BCR Valores, S.A.- Puesto de Bolsa (See note 22)	0	0	71,466,000
	<b>¢ 927,147,413,128</b>	<b>972,668,061,666</b>	<b>1,030,417,470,509</b>

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(21) Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Own assets and securities held in custody	¢ 6,671,223,635	7,598,327,512	7,463,118,905
Guarantees received and held in custody	13,257,495,712,001	750,386,201,942	714,586,014,158
Guarantees received and held by third parties	3,719,983,443	4,217,017,643	3,191,361,887
Granted and unused credit lines	535,822,629,843	529,147,832,613	479,418,303,980
Write-offs	239,806,943,381	240,294,571,030	238,756,695,409
Suspense interest receivable	24,549,828,750	27,094,306,127	19,944,367,160
Backup documentation	58,711,000	58,711,000	58,711,000
Other memoranda accounts	1,897,687,575,208	13,857,478,719,636	13,445,133,986,036
Assets and securities held in custody for third parties	84,077,739,544	93,391,517,891	92,200,833,033
Managed funds assets	2,184,053,855,586	2,138,256,394,888	1,875,945,312,650
Management of individual portfolios by the stock market	127,274,600,619	119,644,642,712	121,918,789,010
Held-for-trading securities received as guarantee (guarantee trust)	58,257,066,788	45,524,405,011	39,923,741,077
Own held-for-trading securities	902,036,937,225	707,952,886,907	443,143,721,788
Cash and accounts receivable for custodial activities	213,359,566,955	153,445,337,691	195,782,365,233
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)	19,339,300,638	46,853,797,504	67,207,425,688
Held-for-trading securities pending receipt	1,536,853,825	2,392,356,852	4,621,203,036
Confirmed spot agreements pending settlement	3,526,050,191	4,717,185,876	9,840,492,096
Futures pending settlement	50,243,374,728	41,686,486,593	60,680,255,325
Third parties held-for-trading securities	6,141,610,178,127	5,845,644,530,040	5,531,384,091,961
	<b>¢ 25,751,128,131,487</b>	<b>24,615,785,229,468</b>	<b>23,351,200,789,432</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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Other memoranda accounts by subsidiaries are detailed as follows:

	<u>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
Banco de Costa Rica	¢ 21,426,337,044,622	20,374,911,227,430	19,305,915,363,908
Banco Internacional de Costa Rica, S.A.	1,457,722,241,826	1,446,068,567,794	1,487,229,330,433
BCR Valores, S.A.- Puesto de Bolsa (See note 22)	673,522,018,939	645,908,328,812	670,642,934,225
BCR Sociedad Administradora de Fondos de Inversión, S.A. (See note 23)	751,741,986,227	757,469,661,204	606,635,408,024
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (See note 24)	1,439,051,608,124	1,388,453,642,542	1,276,832,793,493
Depósito Agrícola de Cartago S.A.	2,753,231,749	2,973,801,686	3,944,959,349
	<u>¢ 25,751,128,131,487</u>	<u>24,615,785,229,468</u>	<u>23,351,200,789,432</u>

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

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

	<u>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
Managed Trusts (See note 20)	¢ 0	0	71,466,000
<b><u>Other own memoranda accounts</u></b>			
Other memoranda accounts	¢ 8,694,941,684	8,703,881,882	7,936,927,912
<b>Total own other memoranda accounts</b>	<u>¢ 8,694,941,684</u>	<u>8,703,881,882</u>	<u>7,936,927,912</u>
<b><u>Memoranda accounts for third parties</u></b>			
Portfolio management	¢ 127,274,600,619	119,644,642,712	121,918,789,010
Cash and accounts receivable by custodial activity	681,354,484	652,629,485	542,767,289
Held-for-trading pending receipt	1,536,853,825	2,392,356,852	4,621,203,036
Purchased marketable securities pending receipt			
Held-for-trading received s guarantee	5,646,060,724	1,970,301,754	4,626,293,795
Confirmed contracts pending settlement	3,526,050,191	4,717,185,876	9,840,492,096
Futures pending settlement-forward buyer (See note 22-a)	43,353,930,483	37,653,496,522	53,095,991,053
Futures pending settlement-forward seller (See note 22-a)	6,889,444,245	4,032,990,071	7,584,264,272
Central de Valores private (local custody)	167,582,647,786	173,384,595,513	162,931,849,907
Central de Valores private (international custody)	32,904,074,449	25,989,283,284	12,870,174,412
Central de Valores public (BCCR)	275,344,560,450	266,679,464,861	281,386,681,443
Vault	87,500,000	87,500,000	3,287,500,000
<b>Total memoranda accounts for third parties</b>	<u>664,827,077,256</u>	<u>637,204,446,931</u>	<u>662,706,006,313</u>
<b>Total memoranda accounts (See note 21)</b>	<u>673,522,018,940</u>	<u>645,908,328,813</u>	<u>670,642,934,225</u>
<b>Total memoranda accounts and trusts</b>	<u>¢ 673,522,018,940</u>	<u>645,908,328,813</u>	<u>670,714,400,225</u>

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In repurchase and term operations, the Brokerage House 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 March 31, 2021, 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	¢ 5,430,498,421	24,758,604,477	30,189,102,898	3,146,354,543	2,173,506,623	5,319,861,166
31 to 60 days	2,486,271,790	10,545,682,982	13,031,954,772	261,824,047	1,174,886,219	1,436,710,267
61 to 90 days	0	132,872,813	132,872,813	0	132,872,813	132,872,813
<b>Third parties total</b>	¢ <b>7,916,770,211</b>	<b>35,437,160,271</b>	<b>43,353,930,483</b>	<b>3,408,178,590</b>	<b>3,481,265,655</b>	<b>6,889,444,245</b>
<b>Total</b>	¢ <b>7,916,770,211</b>	<b>35,437,160,271</b>	<b>43,353,930,483</b>	<b>3,408,178,590</b>	<b>3,481,265,655</b>	<b>6,889,444,245</b>

As of December 31, 2020, 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	¢ 3,527,806,909	27,581,692,013	31,109,498,921	0	2,492,375,498	2,492,375,498
31 to 60 days	253,012,131	6,093,587,244	6,346,599,375	0	1,484,159,353	1,484,159,353
61 to 90 days	0	197,398,225	197,398,225	0	56,455,221	56,455,221
<b>Third parties total</b>	¢ <b>3,780,819,040</b>	<b>33,872,677,482</b>	<b>37,653,496,522</b>	<b>0</b>	<b>4,032,990,071</b>	<b>4,032,990,071</b>
<b>Total</b>	¢ <b>3,780,819,040</b>	<b>33,872,677,482</b>	<b>37,653,496,522</b>	<b>0</b>	<b>4,032,990,071</b>	<b>4,032,990,071</b>



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As of March 31, 2020, 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	¢ 10,930,113,496	31,042,065,971	41,972,179,467	1,244,907,841	2,141,669,680	3,386,577,522
31 to 60 days	1,293,504,246	9,032,433,282	10,325,937,528	603,192,623	2,888,421,355	3,491,613,978
61 to 90 days	0	797,874,057	797,874,057	0	706,072,772	706,072,772
<b>Third parties total</b>	<b>¢ 12,223,617,743</b>	<b>40,872,373,310</b>	<b>53,095,991,053</b>	<b>1,848,100,464</b>	<b>5,736,163,808</b>	<b>7,584,264,272</b>
<b>Total</b>	<b>¢ 12,223,617,743</b>	<b>40,872,373,310</b>	<b>53,095,991,053</b>	<b>1,848,100,464</b>	<b>5,736,163,808</b>	<b>7,584,264,272</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 make a contribution 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 December 31, 2020, the Brokerage House had made contributions for a total of ¢30.790.489 (¢83.806.100 and ¢118.585.352 for December and March 2020, 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 March 31, 2021, BCR Valores, S.A. has following securities in custody:

**Custody of third parties**

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 267,477,107,503
Local	Repurchase operations	19,720,467,308
		¢ <u>287,197,574,812</u>
<i>US Dollars</i>		
Local	Custody free	¢ 120,217,069,926
Local	Repurchase operations	35,071,918,128
Foreign custodians	Available at face value	31,433,580,573
Foreign custodians	Shares at purchase value	1,742,492,336
		¢ <u>188,465,060,964</u>
<i>Canadian Dollars</i>		
International	Custody free	¢ 256,146,909
<b>Total custody of own colones, US dollars and other currencies</b>		¢ <u><b>475,918,782,685</b></u>
<b>US Dollars and others</b>		¢ <u><b>475,918,782,685</b></u>

As of December 31, 2020, BCR Valores, S.A. has following securities in custody:

**Custody of third parties**

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free Local	¢ 139,864,325,786
Local	Repurchase operations Local	6,518,826,114
		¢ <u>146,383,151,899</u>
<i>US Dollars</i>		
Local	Custody free	¢ 251,293,585,079
Local	Repurchase operations	42,474,823,396
Foreing custodians	Available at face value	¢ 25,483,839,390
Foreign custodians	Shares at purchase value	327,052,886
		¢ <u>319,579,300,751</u>
<i>Canadian Dollars</i>		
International	Custody free	¢ 178,391,008
<b>And other third-party currencies</b>		¢ <u><b>466,140,843,659</b></u>
<b>Total custody of own colones, US Dollars and other currencies</b>		¢ <u><b>466,140,843,659</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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March 31, 2021

As of March 31, 2020, BCR Valores, S.A. has following securities in custody:

**Custody of third parties**

<b><u>Place of Custody</u></b>	<b><u>Custody Type</u></b>	<b><u>Balance</u></b>
<i>Colones</i>		
Local	Custody free	¢ 140,821,743,936
Local	Repurchase operations	13,172,171,985
		¢ <u>153,993,915,921</u>
<i>US Dollars</i>		
Local	Custody free	¢ 255,759,917,682
Local	Repurchase operations	<u>50,722,372,168</u>
		¢ <u>306,482,289,850</u>
<b>And other third-party currencies</b>		¢ <u><b>460,476,205,771</b></u>
<b>Total custody of own colones, US Dollars and others currencies</b>		¢ <u><u><b>460,476,205,771</b></u></u>

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(23) Investment fund management agreements

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

<u>Investment Fund</u>	<u>Type of fund</u>		<u>March</u> <u>2021</u>	<u>December</u> <u>2020</u>	<u>March</u> <u>2020</u>
<b><i>In Colones</i></b>					
BCR Short-term colones, undiversified	Financial, open	¢	57,553,551,741	95,685,666,591	50,077,470,463
BCR Short-term colones, undiversified	Financial, open, medium-term		259,278,673	225,001,176	122,782,794
BCR mixed colones, undiversified	Open, medium-term		38,295,335,689	63,595,881,750	26,192,532,846
BCR Portfolio Fund Colones	Open, medium-term		58,205,565,401	46,517,784,998	55,089,758,621
BCR Real Estate, Colones Undiversified	Closed, non-financial and mixed portfolio		17,329,542,225	17,463,063,043	17,629,458,259
		¢	<u>171,643,273,729</u>	<u>223,487,397,558</u>	<u>149,112,002,983</u>
<b><i>In US Dollars</i></b>					
Investment Funds in US Dollars, equivalent in colones (See note 21)			<u>580,098,712,498</u>	<u>529,720,345,475</u>	<u>457,523,405,041</u>
		¢	<u><b>751,741,986,227</b></u>	<u><b>753,207,743,033</b></u>	<u><b>606,635,408,024</b></u>
<b><i>Investment Funds in US Dollars</i></b>					
BCR Liquidity Dollars, undiversified	Open	US\$	152,111,157	95,024,823	54,110,649
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		285,135,192	285,065,245	288,952,916
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		208,569,439	208,433,419	210,519,879
BCR Liquidity Fund Dollars, international, undiversified	Open, money market		157,552,166	130,769,931	80,852,092
BCR Portfolio Fund Dollars	Open, medium-term		29,963,584	29,727,578	54,257,853
BCR Evolution	Open, medium-term		1,870,232	2,013,317	2,255,222
BCR Real Estate Progress Fund, undiversified	Real estate, closed		87,626,460	87,573,125	87,986,992
PEL Development Investment Fund	Real estate, closed		19,181,015	19,517,209	0
		US\$	<u><b>942,009,245</b></u>	<u><b>858,124,647</b></u>	<u><b>778,935,603</b></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:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Own assets and securities held in custody	¢ 6,671,223,635	7,598,327,512	7,463,118,905
Assets and securities held in custody by third parties	68,515,129	68,581,346	59,769,962
Mandatory pension fund	1,164,460,889,685	1,111,592,826,639	1,020,836,623,594
Voluntary pension fund	30,444,486,273	28,270,294,723	27,237,103,594
Labor capitalization fund	69,639,976,789	78,173,324,185	66,260,795,635
Supplementary pension funds created by special lawsa (See note 21)	167,766,516,613	162,750,288,137	154,975,382,351
	¢ <b><u>1,439,051,608,124</u></b>	<b><u>1,388,453,642,542</u></b>	<b><u>1,276,832,793,493</u></b>

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

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Voluntary Pension Fund (colones)</b>	<b>¢ 23,648,901,158</b>	<b>21,468,227,897</b>	<b>20,924,575,418</b>
At fair value through other comprehensive income	<b>23,093,066,161</b>	<b>21,368,5730,556</b>	<b>20,667,688,557</b>
Entities from the public sector of the country	<b>15,316,908,299</b>	<b>14,335,362,921</b>	<b>13,993,878,919</b>
Treasury	11,418,534,992	11,473,455,060	10,382,160,732
Banco Central de Costa Rica	617,803,440	587,796,815	693,323,146
Other issuers from the public sector	3,280,569,867	2,274,111,046	2,918,395,041
Entities from the private sector of the country	<b>7,776,157,862</b>	<b>7,033,210,635</b>	<b>6,673,809,638</b>
Financial	6,366,837,071	5,820,586,875	6,090,024,165
Non-financial	1,409,320,791	1,212,623,760	583,785,473
At fair value with changes through profit or loss	<b>555,834,997</b>	<b>99,654,341</b>	<b>256,886,861</b>
Entities from the private sector of the country	<b>555,834,997</b>	<b>99,654,341</b>	<b>256,886,861</b>
Financial	555,834,997	99,654,341	256,886,861
<b>Voluntary Pension Fund (US\$)</b>	<b>US\$ 5,983,334,877</b>	<b>5,779,376,581</b>	<b>9,122,904</b>
At fair value through other comprehensive income	<b>5,893,557,778</b>	<b>5,723,164,669</b>	<b>8,917,585</b>
Entities from the public sector of the country	<b>3,189,587,008</b>	<b>2,855,360,676</b>	<b>5,307,893</b>
Treasury	<b>2,724,346,624</b>	2,560,694,373	4,687,444
Other issuers from the public sector	465,240,384	294,666,303	620,449
Entities from the private sector of the country	<b>2,703,970,770</b>	<b>2,867,803,993</b>	<b>3,609,692</b>
Financial	2,359,546,759	2,524,763,105	3,718,622
Non-financial	344,424,011	343,040,888	349,141
At fair value through profit or loss	<b>89,777,099</b>	<b>56,211,912</b>	<b>205,319</b>
Entities from the private sector of the country	<b>89,777,099</b>	<b>56,211,912</b>	<b>205,319</b>
Financial	89,777,099	56,211,912	205,319

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	March 2021	December 2020	March 2020
<b>Mandatory Regime of Supplementary Pensions (colones)</b>	<b>1,177,532,205,540</b>	<b>1,137,617,872,692</b>	<b>1,117,414,971,377</b>
At fair value through other comprehensive income	<b>1,049,586,449,391</b>	<b>1,039,828,938,848</b>	<b>1,029,805,716,311</b>
Entities from the public sector of the country	<b>841,284,651,042</b>	<b>805,837,874,744</b>	<b>795,274,364,310</b>
Treasury	675,320,029,784	642,382,930,065	594,308,974,758
Banco Central de Costa Rica	55,540,388,064	54,964,311,993	61,482,306,927
Other issuers from the public sector	110,424,233,194	108,490,632,686	139,483,082,625
Entities from the private sector of the country	<b>208,301,798,349</b>	<b>233,991,064,104</b>	<b>234,531,352,001</b>
Financial	194,148,405,413	219,556,913,650	218,184,108,172
Non-financial	14,153,392,936	14,434,150,454	16,347,243,829
At fair value through profit or loss	<b>127,945,756,149</b>	<b>97,788,933,844</b>	<b>87,609,255,066</b>
Entities from the private sector of the country	<b>25,630,885,366</b>	<b>30,709,750,162</b>	<b>45,315,000,699</b>
Financial	25,630,885,366	30,709,750,162	45,315,000,699
Entities from the public sector of the country	<b>102,314,870,783</b>	<b>67,079,183,682</b>	<b>42,294,254,367</b>
Financial	102,314,870,783	67,079,183,682	42,294,254,367
<b>Labor Capitalization Fund (colones)</b>	<b>164,432,197,359</b>	<b>157,839,957,095</b>	<b>90,035,990,851</b>
At fair value through other comprehensive income	<b>163,936,260,510</b>	<b>157,510,875,031</b>	<b>89,192,886,465</b>
Entities from the public sector of the country	<b>112,250,888,528</b>	<b>106,716,212,521</b>	<b>69,964,628,534</b>
Treasury	88,297,228,842	83,441,019,730	55,881,344,228
Banco Central de Costa Rica	9,326,768,918	9,315,919,491	4,574,192,988
Other issuers from the public sector	14,626,890,768	13,959,273,300	9,509,091,318
Entities from the private sector of the country	<b>51,685,371,982</b>	<b>50,794,662,510</b>	<b>19,228,257,931</b>
Financial	47,266,200,179	47,354,824,164	17,364,133,254
No-financial	4,419,171,803	3,439,838,346	1,864,124,677
At fair value through profit or loss	<b>495,936,849</b>	<b>329,082,064</b>	<b>843,104,386</b>
Entities from the private sector of the country	<b>495,936,849</b>	<b>329,082,064</b>	<b>843,104,386</b>
Financial	495,936,849	329,082,064	843,104,386

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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.

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 March 31, 2021, December and March 2020, 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.



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(26) Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

	<b>March 2021</b>	<b>March 2020</b>
Interest for investments in financial instruments at fair value through profit or loss	120,799	296,642,094
Interests for investments in financial instruments at fair value through their comprehensive income	19,302,704,197	14,313,464,625
Interests for investments at amortised cost	506,327,836	53,995,182
Income from investments in due and restricted financial instruments	758,317,616	753,462,587
	<b>20,567,470,448</b>	<b>15,417,564,488</b>

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

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

	<b>March 2021</b>	<b>March 2020</b>
Personal	28,131,752,304	30,844,847,410
Development Banking System	579,334,679	684,304,657
Business	4,246,910,612	4,354,330,462
Corporate	35,123,029,225	37,103,491,033
Public sector	2,119,644,374	2,441,311,982
Financial sector	2,370,486,023	3,888,486,833
Amortization of the net commission of the incremental direct costs associated with loans	926,134,602	926,958,663
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts	212,438,782	223,151,726
	<b>73,709,730,601</b>	<b>80,466,882,766</b>

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(28) Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

		<b>March 2021</b>	<b>March 2020</b>
Expenses from demand deposits	¢	10,060,783,671	9,044,058,120
Expenses from term deposits		17,943,665,759	30,253,587,545
Expenses from securities in repurchase agreements		44,308,413	330,011,859
	¢	<b><u>28,048,757,843</u></b>	<b><u>39,627,657,524</u></b>

(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>March 2021</b>	<b>March 2020</b>
Decrease in specific allowance for loan portfolio (See note 6-f)	¢	9,592,676,275	7,154,313,571
Expense for allowance for impairment and bad debts from other accounts receivable		1,043,880,385	1,042,513,179
Decrease in allowance for uncollectibility of contingent loans		0	30,753,892
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)		59,479,693	171,697,208
Decrease in generic allowance and counter cycle for contingent loans		220,000	82
Expenses for allowance for impairment of investments at fair value through other comprehensive income		361,897,519	3,226,918,490
Expenses for allowance for impairment of financial instruments at amortized cost		1,757,609	0
Expenses for allowance for impairment of expired and restricted financial instruments		29,418,893	0
	¢	<b><u>11,089,330,374</u></b>	<b><u>11,626,196,422</u></b>

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(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>March 2021</b>	<b>March 2020</b>
Recovery of written-down loans	¢ 2,992,699,781	2,797,700,435
Decrease in specific allowance for loan portfolio (See note 6-f)	1,869,056,289	3,075,533,780
Decrease in allowance for uncollectibility of other receivables	420,798,592	702,351,196
Decrease in allowance for uncollectibility of contingent loans	0	44,335,220
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	50,767,394	529,562,143
Decrease in generic allowance and counter cycle for contingent loans	0	42,085,728
Decrease in allowance for non-collectibility of investment securities	338,939,904	364,266,219
	<u>¢ 5,672,261,960</u>	<u>7,555,834,721</u>

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(31) Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

	<b>March 2021</b>	<b>March 2020</b>
Drafts and transfers	¢ 657,661,468	612,067,384
Foreign trade	189,242,230	191,255,556
Certified checks	1,170,080	1,298,203
Trust management	959,628,500	1,161,086,735
Custodial services	92,433,402	109,529,720
For mandates	492,494	0
Collections	161,027,033	131,137,970
Credit Cards	9,120,670,377	11,735,865,705
Investment Fund management	2,068,382,892	2,212,599,264
Pension Fund management	1,650,610,723	1,541,195,296
Insurance underwriting	1,552,434,045	1,703,592,067
Brokerage fees		
(by third parties in local market)	518,081,494	709,354,681
Brokerage fees		
(by third parties in other markets)	44,613,740	42,464,819
Commissions from operations with related parties	184,562,863	294,781,873
Commissions from operations with related parties	88,782,285	0
Commission from custodial services		
of authorized securities	151,666,302	99,803,981
Other commissions	8,163,833,822	8,696,303,251
	¢ <u><u>25,605,293,750</u></u>	<u><u>29,242,336,505</u></u>

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(32) Income from interests in other companies

	<b>March 2021</b>	<b>March 2020</b>
Local entities:		
Interest in Banprocesa SRL.	¢ 131,810,937	0
Interest in Bolsa Nacional de Valores, S.A.	4,048,114	0
	<b>¢ 135,859,051</b>	<b>0</b>

(33) Administrative expenses

Administrative expenses are detailed as follows:

	<b>March 2021</b>	<b>March 2020</b>
Salaries and bonuses, permanent staff	¢ 15,837,309,765	15,611,284,225
Salaries and bonuses, contractors	588,316,626	574,385,157
Compensation for directors and auditors	75,144,150	62,936,273
Overtime	118,129,698	230,961,138
Per diem	64,516,958	107,517,506
Statutory Christmas Bonus	1,435,058,881	1,463,651,775
Vacation	1,543,600,105	1,212,325,972
Incentives	1,361,667	1,468,846
Fixed representation expenses	227,831,538	209,696,804
Other compensation	373,090,633	347,754,324
Contribution to severance payment	703,043,943	666,878,891
Social security charges	5,482,691,904	5,214,512,782
Refreshments	4,159,736	29,434,423
Uniforms	719,779	887,929
Training	52,950,643	65,896,863
Employee insurance	130,979,408	149,109,564
Assets for personal use	18,216	190,030
School bonus	1,387,763,421	1,932,244,290
Labor Capitalization Fund	455,657,532	454,585,832
Other personnel expenses	261,379,751	215,138,709
Outsourcing expenses	4,333,923,707	3,915,741,626
Transportation and communication expenses	1,026,192,252	1,511,473,243
Property insurance	156,324,283	15,552,184
Property maintenance and repair	878,370,825	746,099,627
Public utilities	549,296,716	764,413,602
By right of use-properties	787,042,622	947,758,046
By right of use-furniture, equipment, and other assets	114,152,281	78,461,226
Depreciation of property, plant and equipment, except vehicles	2,534,829,760	2,276,561,041
Amortization of leasehold property	116,341,769	104,588,342
Other infrastructure expenses	956,663,371	1,261,105,081
Overhead	5,256,872,029	4,341,444,901
	<b>¢ 45,453,733,969</b>	<b>44,514,060,252</b>

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(34) Legal profit allocation

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

		<b>March 2021</b>	<b>March 2020</b>
Allocation for CONAPE	¢	984,163,139	614,615,901
Allocation for Instituto Nacional de Fomento Cooperativo		965,790,031	419,929,310
Allocation for National Emergency Commission		722,420,047	501,807,292
Allocation for Public Pension Fund Operators		276,097,506	203,957,828
Allocation for Invalidity, Old Age, and Death Regime		2,952,489,414	1,843,847,704
	¢	<u><b>5,900,960,137</b></u>	<u><b>3,584,158,035</b></u>

As of March 31, 2021 and March 2020 there are not decreases in the legal allocations of the period's profits.

(35) Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

		<b>March 2021</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	¢	19,498,322,229	(6,970,087,578)	12,528,234,651
Impairment – Investments at fair value through other comprehensive income		83,052,811	0	83,052,811
Exchange differences from conversion of financial statements of foreign entities		(321,566,992)	0	(321,566,992)
	¢	<u><b>19,259,808,048</b></u>	<u><b>(6,970,087,578)</b></u>	<u><b>12,289,720,470</b></u>

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	<b>December 2020</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	¢ (6,410,837,958)	1,574,187,653	(4,836,650,305)
Impairment – Investments at fair value through other comprehensive income	3,014,370,489	0	3,014,370,489
Exchange differences from conversion of financial statements of foreign entities	11,947,048,084	0	11,947,048,084
	<b>¢ 8,550,580,615</b>	<b>1,574,187,653</b>	<b>10,124,768,268</b>

  

	<b>March 2020</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	¢ (203,965,261)	904,463,727	700,498,466
Exchange differences from conversion of financial statements of foreign entities	4,207,499,567	0	4,207,499,567
	<b>¢ 4,003,534,306</b>	<b>904,463,727</b>	<b>4,907,998,033</b>

(36) Operating leases

Lessee

Non-cancellable operating leases are payable as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Less than one year	¢ 481,705,800	481,705,800	456,803,400
From one to five years	120,426,450	240,852,900	456,803,400
	<b>¢ 602,132,250</b>	<b>722,558,700</b>	<b>913,606,800</b>

These leases correspond to furniture and equipment.

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(37) Fair value of financial instruments

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

	March 2021		December 2020		March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and due from banks	€ 788,333,146,134	788,333,146,134	803,047,856,879	803,047,856,879	775,962,750,289	775,962,750,289
Investments	1,489,667,922,431	1,476,007,210,504	1,422,226,389,458	1,404,261,910,170	1,073,346,258,521	1,062,495,360,396
Loan portfolio	3,854,485,697,619	2,945,676,273,662	3,872,075,337,959	3,797,164,693,061	3,823,325,299,279	2,756,213,660,190
	<u>6,132,486,766,184</u>	<u>5,210,016,630,300</u>	<u>6,097,349,584,296</u>	<u>6,004,474,460,110</u>	<u>5,672,634,308,089</u>	<u>4,594,671,770,875</u>
Demand deposits	2,798,508,192,650	2,798,508,192,650	2,670,460,239,035	2,670,460,239,035	2,236,263,848,203	2,236,263,848,204
Term deposits	1,745,377,751,704	1,382,153,272,075	1,765,488,529,810	1,756,778,173,323	1,883,445,410,600	1,503,715,001,738
Financial obligations	897,725,579,266	440,657,689,489	998,708,960,958	1,026,931,889,413	955,248,705,082	459,000,969,495
	<u>€ 5,441,611,523,620</u>	<u>4,621,319,154,214</u>	<u>5,434,657,729,803</u>	<u>5,454,170,301,771</u>	<u>5,074,957,963,885</u>	<u>4,198,979,819,437</u>

As of March 2021, December and March 2020, there are no subordinated obligations.

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.



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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 March 31, 2021, 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>Insurance agency</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>											
Cash and due from banks	€ 711,403,907,853	670,777,095	4,292,585,726	969,748,256	110,060,940,918	473,245,392	38,307,963	0	827,909,513,203	(39,576,367,069)	788,333,146,134
Investment in financial instruments	1,331,420,649,010	5,689,230,774	5,636,274,767	54,590,404,557	82,281,243,159	9,594,249,284	685,444,252	0	1,489,897,495,803	(230,760,990)	1,489,666,734,813
Loan portfolio	2,892,944,978,938	0	0	0	820,170,947,847	0	0	0	3,713,115,926,785	1	3,713,115,926,786
Accounts and fees receivable	6,314,898,279	580,471,597	804,938,127	1,239,807,179	7,619,325,374	446,309,722	152,962,593	0	17,158,712,871	(3,322,612,558)	13,836,100,313
Foreclosed assets	47,366,068,430	0	0	0	19,496,750,281	0	39	0	66,862,818,750	(1)	66,862,818,749
Interest in other companies (net)	120,677,218,711	0	0	65,417,188	0	0	0	0	120,742,635,899	(120,009,043,264)	733,592,635
Property, furniture and equipment, net	133,343,297,606	399,488,428	525,543,210	354,377,643	8,488,374,921	372,319,692	255,052,435	0	143,738,453,935	(100,030,936)	143,638,422,999
Properties investments	6,441,924,521	0	0	0	0	0	0	0	6,441,924,521	0	6,441,924,521
Other assets	72,726,066,792	419,719,320	245,719,176	365,201,597	22,180,828,366	276,738,203	78,628,854	0	96,292,902,308	(2)	96,292,902,306
<b>Total assets</b>	<b>€ 5,322,639,010,140</b>	<b>7,759,687,214</b>	<b>11,505,061,006</b>	<b>57,584,956,420</b>	<b>1,070,298,410,866</b>	<b>11,162,862,293</b>	<b>1,210,396,136</b>	<b>0</b>	<b>6,482,160,384,075</b>	<b>(163,238,814,819)</b>	<b>6,318,921,569,256</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4,095,270,171,365	0	0	940,838,079	454,239,371,760	13,085,174	0	0	4,550,463,466,378	(6,577,522,024)	4,543,885,944,354
Obligations with the Central Bank of Costa Rica	20,798,228,384	0	0	0	0	0	0	0	20,798,228,384	0	20,798,228,384
Obligations with entities	426,467,099,203	419,409,068	585,462,120	31,680,103,603	453,395,279,762	407,194,202	222,497,805	0	913,177,045,763	(36,265,832,833)	876,911,212,930
Accounts payable and provisions	134,505,650,067	1,951,151,365	1,130,142,863	2,517,248,709	10,458,475,504	4,533,454,865	90,782,981	0	155,186,906,354	(386,416,697)	154,800,489,657
Other liabilities	27,802,264,051	0	0	0	4,523,480,388	40,027,215	241,473	0	32,366,013,127	(1)	32,366,013,126
<b>Total liabilities</b>	<b>€ 4,704,843,413,070</b>	<b>2,370,560,433</b>	<b>1,715,604,983</b>	<b>35,138,190,391</b>	<b>922,616,607,414</b>	<b>4,993,761,456</b>	<b>313,522,259</b>	<b>0</b>	<b>5,671,991,660,006</b>	<b>(43,229,771,555)</b>	<b>5,628,761,888,451</b>
<b>Equity</b>											
Capital	181,409,990,601	4,440,813,382	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	0	244,481,267,816	(63,071,277,215)	181,409,990,601
Unfunded capital contributions	0	351,044,759	0	0	0	0	0	0	351,044,759	(351,044,759)	0
Equity adjustments	68,444,872,820	65,281,135	3,819,311	1,381,151,958	56,005,905,758	67,878,001	151,200	0	125,969,060,183	(57,524,187,363)	68,444,872,820
Capital reserves	296,709,547,031	255,890,000	967,840,000	1,467,308,772	36,609,534,621	450,000,000	34,330,621	0	336,494,451,045	(39,784,904,014)	296,709,547,031
Prior periods retained earnings	23,286,282,979	0	3,289,757,627	6,131,489,587	16,080,529,971	2,535,848,001	548,780,963	0	51,872,689,128	(28,586,406,149)	23,286,282,979
Profit for the period	11,732,892,229	276,097,505	688,839,085	840,815,712	376,412,031	865,374,835	7,768,331	0	14,788,199,728	(3,055,307,499)	11,732,892,229
Development financing fund	36,212,011,410	0	0	0	0	0	0	0	36,212,011,410	0	36,212,011,410
Minority interest	0	0	0	0	0	0	0	0	0	72,364,083,735	72,364,083,735
<b>Total equity</b>	<b>617,795,597,070</b>	<b>5,389,126,781</b>	<b>9,789,456,023</b>	<b>22,446,766,029</b>	<b>147,681,803,452</b>	<b>6,169,100,837</b>	<b>896,873,877</b>	<b>0</b>	<b>810,168,724,069</b>	<b>(120,009,043,264)</b>	<b>690,159,680,805</b>
<b>Total liabilities and equity</b>	<b>€ 5,322,639,010,140</b>	<b>7,759,687,214</b>	<b>11,505,061,006</b>	<b>57,584,956,420</b>	<b>1,070,298,410,866</b>	<b>11,162,862,293</b>	<b>1,210,396,136</b>	<b>0</b>	<b>6,482,160,384,075</b>	<b>(163,238,814,819)</b>	<b>6,318,921,569,256</b>
<b>Debit contingent accounts</b>											
Trust assets	€ 299,343,121,981	0	0	0	135,320,645,012	0	0	0	434,663,766,992	0	434,663,766,992
Trust liabilities	€ 873,772,231,020	0	0	0	53,375,182,108	0	0	0	927,147,413,128	0	927,147,413,128
Trust equity	€ 366,023,263,322	0	0	0	0	0	0	0	366,023,263,322	0	366,023,263,322
Other debit memoranda accounts	€ 507,748,967,698	0	0	0	53,375,182,108	0	0	0	561,124,149,806	0	561,124,149,807
	€ 21,426,337,044,622	1,439,051,608,124	751,741,986,227	673,522,018,939	1,457,722,241,827	0	2,753,231,749	0	25,751,128,131,488	0	25,751,128,131,487

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As of December 31, 2020, assets and liabilities for each sector are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Total	Eliminations	Consolidated
<b>Assets</b>										
Cash and due from banks	€ 733.128.044.604	126.450.872	2.230.633.561	567.180.616	103.892.108.532	848.015.309	30.318.219	840.822.751.713	(37.774.894.835)	803.047.856.878
Investment in financial instruments	1.263.953.609.423	6.613.726.000	7.355.482.256	49.508.424.809	85.260.784.007	9.018.189.307	750.298.087	1.422.460.513.889	(234.577.160)	1.422.225.936.729
Loan portfolio	2.832.062.814.549	0	0	0	905.787.280.721	0	0	3.737.850.095.270	0	3.737.850.095.270
Accounts and fees receivable	10.567.281.932	563.661.203	853.560.938	454.285.698	5.683.921.235	569.835.369	82.222.213	18.774.768.588	(3.485.809.201)	15.288.959.387
Foreclosed assets	45.392.977.656	0	0	0	19.625.780.627	0	39	65.018.758.322	1	65.018.758.323
Interest in other companies (net)	121.084.071.454	0	0	65.417.188	0	0	0	121.149.488.642	(120.547.706.944)	601.781.698
Property, furniture and equipment, net	135.405.802.729	422.881.886	557.726.533	374.629.317	8.173.113.730	393.703.071	245.784.563	145.573.641.829	(107.009.839)	145.466.631.990
Properties investments	6.441.924.521	0	0	0	0	0	0	6.441.924.521	0	6.441.924.521
Other assets	82.013.309.024	448.755.328	278.491.901	977.871.218	19.681.630.228	429.372.066	84.713.048	103.914.142.813	2	103.914.142.815
<b>Total assets</b>	<b>€ 5.230.049.835.892</b>	<b>8.175.475.289</b>	<b>11.275.895.189</b>	<b>51.947.808.846</b>	<b>1.148.104.619.080</b>	<b>11.259.115.122</b>	<b>1.193.336.169</b>	<b>6.462.006.085.587</b>	<b>(162.149.997.976)</b>	<b>6.299.856.087.611</b>
<b>Liabilities and equity</b>										
<b>Liabilities</b>										
Obligations with the public	€ 3.969.128.326.795	0	0	20.090.554.686	450.628.782.093	12.226.036	0	4.439.859.889.610	(3.911.120.769)	4.435.948.768.841
Obligations with the Central Bank of Costa Rica	2.500.208.320	0	0	0	0	0	0	2.500.208.320	0	2.500.208.320
Obligations with entities	489.297.292.335	441.980.878	616.970.590	7.078.016.732	535.335.923.928	433.057.151	206.735.111	1.033.409.976.725	(37.224.656.806)	996.185.319.919
Accounts payable and provisions	141.390.863.708	1.885.366.315	1.585.575.326	3.637.830.577	10.484.065.171	2.507.999.351	97.162.146	161.588.862.594	(466.513.456)	161.122.349.138
Other liabilities	34.156.939.759	0	0	0	3.948.865.014	41.010.138	264	38.146.815.175	0	38.146.815.175
<b>Total liabilities</b>	<b>€ 4.636.473.630.917</b>	<b>2.327.347.193</b>	<b>2.202.545.916</b>	<b>30.806.401.995</b>	<b>1.000.397.636.206</b>	<b>2.994.292.676</b>	<b>303.897.521</b>	<b>5.675.505.752.424</b>	<b>(41.602.291.031)</b>	<b>5.633.903.461.393</b>
<b>Equity</b>										
Capital	181.409.990.601	4.324.541.114	4.839.200.000	12.626.000.000	38.609.421.071	2.250.000.000	305.842.762	244.364.995.548	(62.955.004.947)	181.409.990.601
Unfunded capital contributions	0	339.245.414	0	0	0	0	0	339.245.414	(339.245.414)	0
Equity adjustments	55.958.372.953	50.379.955	(23.448.353)	916.608.492	56.491.654.297	28.974.445	484.301	113.423.026.090	(57.464.653.138)	55.958.372.952
Capital reserves	283.820.516.011	255.890.000	967.840.000	1.467.308.772	36.421.578.570	450.000.000	34.330.621	323.417.463.974	(39.596.947.963)	283.820.516.011
Prior periods retained earnings	13.464.953.148	367.569	437.916.745	2.885.192.110	14.489.541.354	2.493.199.547	590.607.095	34.361.777.568	(20.896.824.420)	13.464.953.148
Profit for the period	25.612.643.802	877.704.044	2.851.840.881	3.246.297.477	1.694.787.582	3.042.648.454	(41.826.131)	37.284.096.109	(11.671.452.307)	25.612.643.802
Development financing fund	33.309.728.460	0	0	0	0	0	0	33.309.728.460	0	33.309.728.460
Minority interest	0	0	0	0	0	0	0	0	72.376.421.244	72.376.421.244
<b>Total equity</b>	<b>593.576.204.975</b>	<b>5.848.128.096</b>	<b>9.073.349.273</b>	<b>21.141.406.851</b>	<b>147.706.982.874</b>	<b>8.264.822.446</b>	<b>889.438.648</b>	<b>786.500.333.163</b>	<b>(120.547.706.945)</b>	<b>665.952.626.218</b>
<b>Total liabilities and equity</b>	<b>€ 5.230.049.835.892</b>	<b>8.175.475.289</b>	<b>11.275.895.189</b>	<b>51.947.808.846</b>	<b>1.148.104.619.080</b>	<b>11.259.115.122</b>	<b>1.193.336.169</b>	<b>6.462.006.085.587</b>	<b>(162.149.997.976)</b>	<b>6.299.856.087.611</b>
<b>Debit contingent accounts</b>	€ 314.178.618.537	0	0	0	121.418.228.397	0	0	435.596.846.934	0	435.596.846.933
<b>Trust assets</b>	€ 919.788.849.805	0	0	0	52.879.211.861	0	0	972.668.061.666	0	972.668.061.666
<b>Trust liabilities</b>	€ 379.680.643.674	0	0	0	0	0	0	379.680.643.674	0	379.680.643.674
<b>Trust equity</b>	€ 540.108.206.131	0	0	0	52.879.211.861	0	0	592.987.417.992	0	592.987.417.992
<b>Other debit memoranda accounts</b>	€ 20.374.911.227.431	1.388.453.642.542	753.207.743.033	645.908.328.812	1.446.068.567.793	0	2.973.801.686	24.611.523.311.297	0	24.611.523.311.297

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As of March 31, 2020 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	Insurance agency	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 726,784,445,668	251,947,445	1,226,418,964	964,449,337	71,890,836,320	347,562,745	140,207,922	997,781,583	802,603,649,984	(26,640,899,695)	775,962,750,289
Investment in financial instruments	910,365,021,895	6,202,634,308	10,166,527,092	62,821,099,155	72,096,491,003	12,238,900,329	679,601,865	0	1,074,570,275,647	(1,224,017,126)	1,073,346,258,521
Loan portfolio	2,800,459,365,809	0	0	0	919,747,104,773	0	0	0	3,720,206,470,582	0	3,720,206,470,582
Accounts and fees receivable	10,654,228,139	517,139,193	907,865,246	557,529,226	4,905,476,943	479,047,583	113,475,669	0	18,134,761,999	(6,081,148,303)	12,053,613,696
Foreclosed assets	41,512,693,061	0	0	0	10,614,652,256	0	1,902,391	0	52,129,247,708	0	52,129,247,708
Interest in other companies (net)	127,712,051,924	0	0	65,417,188	0	0	0	0	127,777,469,112	(127,371,953,671)	405,515,441
Property, furniture and equipment, net	138,478,339,143	823,548,826	1,360,812,167	870,959,341	8,808,232,825	887,554,740	479,419,991	5,113,140	151,713,980,173	(2)	151,713,980,171
Properties investments	6,441,924,521	0	0	0	0	0	0	0	6,441,924,521	0	6,441,924,521
Other assets	67,786,909,837	465,676,718	304,634,904	452,706,765	26,068,482,066	356,127,523	107,030,350	9,211,536	95,550,779,699	(1)	95,550,779,698
<b>Total assets</b>	<b>€ 4,830,194,979,997</b>	<b>8,260,946,490</b>	<b>13,966,258,373</b>	<b>65,732,161,012</b>	<b>1,114,131,276,186</b>	<b>14,309,192,920</b>	<b>1,521,638,188</b>	<b>1,012,106,259</b>	<b>6,049,128,559,425</b>	<b>(161,318,018,798)</b>	<b>5,887,810,540,627</b>
<b>Liabilities and equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 3,653,081,377,585	0	0	31,475,738,317	439,940,554,670	8,429,327	0	0	4,124,506,099,899	(4,796,841,096)	4,119,709,258,803
Obligations with the Central Bank of Costa Rica	0	0	0	0	0	0	0	0	0	0	0
Obligations with entities	454,088,631,696	814,601,196	1,381,010,059	6,608,274,089	519,674,555,520	897,311,549	416,115,196	0	983,880,499,305	(28,645,800,326)	955,234,698,979
Accounts payable and provisions	127,797,282,709	1,124,873,454	1,226,755,093	3,153,028,214	8,145,819,259	1,682,345,631	167,767,006	3,304,458	143,301,175,824	(503,423,701)	142,797,752,123
Other liabilities	22,119,459,721	0	0	0	6,049,396,464	33,886,460	593,670	0	28,203,336,315	0	28,203,336,315
Subordinated obligations	0	0	0	0	0	0	0	0	0	0	0
Obligations convertible into equity	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>€ 4,257,086,751,711</b>	<b>1,939,474,650</b>	<b>2,607,765,152</b>	<b>41,237,040,620</b>	<b>973,810,325,913</b>	<b>2,621,972,967</b>	<b>584,475,872</b>	<b>3,304,458</b>	<b>5,279,891,111,343</b>	<b>(33,946,065,123)</b>	<b>5,245,945,046,220</b>
<b>Equity</b>											
Capital	181,409,990,601	4,065,286,306	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	190,000,000	244,295,740,740	(62,885,750,139)	181,409,990,601
Unfunded capital contributions	0	598,500,222	0	0	0	0	0	0	598,500,222	(598,500,222)	0
Equity adjustments	54,110,793,436	90,483,008	(56,090,003)	2,152,774,546	49,144,805,715	90,351,238	0	0	105,533,117,940	(51,422,324,504)	54,110,793,436
Capital reserves	283,820,516,011	255,890,000	967,840,000	1,304,993,898	31,690,621,959	386,760,404	34,330,622	36,630,232	318,497,583,126	(34,677,067,115)	283,820,516,011
Prior periods retained earnings	13,464,953,148	1,107,354,476	4,937,916,745	7,547,506,984	19,691,445,429	8,056,439,142	590,607,095	780,936,887	56,177,159,906	(42,712,206,758)	13,464,953,148
Profit for the period	6,992,246,630	203,957,828	669,626,479	863,844,964	1,184,656,099	903,669,169	6,381,837	1,234,682	10,825,617,688	(3,833,371,058)	6,992,246,630
Development financing fund	33,309,728,460	0	0	0	0	0	0	0	33,309,728,460	0	33,309,728,460
Minority interest	0	0	0	0	0	0	0	0	0	68,757,266,121	68,757,266,121
<b>Total equity</b>	<b>573,108,228,286</b>	<b>6,321,471,840</b>	<b>11,358,493,221</b>	<b>24,495,120,392</b>	<b>140,320,950,273</b>	<b>11,687,219,953</b>	<b>937,162,316</b>	<b>1,008,801,801</b>	<b>769,237,448,082</b>	<b>(127,371,953,675)</b>	<b>641,865,494,407</b>
<b>Total liabilities and equity</b>	<b>€ 4,830,194,979,997</b>	<b>8,260,946,490</b>	<b>13,966,258,373</b>	<b>65,732,161,012</b>	<b>1,114,131,276,186</b>	<b>14,309,192,920</b>	<b>1,521,638,188</b>	<b>1,012,106,259</b>	<b>6,049,128,559,425</b>	<b>(161,318,018,798)</b>	<b>5,887,810,540,627</b>
<b>Debit contingent accounts</b>	€ 294,674,801,147	0	0	0	116,665,076,696	0	0	0	411,339,877,843	0	411,339,877,843
<b>Trust assets</b>	€ 983,018,898,183	0	0	71,466,000	47,327,106,326	0	0	0	1,030,417,470,509	0	1,030,417,470,509
<b>Trust liabilities</b>	€ 453,418,948,361	0	0	1,000,095	0	0	0	0	453,419,948,456	0	453,419,948,456
<b>Trust equity</b>	€ 529,599,949,823	0	0	70,465,904	47,327,106,326	0	0	0	576,997,522,053	0	576,997,522,053
<b>Other debit memoranda accounts</b>	€ 19,305,915,363,908	1,276,832,793,493	606,635,408,024	670,642,934,225	1,487,229,330,433	0	3,944,959,349	0	23,351,200,789,432	0	23,351,200,789,432

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As of March 31, 2021, results of each segment are as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Total	Eliminations	Consolidated
Financial income	€ 81,344,313,927	85,643,539	125,424,299	1,184,962,486	14,395,834,218	228,475,691	5,927,801	97,370,581,961	(182,344,433)	97,188,237,528
Financial expenses	27,102,762,394	6,568,098	28,916,575	126,987,632	8,207,285,868	6,376,504	4,104,398	35,483,001,469	(326,167,532)	35,156,833,937
Expenses from allowance for assets impairment	9,902,177,266	1,126,196	440,496	83,647,297	1,099,169,714	2,769,406	0	11,089,330,375	(1)	11,089,330,374
Income from recovery of assets and decrease in allowance	5,544,072,259	2,749,313	20,296,623	84,733,577	0	20,190,907	219,281	5,672,261,960	0	5,672,261,960
<b>Financial income</b>	<b>49,883,446,526</b>	<b>80,698,558</b>	<b>116,363,851</b>	<b>1,059,061,134</b>	<b>5,089,378,636</b>	<b>239,520,688</b>	<b>2,042,684</b>	<b>56,470,512,077</b>	<b>143,823,100</b>	<b>56,614,335,177</b>
Other operating income	39,587,056,054	1,747,706,157	2,071,017,325	1,084,215,914	337,839,350	1,739,896,555	220,662,179	46,788,393,534	(3,948,584,341)	42,839,809,193
Other operating expenses	28,174,149,055	349,646,253	394,907,078	217,546,224	851,037,147	125,288,504	35,150,219	30,147,724,480	(933,895,634)	29,213,828,846
<b>Gross operating income</b>	<b>61,296,353,525</b>	<b>1,478,758,462</b>	<b>1,792,474,098</b>	<b>1,925,730,824</b>	<b>4,576,180,839</b>	<b>1,854,128,739</b>	<b>187,554,644</b>	<b>73,111,181,131</b>	<b>(2,870,865,607)</b>	<b>70,240,315,524</b>
Personnel expenses	23,934,559,384	522,128,974	684,086,625	571,051,430	2,381,168,595	516,366,915	134,362,430	28,743,724,353	1	28,743,724,354
Other administrative expenses	14,675,854,832	130,955,216	81,745,299	98,411,218	1,612,452,901	71,641,675	38,948,472	16,710,009,613	2	16,710,009,615
<b>Administrative expenses</b>	<b>38,610,414,216</b>	<b>653,084,190</b>	<b>765,831,924</b>	<b>669,462,648</b>	<b>3,993,621,496</b>	<b>588,008,590</b>	<b>173,310,902</b>	<b>45,453,733,966</b>	<b>3</b>	<b>45,453,733,969</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>22,685,939,309</b>	<b>825,674,272</b>	<b>1,026,642,174</b>	<b>1,256,268,176</b>	<b>582,559,343</b>	<b>1,266,120,149</b>	<b>14,243,742</b>	<b>27,657,447,165</b>	<b>(2,870,865,610)</b>	<b>24,786,581,555</b>
Income tax	5,653,496,678	248,709,031	307,003,824	377,705,285	197,063,264	356,704,437	5,794,390	7,146,476,909	1	7,146,476,910
Deferred income tax	0	0	0	1,554,769	9,084,048	6,057,272	0	16,696,089	(1)	16,696,088
Decrease in income tax	193,390,064	0	0	1,495,634	0	0	0	194,885,698	0	194,885,698
Profit sharing	5,492,940,466	300,867,736	30,799,265	37,688,044	0	37,983,605	681,021	5,900,960,137	0	5,900,960,137
<b>Net profit for the year</b>	<b>11,732,892,229</b>	<b>276,097,505</b>	<b>688,839,085</b>	<b>840,815,712</b>	<b>376,412,031</b>	<b>865,374,835</b>	<b>7,768,331</b>	<b>14,788,199,728</b>	<b>(2,870,865,610)</b>	<b>11,917,334,118</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	(184,441,889)	184,441,889
<b>Results for the period attributable to the comptroller</b>	<b>11,732,892,229</b>	<b>276,097,505</b>	<b>688,839,085</b>	<b>840,815,712</b>	<b>376,412,031</b>	<b>865,374,835</b>	<b>7,768,331</b>	<b>14,788,199,728</b>	<b>(3,055,307,499)</b>	<b>11,732,892,229</b>
<b>Net income for the periods</b>	<b>€ 11,732,892,229</b>	<b>276,097,505</b>	<b>688,839,085</b>	<b>840,815,712</b>	<b>376,412,031</b>	<b>865,374,835</b>	<b>7,768,331</b>	<b>14,788,199,728</b>	<b>(3,055,307,499)</b>	<b>11,732,892,229</b>

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As of March 31, 2020, results of each segment are as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Total	Eliminations	Consolidated
Financial income	€ 87,617,603,241	156,203,951	272,117,969	1,633,235,542	15,563,505,386	340,808,028	3,533,549	105,589,105,827	(63,576,388)	105,525,529,439
Financial expenses	43,011,343,618	12,345,034	20,688,156	344,793,215	9,624,407,800	13,651,613	7,066,329	53,034,295,765	(63,576,388)	52,970,719,377
Expenses from allowance for assets impairment	10,313,981,716	66,161,176	113,809,801	363,673,540	681,183,955	87,386,234	0	11,626,196,422	0	11,626,196,422
Income from recovery of assets and decrease in allowance	7,478,901,920	0	395,630	59,966,585	0	16,570,586	0	7,555,834,721	0	7,555,834,721
<b>Financial income</b>	<b>41,771,179,827</b>	<b>77,697,741</b>	<b>138,015,642</b>	<b>984,735,372</b>	<b>5,257,913,631</b>	<b>256,340,767</b>	<b>(3,532,780)</b>	<b>48,484,448,361</b>	<b>0</b>	<b>48,484,448,361</b>
Other operating income	44,277,010,566	1,705,842,471	2,406,358,980	1,463,146,676	688,636,674	1,891,906,250	317,281,086	52,750,182,703	(4,734,422,279)	48,015,760,424
Other operating expenses	33,148,255,053	463,179,331	729,418,615	224,233,831	643,200,001	174,161,035	66,035,567	35,448,507,049	(1,481,532,913)	33,966,974,136
<b>Gross operating income</b>	<b>52,899,935,340</b>	<b>1,320,360,881</b>	<b>1,814,956,007</b>	<b>2,223,648,217</b>	<b>5,303,350,304</b>	<b>1,974,085,982</b>	<b>247,712,739</b>	<b>65,786,124,015</b>	<b>(3,252,889,366)</b>	<b>62,533,234,649</b>
Personnel expenses	23,675,387,003	546,465,861	708,949,743	665,252,256	2,317,423,578	488,178,254	149,204,638	28,550,861,333	0	28,550,861,333
Other administrative expenses	13,757,454,385	164,786,191	107,194,935	134,194,382	1,616,783,306	100,190,689	81,755,168	15,963,198,919	0	15,963,198,919
<b>Administrative expenses</b>	<b>37,432,841,388</b>	<b>711,252,052</b>	<b>816,144,678</b>	<b>799,446,638</b>	<b>3,934,206,884</b>	<b>588,368,943</b>	<b>230,959,806</b>	<b>44,514,060,252</b>	<b>0</b>	<b>44,514,060,252</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>15,467,093,952</b>	<b>609,108,829</b>	<b>998,811,329</b>	<b>1,424,201,579</b>	<b>1,369,143,420</b>	<b>1,385,717,039</b>	<b>16,752,933</b>	<b>21,272,063,763</b>	<b>(3,252,889,366)</b>	<b>18,019,174,397</b>
Income tax	5,265,791,778	182,919,905	299,220,510	515,730,310	207,193,453	437,205,172	9,868,508	6,917,929,636	0	6,917,929,636
Deferred income tax	0	0	0	3,642,845	0	4,971,176	0	8,614,021	0	8,614,021
Decrease in income tax	38,106,911	0	0	1,742,587	22,706,132	1,699,987	0	64,255,617	1	64,255,618
Profit sharing	3,247,162,455	222,231,096	29,964,340	42,726,047	0	41,571,509	502,588	3,584,158,035	0	3,584,158,035
<b>Net profit for the year</b>	<b>6,992,246,630</b>	<b>203,957,828</b>	<b>669,626,479</b>	<b>863,844,964</b>	<b>1,184,656,099</b>	<b>903,669,169</b>	<b>6,381,837</b>	<b>10,825,617,688</b>	<b>(3,252,889,365)</b>	<b>7,572,728,323</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	(580,481,693)	580,481,693
<b>Results for the period attributable to the comptroller</b>	<b>6,992,246,630</b>	<b>203,957,828</b>	<b>669,626,479</b>	<b>863,844,964</b>	<b>1,184,656,099</b>	<b>903,669,169</b>	<b>6,381,837</b>	<b>10,825,617,688</b>	<b>(2,672,407,672)</b>	<b>6,992,246,630</b>
<b>Net income for the periods</b>	<b>€ 6,992,246,630</b>	<b>203,957,828</b>	<b>669,626,479</b>	<b>863,844,964</b>	<b>1,184,656,099</b>	<b>903,669,169</b>	<b>6,381,837</b>	<b>10,825,617,688</b>	<b>(2,672,407,672)</b>	<b>6,992,246,630</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 Conglomerate has policies, strategies and other corporate regulations for an effective comprehensive risk management, thus providing administrative, legal and technical certainty to the System, supporting the decision making:

- 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.

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- 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.
- 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:

Risk classification of Banco de Costa Rica Financial Conglomerate		
Types of relevant risk	Financial	Credit
		Market
		Liquidity
	Non- financial	Strategic
		Operating
		Legal
		Information Technology
		Reputational
		Environmental and social
		Regulatory compliance
		Money laundering and financing of terrorism, financing of proliferation of weapons of mass destruction and financing of organized crime (LC/FT/FPADM/FDO-for its acronym in Spanish)



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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.

Related strategic objective	Process	Type of risk	Indicator (KRI's)
1. To guarantee the financial solidity of the Conglomerate	1. Organizational strategy	Strategic	Equity Sufficiency Index
	1. Treasury operations		
2. Support the country's performance	1. Security management	Operative	Expected loss due to operational risk (last 12 months)
	2. Management of processes and regulations		
	3. IT Security		
	3. Loans recovery	Credit	Uptime
1. Loan granting	Percentage of the loan portfolio with arrears of 1 to 30 days.		
2. Monitoring of loans	Percentage of the loan portfolio with arrears of more than 90 days		
	No High-Risk Generator (% adjusted capital).		
			No Low-Risk Generator (% adjusted capital).
			Corporate Banking customer diversification
1. Financial treasury operations		Price	VaR of the investment portfolio 03-06
		Exchange rate	PPME sensibility to movements in the ER
		Interest rate	Elasticity of the financial margin to movements in interest rates
2. Investment services		Liquidity	Credit Ratio/ Deposits in colones Credit Ratio / Deposits in US dollars

Risk profile and limit structure

The members of the Conglomerate define a risk profile for each entity, which is reviewed and updated periodically by the risk taker and risk managing areas and is approved by its board of directors. According to this profile, parameters of acceptability, appetite, tolerance limits and risk indicators defining the exposure levels to assume, are established, thereby generating alerts to deviations from normal behavior, enabling timely decision making.

Process of comprehensive risk management

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

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#### 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 assesment generates various alerts, recommendations, and treatment of risk plans, contributing to its overall and specific mitigation. contributing that 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.

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.

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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 non-compliance with the conditions agreed upon by the debtor.

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, models and systems measuring credit risk that accurately reflect the value of the positions and their sensitivity to various risk factors are applied in corporative information from reliable sources. Further, the Regulator issued adjustments to prudential regulations to enable the actions that financial entities can take to help clients: Executive Decree No. 42227-MP-S, Guideline 075-H, SUGEF 1-05, Transitory XVI and Transitory XVII, La Gaceta 105, Guideline 083-H.

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 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.

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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.

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).

#### Exposure and risk management

During the first months of 2020, the loan portfolio had been trending towards an acceptable risk level for all its indicators, however, due to the Covid-19 pandemic and its repercussions on the economy, many of the Bank's clients had to suspend the production cycle, or they have stopped receiving their income in the case of private persons. In this situation, the Bank is in a third phase of granting grace periods to debtors affected by the pandemic, as well as renewal of the first phase. As of March 2021, the percentage of arrears greater than 90 days was 2.20% (2.54% as of December 2020). The latter indicator is 1.80 percentage points below the regulatory limit to be in the normal range, with retail banking activities showing the highest delinquency.

The dollar portfolio accounts for 31.85% (32.26% as of December, 2020, respectively) 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 not generating income in foreign currency.

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), limits on exposition for the loan portfolio are defined, to achieve a loan structure in the medium and long term that is consistent with the risk appetite established by the Senior Management.

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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 resulting from position taking and possible deviations arising regarding the limits and defined tolerance levels.

Also, 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 March 2021, the expected loss of the investment portfolio corresponded to 0.22% of the portfolio, 0.21% in December 2020.

Expected losses of the investment portfolio of the BCR Conglomerate  
By currency  
December 2020 vs March 2021

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of January 30, 2020			
Colones	1,474,018,647	285,712,020	43,034,928,000
US dollars	1,407,471	161,814	39,578,000
UDES	0	187,957	14,784,800
Value adjustment for losses			
As of December 30, 2020			
Colones	1,508,496,125	292,775,142	46,671,800,000
US dollars	1,729,314	102,464	21,891,000
UDES	0	152,535	14,781,800
Transfer to 12-months expected credit losses			
Colones	27,401,677	7,063,122	3,636,872,000
US dollars	321,843	(59,350)	(17,687,000)
UDES	0	(35,423)	0

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Expected losses of the investment portfolio of the BCR Conglomerate

By currency

January and December, 2020

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of January 30, 2020			
Colones	308.378.402	472.850.153	119.976.567.000
US dollars	351.737	290.459	44.343.000
UDES	0	213.029	14.784.800
Value adjustment for losses			
As of December 31, 2020			
Colones	1.466.116.838	280.034.268	44.678.950.000
US dollars	1.423.730	162.122	46.775.000
UDES	0	187.957	14.784.800
Transfer to 12-months expected credit losses			
Colones	1.157.728.447	(167.965.408)	(75.296.717.000)
US dollars	1.071.992	(128.336)	2.432.000
UDES	0	(25.073)	0

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Banco de Costa Rica</b>			
Loan portfolio, gross	¢ 3,006,814,431,590	2,935,641,227,054	2,885,835,401,265
Plus, interest receivable	29,348,743,167	32,602,387,644	21,494,422,503
Less, allowance for impairment	<u>(125,436,487,645)</u>	<u>(119,006,689,666)</u>	<u>(90,426,147,327)</u>
<b>Loan portfolio, net</b>	<b>¢ <u>2,910,726,687,112</u></b>	<b><u>2,849,236,925,033</u></b>	<b><u>2,816,903,676,441</u></b>
<b>Banco Internacional de Costa Rica, S.A. and subsidiary</b>			
Loan portfolio, gross	¢ 830,872,676,926	914,506,024,070	926,566,648,447
Plus, interest receivable	5,231,025,141	6,499,279,471	5,872,607,492
Less, allowance for impairment	<u>(15,932,754,219)</u>	<u>(15,218,022,819)</u>	<u>(12,692,151,165)</u>
<b>Loan portfolio, net</b>	<b>¢ <u>820,170,947,848</u></b>	<b><u>905,787,280,722</u></b>	<b><u>919,747,104,774</u></b>
<b>Total consolidated loan portfolio, net</b>	<b>¢ <u>3,730,897,634,960</u></b>	<b><u>3,755,024,205,755</u></b>	<b><u>3,736,650,781,215</u></b>

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

		Direct Loan Portfolio March	Contingent Loan Portfolio March	Direct Loan Portfolio December	Contingent Loan Portfolio December	Direct Loan Portfolio March	Contingent Loan Portfolio March
	Note	2021	2021	2020	2020	2020	2020
Principal	6a	¢ 3,006,814,431,589	221,458,492,763	2,935,641,227,054	232,564,794,767	2,885,835,401,265	221,628,640,029
Interest		29,348,743,167	0	32,602,387,644	0	21,494,422,504	0
		3,036,163,174,756	221,458,492,763	2,968,243,614,698	232,564,794,767	2,907,329,823,769	221,628,640,029
Allowance for bad loans		(125,112,703,021)	(323,784,623)	(118,682,677,549)	(324,012,116)	(90,426,147,327)	0
Carrying amount	¢	<u>2,911,050,471,735</u>	<u>221,134,708,140</u>	<u>2,849,560,937,149</u>	<u>232,240,782,651</u>	<u>2,816,903,676,442</u>	<u>221,628,640,029</u>
Loan portfolio							
Total balance:							
A1	¢	2,367,033,246,083	199,525,591,756	2,252,641,974,421	216,785,669,119	2,181,623,437,225	205,862,647,209
A2		46,781,534,632	1,044,554,667	51,079,575,869	993,773,116	29,829,912,462	802,990,390
B1		275,648,683,029	12,344,650,725	317,076,523,159	4,750,549,387	324,726,539,121	4,264,291,367
B2		27,460,200,908	153,961,897	18,952,645,155	111,877,247	30,555,407,225	295,825,063
C1		43,980,248,489	4,795,589,058	50,179,872,607	6,386,300,335	58,142,897,025	4,071,492,803
C2		15,795,818,565	75,146,118	17,670,359,057	73,620,031	18,737,292,428	84,382,385
D		42,902,771,895	1,249,977,218	46,374,944,688	1,036,645,186	59,075,258,593	4,199,714,864
E		153,436,056,687	2,268,506,641	161,787,877,221	2,426,360,346	148,068,598,278	2,033,264,643
1		61,957,123,938	514,683	51,254,492,919	0	52,593,175,022	14,031,305
2		14,145,467	0	63,731,314	0	790,022,572	0
3		373,140,036	0	348,996,233	0	2,329,901,799	0
4		678,657,630	0	723,703,593	0	413,761,060	0
5		15,480,892	0	0	0	197,688,911	0
6		86,066,505	0	88,918,462	0	245,932,048	0
		3,036,163,174,756	221,458,492,763	2,968,243,614,698	232,564,794,767	2,907,329,823,769	221,628,640,029
Allowance for bad loans		(76,449,757,618)	(258,685,337)	(81,874,379,225)	(301,501,990)	(74,270,452,351)	(276,809,599)
Carrying amount, net		<u>2,959,713,417,138</u>	<u>221,199,807,426</u>	<u>2,886,369,235,473</u>	<u>232,263,292,777</u>	<u>2,833,059,371,418</u>	<u>221,351,830,430</u>
Carrying amount		3,036,163,174,756	221,458,492,763	2,968,243,614,698	232,564,794,767	2,907,329,823,769	221,628,640,029
Allowance for bad loans		(76,449,757,618)	(258,685,337)	(81,874,379,225)	(301,501,990)	(74,270,452,351)	(276,809,599)
(Excess) inadequacy of allowance over structural estimate		(48,662,945,403)	(65,099,286)	(36,808,298,324)	(22,510,126)	(16,155,694,976)	276,809,599
Carrying amount, net	6a	¢ <u>2,911,050,471,735</u>	<u>221,134,708,140</u>	<u>2,849,560,937,149</u>	<u>232,240,782,651</u>	<u>2,816,903,676,442</u>	<u>221,628,640,029</u>



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The assessed loan portfolio with allowance is detailed as follows:

As of March 31, 2021

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,367,033,246,083	1,680,894,858,591	686,138,387,505	(11,835,166,287)	199,525,591,756	(123,342,436)
A2	46,781,534,632	38,681,142,023	8,100,392,608	(233,907,674)	1,044,554,667	0
	<u>2,413,814,780,715</u>	<u>1,719,576,000,614</u>	<u>694,238,780,113</u>	<u>(12,069,073,961)</u>	<u>200,570,146,423</u>	<u>(123,342,436)</u>
Direct specific allowance						
A1						
A2						
B1	275,648,683,029	256,260,201,863	19,388,481,166	(2,250,725,068)	12,344,650,725	(8,881,493)
B2	27,460,200,908	25,269,281,540	2,190,919,369	(345,438,346)	153,961,897	0
C1	43,980,248,489	38,335,391,438	5,644,857,051	(1,602,891,221)	4,795,589,058	(2,551,966)
C2	15,795,818,565	13,662,112,862	2,133,705,703	(1,135,163,417)	75,146,118	0
D	42,902,771,895	34,154,206,641	8,748,565,255	(6,495,968,108)	1,249,977,218	(121,915,243)
E	153,436,056,687	92,941,832,745	60,494,223,941	(52,333,987,415)	2,268,506,641	(1,994,135)
1	61,957,123,938	25,816,694,989	36,140,428,949	(158,398,991)	514,683	(64)
2	14,145,467	10,595,678	3,549,789	(230,468)	0	0
3	373,140,036	360,285,140	12,854,896	(5,015,150)	0	0
4	678,657,630	647,008,800	31,648,830	(19,059,459)	0	0
5	15,480,892	15,342,185	138,707	(173,806)	0	0
6	86,066,505	52,697,786	33,368,719	(33,632,208)	0	0
	<u>¢ 622,348,394,041</u>	<u>487,525,651,667</u>	<u>134,822,742,375</u>	<u>(64,380,683,657)</u>	<u>20,888,346,340</u>	<u>(135,342,901)</u>
	<u>¢ 3,036,163,174,756</u>	<u>2,207,101,652,281</u>	<u>829,061,522,488</u>	<u>(76,449,757,618)</u>	<u>221,458,492,763</u>	<u>(258,685,337)</u>
Loan portfolio						
Aging loan portfolio						
Direct generic allowance						
Up to date	¢ 2,366,287,049,493	1,680,221,432,738	686,065,616,755	(11,986,408,735)	200,526,146,420	(123,122,501)
Equal or less than 30 days	44,893,206,599	36,990,984,427	7,902,222,172	(227,891,593)	0	0
Equal or less than 60 days	2,095,945,109	1,860,730,847	235,214,263	(10,479,726)	0	0
More than 180 days	538,579,526	502,852,603	35,726,924	(2,692,898)	44,000,000	(220,000)
	<u>2,413,814,780,727</u>	<u>1,719,576,000,615</u>	<u>694,238,780,114</u>	<u>(12,227,472,952)</u>	<u>200,570,146,420</u>	<u>(123,342,501)</u>
Direct specific allowance						
Up to date	453,920,914,047	371,542,490,393	82,378,423,666	(24,137,597,396)	20,888,346,343	(135,342,836)
Equal or less than 30 days	42,647,097,807	32,792,397,693	9,854,700,114	(6,399,508,898)	0	0
Equal or less than 60 days	42,839,063,781	33,566,691,270	9,272,372,510	(2,786,687,529)	0	0
Equal or less than 90 days	10,759,072,559	7,634,732,524	3,124,340,034	(1,494,942,996)	0	0
Equal or less than 180 days	5,160,826,721	2,579,047,636	2,581,779,086	(2,435,578,229)	0	0
More than 180 days	67,021,419,114	39,410,292,150	27,611,126,964	(26,967,969,618)	0	0
	<u>¢ 622,348,394,029</u>	<u>487,525,651,666</u>	<u>134,822,742,374</u>	<u>(64,222,284,666)</u>	<u>20,888,346,343</u>	<u>(135,342,836)</u>
	<u>¢ 3,036,163,174,756</u>	<u>2,207,101,652,281</u>	<u>829,061,522,488</u>	<u>(76,449,757,618)</u>	<u>221,458,492,763</u>	<u>(258,685,337)</u>

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Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	2,252,641,974,421	1,616,745,472,141	635,896,502,295	(11,263,209,927)	216,785,669,119	(150,417,045)
A2	51,079,575,869	43,707,121,566	7,372,454,303	(255,397,880)	993,773,116	0
1	51,254,492,919	24,067,555,806	27,186,937,112	(131,646,647)	0	0
	2,303,721,550,290	1,660,452,593,707	643,268,956,598	(11,518,607,807)	217,779,442,235	(150,417,045)
Direct specific allowance						
B1	317,076,523,159	242,166,880,501	74,909,642,657	(4,956,316,537)	4,750,549,387	(17,061,287)
B2	18,952,645,155	17,753,340,695	1,199,304,460	(208,697,151)	111,877,247	0
C1	50,179,872,607	41,371,337,690	8,808,534,917	(2,418,190,331)	6,386,300,335	(14,894,140)
C2	17,670,359,057	15,524,240,196	2,146,118,861	(1,150,680,632)	73,620,031	0
D	46,374,944,688	36,814,962,263	9,559,982,425	(7,027,310,418)	1,036,645,186	(117,047,059)
E	161,787,877,221	99,737,215,863	62,050,661,358	(54,442,469,520)	2,426,360,346	(2,082,459)
1	51,254,492,919	24,067,555,806	27,186,937,112	(131,646,647)	0	0
2	63,731,314	61,710,563	2,020,751	(409,590)	0	0
3	348,996,233	336,391,423	12,604,810	(4,833,160)	0	0
4	723,703,593	705,766,328	17,937,265	(12,497,464)	0	0
6	88,918,462	86,631,652	2,286,810	(2,719,968)	0	0
	664,522,064,408	478,626,032,980	185,896,031,426	(70,355,771,418)	14,785,352,532	(151,084,945)
	2,968,243,614,698	2,139,078,626,687	829,164,988,024	(81,874,379,225)	232,564,794,767	(301,501,990)
Loan portfolio						
Aging loan portfolio						
Direct generic allowance						
Up to date	2,267,270,150,153	1,630,532,744,207	636,737,405,959	(11,466,141,660)	217,779,442,235	(150,417,046)
Equal or less than 30 days	35,941,488,451	29,533,210,561	6,408,277,890	(181,544,128)	0	0
Equal or less than 60 days	509,911,688	386,638,939	123,272,749	(2,568,667)	0	0
	2,303,721,550,292	1,660,452,593,707	643,268,956,598	(11,650,254,455)	217,779,442,235	(150,417,046)
Direct specific allowance						
Up to date	522,783,216,599	386,234,620,346	136,548,596,253	(30,572,674,886)	14,741,352,532	(149,284,855)
Equal or less than 30 days	23,306,055,364	17,517,152,270	5,788,903,094	(4,422,115,734)	0	0
Equal or less than 60 days	26,170,163,849	18,632,086,433	7,538,077,416	(2,072,318,302)	0	0
Equal or less than 90 days	12,930,556,366	9,033,452,404	3,897,103,963	(1,922,228,958)	0	0
Equal or less than 180 days	10,277,689,598	6,267,983,386	4,009,706,211	(3,422,480,751)	0	0
More than 180 days	69,054,382,630	40,940,738,141	28,113,644,489	(27,812,306,139)	44,000,000	(1,800,089)
	664,522,064,406	478,626,032,980	185,896,031,426	(70,224,124,770)	14,785,352,532	(151,084,944)
	2,968,243,614,698	2,139,078,626,687	829,164,988,024	(81,874,379,225)	232,564,794,767	(301,501,990)

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Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,181,623,437,225	1,474,102,912,273	707,520,524,952	10,908,117,215	205,862,647,209	125,707,442
A2	29,829,912,462	25,510,750,156	4,319,162,306	149,149,563	802,990,390	0
1	52,593,175,022	20,489,165,952	32,104,009,071	133,812,727	14,031,306	6,159
	<u>2,264,046,524,709</u>	<u>1,520,102,828,381</u>	<u>743,943,696,329</u>	<u>11,191,079,505</u>	<u>206,679,668,905</u>	<u>125,713,601</u>
Direct specific allowance						
B1	324,726,539,121	268,632,403,881	56,094,135,239	4,147,868,783	4,264,291,367	9,507,649
B2	30,555,407,225	27,740,144,555	2,815,262,669	420,226,991	295,825,063	722,680
C1	58,142,897,025	55,855,674,164	2,287,222,861	851,084,088	4,071,492,803	31,619,838
C2	18,737,292,428	17,101,263,163	1,636,029,265	903,520,949	84,382,385	0
D	59,075,258,593	50,083,125,106	8,992,133,487	6,882,649,425	4,199,714,864	108,870,183
E	148,068,598,278	91,826,810,625	56,241,787,653	49,758,017,193	2,033,264,642	375,648
2	790,022,572	741,903,481	48,119,091	6,115,472	0	0
3	2,329,901,799	2,025,962,757	303,939,041	86,114,574	0	0
4	413,761,060	393,299,564	20,461,496	12,197,246	0	0
5	197,688,911	192,543,657	5,145,255	4,564,397	0	0
6	245,932,048	240,118,924	5,813,135	7,013,728	0	0
	<u>¢ 643,283,299,060</u>	<u>514,833,249,877</u>	<u>128,450,049,192</u>	<u>63,079,372,846</u>	<u>14,948,971,124</u>	<u>151,095,998</u>
	<u>¢ 2,907,329,823,769</u>	<u>2,034,936,078,258</u>	<u>872,393,745,521</u>	<u>74,270,452,351</u>	<u>221,628,640,029</u>	<u>276,809,599</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

Loan portfolio

Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
Up to date	¢ 2,042,389,006,235	1,350,981,546,309	691,407,459,925	10,339,756,864	206,665,637,600	125,713,601
Equal or less than 30 days	163,022,584,012	143,287,835,001	19,734,749,011	821,113,843	0	0
Equal or less than 60 days	6,041,745,401	5,344,281,119	697,464,282	30,208,727	0	0
More than 180 days	14,040	0	14,040	70	0	0
	<u>2,211,453,349,688</u>	<u>1,499,613,662,429</u>	<u>711,839,687,258</u>	<u>11,191,079,504</u>	<u>206,665,637,600</u>	<u>125,713,601</u>
Direct specific allowance						
Up to date	389,439,191,944	287,949,344,605	101,489,847,339	17,169,772,679	14,963,002,429	151,095,998
Equal or less than 30 days	118,961,156,374	112,250,007,971	6,711,148,403	3,160,843,201	0	0
Equal or less than 60 days	68,131,662,255	57,400,668,809	10,730,993,445	4,000,700,461	0	0
Equal or less than 90 days	36,792,356,865	29,277,460,029	7,514,896,836	6,327,853,330	0	0
Equal or less than 180 days	18,139,229,605	11,701,884,126	6,437,345,480	5,997,952,483	0	0
More than 180 days	64,412,877,038	36,743,050,289	27,669,826,760	26,422,250,693	0	0
	<u>¢ 695,876,474,081</u>	<u>535,322,415,829</u>	<u>160,554,058,263</u>	<u>63,079,372,847</u>	<u>14,963,002,429</u>	<u>151,095,998</u>
	<u>¢ 2,907,329,823,769</u>	<u>2,034,936,078,258</u>	<u>872,393,745,521</u>	<u>74,270,452,351</u>	<u>221,628,640,029</u>	<u>276,809,599</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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 March 31, 2021	<b>Loans receivable</b>	
	<b>Gross</b>	<b>Net</b>
Risk category:		
A1	¢ 2,367,033,246,083	2,355,198,079,796
A2	46,781,534,632	46,547,626,958
B1	275,648,683,029	273,397,957,960
B2	27,460,200,908	27,114,762,563
C1	43,980,248,489	42,377,357,268
C2	15,795,818,565	14,660,655,148
D	42,902,771,895	36,406,803,787
E	153,436,056,687	101,102,069,272
1	61,957,123,938	61,798,724,947
2	14,145,467	13,914,999
3	373,140,036	368,124,886
4	678,657,630	659,598,171
5	15,480,892	15,307,086
6	86,066,505	52,434,297
	<u>¢ 3,036,163,174,756</u>	<u>2,959,713,417,138</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of December 31, 2020	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2,252,641,974,421	2,241,378,764,495
A2	51,079,575,869	50,824,177,989
B1	317,076,523,159	312,120,206,622
B2	18,952,645,155	18,743,948,005
C1	50,179,872,607	47,761,682,276
C2	17,670,359,057	16,519,678,424
D	46,374,944,688	39,347,634,270
E	161,787,877,221	107,345,407,701
1	51,254,492,919	51,122,846,271
2	63,731,314	63,321,724
3	348,996,233	344,163,073
4	723,703,593	711,206,129
5		
6	88,918,462	86,198,494
	¢ <u>2,968,243,614,698</u>	<u>2,886,369,235,473</u>

As of March 31, 2020	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2,181,623,437,225	2,170,715,320,010
A2	29,829,912,462	29,680,762,899
B1	324,726,539,121	320,578,670,338
B2	30,555,407,225	30,135,180,234
C1	58,142,897,025	57,291,812,937
C2	18,737,292,428	17,833,771,479
D	59,075,258,593	52,192,609,168
E	148,068,598,278	98,310,581,085
1	52,593,175,022	52,459,362,296
2	790,022,572	783,907,100
3	2,329,901,799	2,243,787,225
4	413,761,060	401,563,814
5	197,688,911	193,124,515
6	245,932,048	238,918,318
	¢ <u>2,907,329,823,769</u>	<u>2,833,059,371,418</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

In compliance with SUGEF Directive 1-05, as of March 31, 2021, the Bank must maintain a minimum allowance in the amount of ¢76.708.442.995 (¢82.175.881.215 and ¢74.547.261.950 for December and March 2020, respectively) of which ¢76.449.757.3618 (¢81.874.379.225 and ¢74.270.452.351 for December and March 2020, respectively) is allocated to the valuation of the direct loan portfolio and ¢258.685.337 (¢301.501.990 and ¢276.809.599 for December and March 2020, respectively) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 and ¢8.573.550.597 for December and March 2020, 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:

	<u>March 2021</u>	<u>December 2020</u>	<u>March 2020</u>
<b>Banco Internacional de Costa Rica, S.A. and subsidiaries</b>			
Principal	¢ 830,872,677,538	914,506,022,835	926,566,648,446
Interest	5,231,025,757	6,499,279,472	5,872,608,080
	<b>836,103,703,295</b>	<b>921,005,302,307</b>	<b>932,439,256,526</b>
Allowance for doubtful accounts	(15,932,752,985)	(15,218,022,819)	(12,692,151,752)
<b>Carrying amount</b>	<b>¢ 820,170,950,310</b>	<b>905,787,279,488</b>	<b>919,747,104,774</b>
<b>Loan portfolio, net of allowance</b>	<b>¢ 812,720,012,638</b>	<b>897,062,716,852</b>	<b>911,959,910,141</b>
<b>At amortized cost</b>			
Level 1: Normal or low risk	732,141,560,489	822,441,293,412	846,461,344,586
Level 2: Special mention	66,807,030,306	55,274,912,419	51,997,139,528
Level 3: Subnormal	17,516,889,108	18,341,168,216	12,942,947,582
Level 4: Doubtful	1,124,574,364	1,173,022,473	13,114,286,935
Level 5: Uncollectable	13,282,623,272	17,275,626,316	2,050,929,815
	830,872,677,539	914,506,022,836	926,566,648,446
Allowance for impairment	(15,932,752,985)	(15,218,022,819)	(12,692,151,165)
<b>Carrying amount</b>	<b>814,939,924,554</b>	<b>899,288,000,017</b>	<b>913,874,497,281</b>
<b>Impaired renegotiated loans</b>			
Gross amount	10,591,178,864	15,632,165,685	17,579,547,684
Impaired amount	<b>10,591,178,864</b>	<b>15,632,165,685</b>	<b>17,579,547,684</b>
Allowance for impairment	1,425,101,345	2,076,786,095	4,890,484,324
<b>Total, net</b>	<b>9,166,077,519</b>	<b>13,555,379,590</b>	<b>12,689,063,360</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

<b>Not in arrears or impaired</b>			
Level 1: Normal or low risk	732,141,560,489	822,441,293,412	846,461,344,588
Level 2: Special mention	66,807,030,306	55,274,912,419	51,997,139,528
<b>Sub-total</b>	<b><u>798,948,590,795</u></b>	<b><u>877,716,205,831</u></b>	<b><u>898,458,484,116</u></b>
<b>Individually impaired</b>			
Level 3: Subnormal	17,516,889,108	18,341,168,216	12,942,947,582
Level 4: Doubtful	1,124,574,364	1,173,022,473	13,114,286,935
Level 5: Uncollectable	13,282,623,271	17,275,626,315	2,050,929,814
<b>Sub-total</b>	<b><u>31,924,086,743</u></b>	<b><u>36,789,817,004</u></b>	<b><u>28,108,164,331</u></b>
<b>Allowance for impairment</b>			
Specific	15,471,127,029	14,809,639,362	12,494,422,452
Collective	461,625,955	408,383,457	197,729,300
<b>Total allowance for impairment</b>	<b><u>15,932,752,984</u></b>	<b><u>15,218,022,819</u></b>	<b><u>12,692,151,752</u></b>
<b>Clients' obligations for acceptances</b>			
Carrying amount	¢ <u>2,219,911,916</u>	<u>2,225,283,165</u>	<u>1,914,586,553</u>
Interest receivable	¢ <u>5,231,025,756</u>	<u>6,499,279,471</u>	<u>5,872,608,080</u>
<b>Net loan portfolio (carrying amount)</b>	<b>¢ <u>820,170,950,310</u></b>	<b><u>905,787,279,488</u></b>	<b><u>919,747,104,774</u></b>

As of March 31, 2021, the allowance for impairment of BICSA's loan portfolio is of ¢15.932.754.219 (¢15.218.022.819 and ¢12.692.151.165 for December and March 2020, respectively).



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

	March 2021		December 2020		March 2020	
	<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	¢ 277,648,053,305	41,611,791,298	275,150,270,515	35,240,976,550	263,996,557,188	31,063,476,107
Manufacturing	412,507,678,414	2,195,436,473	459,373,100,944	2,038,441,568	462,737,205,105	4,141,912,746
Construction, purchase, and repair of real estate	1,213,754,333,331	31,612,471,486	1,145,267,404,096	16,828,315,487	1,081,042,827,132	13,020,723,408
Agriculture, livestock, hunting, and related services	205,622,682,262	1,382,788,511	193,594,861,611	33,638,347	179,221,422,046	33,688,128
Fishing and aquaculture	23,672,166	0	11,172,166	1,379,117,338	0	0
Consumption	294,695,015,677	109,311,432,573	299,542,513,969	109,918,641,385	310,932,219,834	112,948,413,512
Education	3,622,103,677	0	3,431,935,531	0	3,299,420,036	0
Transportation	54,467,633,938	95,906,441	55,192,075,081	96,033,143	50,636,358,450	495,200,544
Financial activities and stock exchange	3,985,414,230	0	4,064,820,107	0	4,348,947,061	0
Electricity, telecom, gas, and water	77,963,876,457	0	54,793,466,607	0	55,538,943,863	0
Services	1,175,724,087,576	176,528,776,277	1,246,294,297,451	193,900,688,356	1,296,145,702,013	183,482,708,932
Hospitality	108,025,132,414	0	103,285,509,304	0	98,705,442,225	0
Mining and quarries	433,183,435	0	41,301,001	0	40,833,796	0
Real estate, business, and leasing activities	7,818,500,039	0	8,666,712,945	0	4,272,894,024	0
Public Administration	0	1,197,984,712	0	1,754,376,726	0	4,906,877,029
Real estate, business, and leasing activities	1,396,270,565	19,593,843	1,438,340,001	19,641,251	1,483,807,143	18,688,939
See notes 6 and 19	¢ <u>3,837,687,637,486</u>	<u>363,956,181,614</u>	<u>3,850,147,781,329</u>	<u>361,209,870,151</u>	<u>3,812,402,579,916</u>	<u>350,111,689,345</u>
Other contingencies	0	70,707,585,378	0	74,386,976,782	0	61,228,188,498
	¢ <u><u>3,837,687,637,486</u></u>	<u><u>434,663,766,992</u></u>	<u><u>3,850,147,781,329</u></u>	<u><u>435,596,846,933</u></u>	<u><u>3,812,402,579,916</u></u>	<u><u>411,339,877,843</u></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Germany	¢ 1,670,324,276	2,232,940,771	226,613,220
Australia	0	0	5,589,471,657
Brasil	6,202,438,320	6,269,916,100	8,285,267,946
Chile	0	0	2,914,667,972
China	3,927,881,272	960,641,025	373,183,415,555
Colombia	3,120,986,045	3,155,924,645	440,527,500
Costa Rica	307,053,358,787	361,845,897,872	55,798,555,290
Denmark	1,153,270,494	987,538,021	49,775,044,810
Ecuador	52,195,984,782	43,896,273,372	5,118,012,078
El Salvador	47,024,663,037	53,395,655,535	29,900,281,891
Spain	3,562,664,067	2,798,103,613	39,717,318,579
United States of America	23,284,367,893	23,738,170,880	0
Guatemala	39,960,447,886	39,184,066,907	4,525,474,397
Netherlands	100,681,240	76,285,317	2,532,769,396
England	3,757,199,678	4,275,130,904	2,997,150,579
British Virgin Islands	2,959,947,420	3,072,895,943	17,497,655,971
Luxemburg	0	0	30,871,239,155
Mexico	12,344,346,828	13,701,223,507	268,154,337,988
Nicaragua	32,420,441,919	32,944,791,110	0
Panama	260,409,603,794	291,427,430,620	20,814,893,244
Peru	17,871,524,234	21,002,496,051	0
Poland	13,855,725	0	2,936,850,000
Republic of Korea	0	0	445,497,238
Dominican Republic	5,847,731,760	2,965,509,200	0
Russia	334,621,917	115,996,843	0
South Africa	0	0	46,402,230
Uruguay	147,794,400	814,264,998	4,795,201,751
Others *	5,508,541,152	5,644,870,836	0
	<b>¢ 830,872,676,926</b>	<b>914,506,024,070</b>	<b>926,566,648,447</b>

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 Banco de Costa Rica is as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Costa Rica	¢ 3,006,814,431,589	2,935,641,227,054	2,885,835,401,265
	<b>¢ 3,006,814,431,589</b>	<b>2,935,641,227,054</b>	<b>2,885,835,401,265</b>

As of March 31, 2021, the Bank keeps trust commissions in the amount of ¢2.495.103 (¢1.545 and ¢101.904 for December and March 2020, respectively).

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Properties	¢ 151,608,370,055	152,481,663,041	148,888,738,328
Others	518,342,565	693,972,758	1,853,764,384
	<b>¢ 152,126,712,620</b>	<b>153,175,635,799</b>	<b>150,742,502,712</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.

BANCO DE COSTA RICA AND SUBSIDIARIES

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Guarantee</b>				
Pledged assets	¢	38,918,829,904	50,327,902,319	38,035,912,630
Collections		84,305,295,472	94,686,604,380	109,816,907,235
Fiduciary		849,220,694,092	819,791,124,821	521,099,726,275
Mortgage		1,535,791,578,820	1,524,137,792,109	1,611,661,379,488
Chattel		189,149,292,813	207,946,698,879	436,639,125,891
Others		1,140,301,946,384	1,153,257,658,821	1,095,149,528,397
	¢	<b><u>3,837,687,637,485</u></b>	<b><u>3,850,147,781,329</u></b>	<b><u>3,812,402,579,916</u></b>

As of March 31, 2021, 45% of the loan portfolio is secured by mortgage or chattel collaterals, 45% as of December 31, 2020 and 54% as of March 31, 2020.

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. As of March 31, 2021, 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 March 31, 2021:

<b><u>No.</u></b>	<b><u>Percentage</u></b>	<b><u>Band</u></b>	<b><u>Total amount</u></b>	<b><u>N° of customers</u></b>
1	0-4,99%	23,905,976,882	¢ 43,005,878,116	256
2	5-9,99%	47,811,953,763	169,623,712,202	72
3	10-14,99%	71,717,930,645	0	0
4	15-20%	95,623,907,526	508,297,327,664	241
<b>Total</b>			¢ <b><u>720,926,917,982</u></b>	<b><u>569</u></b>

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March 31, 2021

As of December 2020, 2020:

<b>No.</b>	<b>Percentage</b>	<b>Band</b>	<b>Total amount</b>	<b>N° of customers</b>
1	0-4,99%	23,261,525,331 ¢	42,013,037,738	255
2	5-9,99%	46,523,050,661	349,185,527,850	82
3	10-14,99%	69,784,575,992	0	0
4	15-20%	93,046,101,322	853,149,074,509	259
<b>Total</b>			<b>¢ 1,244,347,640,097</b>	<b>596</b>

As of March 31, 2020:

<b>No.</b>	<b>Percentage</b>	<b>Band</b>	<b>Total amount</b>	<b>N° of customers</b>
1	0-4,99%	23,261,525,331 ¢	55,410,692,498	281
2	5-9,99%	46,523,050,661	79,767,325,104	76
3	10-14,99%	69,784,575,992	0	0
4	15-20%	93,046,101,322	868,878,920,340	280
<b>Total</b>			<b>¢ 1,004,056,937,942</b>	<b>637</b>

(b) Market risk management

Definitions

Market risk refers to potential losses that may occur in the value of assets and liabilities in the statement of financial position 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 entity cannot meet the requirements or obligations with third parties due to insufficient cash flow, resulting from the outcome between term recoveries (asset operations) and term obligations (liability operations), or to improper price formation mechanism that disables the price to transform an asset and/or liability into cash.

Price of assets and inflations risk measures the potential losses that may occur in financial assets included in the Investment Bank portfolios, and a decline in the purchasing power of the money flows received by the Bank.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

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The risk of interest rates measures the possibility that the entity incurs in losses as a result of changes in the present value of assets and liabilities in which the Bank holds positions on or off balance.

The exchange rate risk is the possibility of economic loss due to variations in the exchange rate. This risk also arises when the net result of the exchange rate adjustments does not compensate proportionally the adjustment in the value of assets in foreign currency, causing a reduction in the equity indicator or in any model affected negatively in the determination of the exchange rate risk by variations in this macro price, as in CAMEL'S indicators or own statisticians.

#### Risk management methodology

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.

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.

Counterparty risk management is carried out through the fulfillment of the investments profile established by the Bank in its internal policies, and the reporting of issuers, which analyzes the financial statements and the default risk by issuers, according to internal studies and risk rating. These limits are monitored weekly as established in the policies for managing the BCR's investment in securities.

The management of the liquidity risk is periodically assessed by daily updating of the BCR projected cash flows to six months through an automated application, for the preparation of the gap report to one and three months both in colones and in US dollars.

To decrease the liquidity risk, following variables are taken into consideration: deposits volatility, debt levels, liability structure, and liquidity degree of assets, availability of funding and the overall effectiveness of the gap of timelines.

## BANCO DE COSTA RICA AND SUBSIDIARIES

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#### 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.

#### Exposure and risk management

##### (c) Liquidity risk

Facing the global crisis caused by the COVID-19 pandemic, the Bank continues with the implementation of the liquidity strategy to face the increase in the volatilities of deposits from the public, thus addressing the preference of clients to keep balances at demand instead of at term.

Cash and cash equivalents show a year-on-year decrease of 14.37% mainly on current accounts and demand deposits in financial entities and tradable financial instruments (see cash and cash equivalents table in note 4).

Demand deposits increased by 27.48% on a year-on-year basis, due to the increase in current account balances, demand savings deposits (see chart of demand obligations with the public in note 11).

Wholesale funding decreases by 1.50% on a year-on-year basis, mainly on loans from financial entities abroad, obligations for deferred liquidity operations and charges payable for obligations with financial and non-financial entities. (See table of obligations with financial institutions and the Central Bank in note 14 of this document).

BANCO DE COSTA RICA AND SUBSIDIARIES

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In the following table, the year-on-year results for the end of March 2021, are observed:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Liquidity coverage indicator (colones)	1.41	1.35	1.64
Liquidity coverage indicator (US Dollars)	1.24	1.58	1.90
Regulatory limit	1.00	1.00	1.00

As of March 31, 2021, the results of term matches are shown as follows:

<u>Indicador</u>	<u>March 2021 Observation</u>	<u>December 2020 Observation</u>	<u>March 2020 Observation</u>	<u>Approved levels</u>
1-month term matching US Dollars	1.95	1.88	1.88	Limit: 1.10
1-month term matching colones	2.10	2.02	2.02	Limit: 1.00
3 months term matching US Dollars	1.23	1.33	1.33	Limit: 0.94
3-months term matching colones	1.33	1.25	1.25	Limit: 0.85

The term matches show a constant and significant loose with respect to regulatory limits, which is a direct effect of the measures taken in the strategy for compliance with the Liquidity Coverage Indicator but mainly to attend to the emergency due to the Covid-19 pandemic that the country has been facing since March 2020.

As a preventive measure of liquidity risk management for the Covid-19, the Bank has implemented periodic reports that allow monitoring of the main operational and structural indicators as well as an alignment of liquidity management with credit and market risk.

Projections have also been made of the magnitude of the impacts that the Covid-19 crisis could generate in the Bank's financial indicators, which are updated based on the development of the emergency, for decision-making.



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

As of March 31, 2021

<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 360 days</b>	<b>More tan 365 days</b>	<b>Items overdue for more than thirty days</b>	<b>Total</b>
Availabilities	¢ 236,527,374,492	0	0	0	0	0	40,790,489	0	236,568,164,981
Legal cash requiremnt BCCR	361,821,065,410	35,169,149,029	19,018,776,242	18,792,346,157	47,875,687,218	49,211,306,302	19,876,650,795	0	551,764,981,153
Investment in securities	1,614,281,034	290,361,518,220	32,316,781,155	47,955,029,321	55,220,101,611	191,265,067,726	857,274,431,437	0	1,476,007,210,504
Interest on investments	3,794,272	2,946,513,868	2,294,560,856	2,578,832,760	5,447,725,734	139,159,381	250,125,057	0	13,660,711,928
Loan portfolio	26,153,455,801	86,075,061,513	87,938,343,327	116,103,191,039	202,302,519,661	217,246,758,308	2,939,362,970,451	144,723,629,210	3,819,905,929,310
Interest on loan portfolio	30,268,266	7,138,584,099	3,123,135,430	911,767,052	9,480,476,307	2,869,461,095	10,862,419,907	163,656,152	34,579,768,308
	¢ <b><u>626,150,239,275</u></b>	<b><u>421,690,826,729</u></b>	<b><u>144,691,597,010</u></b>	<b><u>186,341,166,329</u></b>	<b><u>320,326,510,531</u></b>	<b><u>460,731,752,812</u></b>	<b><u>3,827,667,388,136</u></b>	<b><u>144,887,285,362</u></b>	<b><u>6,132,486,766,184</u></b>
<b>Liabilities</b>									
Obligations with the public	¢ 2,778,290,531,315	280,427,550,887	164,438,506,409	159,911,444,357	456,941,901,224	441,056,748,610	247,783,440,915	0	4,528,850,123,717
Obligations with BCCR	1,243,490,384	0	0	0	0	0	19,530,000,000	0	20,773,490,384
Obligations with financial entities	71,407,018,425	273,374,269,580	77,219,730,256	88,418,695,271	70,625,338,380	111,122,266,123	180,504,335,565	0	872,671,653,600
Charges payable on obligations	1,180,874,356	3,437,041,052	2,505,768,136	2,407,894,878	4,245,554,759	2,600,217,501	2,938,905,237	0	19,316,255,919
	<b><u>2,852,121,914,480</u></b>	<b><u>557,238,861,519</u></b>	<b><u>244,164,004,801</u></b>	<b><u>250,738,034,506</u></b>	<b><u>531,812,794,363</u></b>	<b><u>554,779,232,234</u></b>	<b><u>450,756,681,717</u></b>	<b><u>0</u></b>	<b><u>5,441,611,523,620</u></b>
<b>Asset-liability gap</b>	¢ <b><u>(2,225,971,675,205)</u></b>	<b><u>(135,548,034,790)</u></b>	<b><u>(99,472,407,791)</u></b>	<b><u>(64,396,868,177)</u></b>	<b><u>(211,486,283,832)</u></b>	<b><u>(94,047,479,422)</u></b>	<b><u>3,376,910,706,419</u></b>	<b><u>144,887,285,362</u></b>	<b><u>690,875,242,564</u></b>

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									Items overdue for more than thirty days	Total
<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 360 days</b>	<b>More tan 365 days</b>		
Availabilities	¢	265,713,592,355	0	0	0	0	0	93,806,100	0	265,807,398,455
Legal cash requiremnt BCCR		343,996,390,339	50,777,837,368	23,238,100,402	19,448,809,375	39,271,332,953	40,970,726,749	19,537,261,238	0	537,240,458,424
Investment in securities		581,519,871	250,881,679,667	24,086,976,013	16,182,628,693	127,942,664,270	211,814,946,433	772,771,495,223	0	1,404,261,910,170
Interest on investments		3,435,887	7,013,268,034	7,022,342,639	1,437,668,691	2,132,467,560	67,794,239	287,502,238	0	17,964,479,288
Loan portfolio		73,093,973,417	91,775,022,004	103,553,002,439	107,841,273,598	246,976,693,578	195,284,585,007	2,890,230,255,998	124,218,334,598	3,832,973,140,639
Interest on loan portfolio		237,315,523	6,035,027,692	6,225,663,406	5,483,003,155	3,469,309,417	6,289,739,912	3,931,276,535	7,430,331,475	39,101,667,115
	¢	<b>683,626,227,392</b>	<b>406,482,834,765</b>	<b>164,126,084,899</b>	<b>150,393,383,512</b>	<b>419,792,467,778</b>	<b>454,427,792,340</b>	<b>3,686,851,597,332</b>	<b>131,648,666,073</b>	<b>6,097,349,054,091</b>
<b>Liabilities</b>										
Obligations with the public	¢	2,631,441,696,809	434,150,755,399	213,848,910,571	194,758,501,550	340,851,690,772	375,155,114,694	229,258,528,577	0	4,419,465,198,372
Obligations with BCCR		0	2,500,208,320	0	0	0	0	0	0	2,500,208,320
Obligations with financial entities		56,719,860,224	264,914,100,863	88,604,206,763	119,655,999,300	119,523,719,218	143,491,335,486	198,677,036,863	0	991,586,258,717
Charges payable on obligations		1,211,523,088	4,040,554,689	3,649,541,918	2,444,834,556	3,824,350,693	2,972,779,230	2,962,480,219	0	21,106,064,393
		<b>2,689,373,080,121</b>	<b>705,605,619,271</b>	<b>306,102,659,252</b>	<b>316,859,335,406</b>	<b>464,199,760,683</b>	<b>521,619,229,410</b>	<b>430,898,045,659</b>	<b>0</b>	<b>5,434,657,729,802</b>
<b>Asset-liability gap</b>	¢	<b>(2,005,746,852,729)</b>	<b>(299,122,784,506)</b>	<b>(141,976,574,353)</b>	<b>(166,465,951,894)</b>	<b>(44,407,292,905)</b>	<b>(67,191,437,070)</b>	<b>3,255,953,551,673</b>	<b>131,648,666,073</b>	<b>662,691,324,289</b>

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Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More tan 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 273,648,813,034	212,123,094	0	0	0	0	118,565,934	0	273,979,502,062
Legal cash requiremnt BCCR	291,697,739,465	36,175,324,315	21,323,201,718	22,322,062,465	60,634,093,296	46,017,133,235	23,813,693,733	0	501,983,248,227
Investment in securities	2,214,083,844	285,326,458,323	45,584,126,734	39,454,796,526	89,904,068,838	180,408,244,724	419,603,581,407	0	1,062,495,360,396
Interest on investments	5,434,499	3,468,924,417	3,044,177,984	1,862,461,718	2,168,714,770	26,782,495	274,402,242	0	10,850,898,125
Loan portfolio	42,269,025,882	128,922,470,542	103,951,037,332	135,410,887,076	252,335,055,779	233,497,739,941	2,721,773,183,698	177,798,869,033	3,795,958,269,283
Interest on loan portfolio	138,834,227	9,738,783,662	2,924,128,235	439,811,816	586,216,434	589,703,213	3,207,444,653	9,742,107,756	27,367,029,996
	¢ <u>609,973,930,951</u>	<u>463,844,084,353</u>	<u>176,826,672,003</u>	<u>199,490,019,601</u>	<u>405,628,149,117</u>	<u>460,539,603,608</u>	<u>3,168,790,871,667</u>	<u>187,540,976,789</u>	<u>5,672,634,308,089</u>
<b>Liabilities</b>									
Obligations with the public	¢ 2,181,109,583,033	310,975,824,336	175,743,073,437	179,597,721,469	510,904,744,538	457,112,304,411	282,195,501,407	0	4,097,638,752,631
Obligations with financial entities	59,340,161,455	198,187,937,585	39,954,961,604	65,067,487,272	152,049,935,840	159,111,730,463	274,068,390,025	0	947,780,604,244
Charges payable on obligations	1,198,193,165	6,509,145,648	4,851,997,008	4,411,687,554	5,704,405,684	3,786,221,139	3,076,956,812	0	29,538,607,010
	<u>2,241,647,937,653</u>	<u>515,672,907,569</u>	<u>220,550,032,049</u>	<u>249,076,896,295</u>	<u>668,659,086,062</u>	<u>620,010,256,013</u>	<u>559,340,848,244</u>	<u>0</u>	<u>5,074,957,963,885</u>
<b>Asset-liability gap</b>	¢ <u>(1,631,674,006,702)</u>	<u>(51,828,823,216)</u>	<u>(43,723,360,046)</u>	<u>(49,586,876,694)</u>	<u>(263,030,936,945)</u>	<u>(159,470,652,405)</u>	<u>2,609,450,023,423</u>	<u>187,540,976,789</u>	<u>597,676,344,204</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 60.90% 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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
VaR ¢	8,288,605,358	7,128,609,927	2,581,350,035

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.

(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 March 31, 2021, a sensitivity analysis on possible variations in interest rates was developed.

Sensitivity to an increase in the interest rate of investments

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Investments in financial instruments ¢	1,167,469,677,538	753,655,659,848	522,399,141,021
Increase in rates by 1%	161,045,689	193,762,699	163,297,856
Increase in rates by 2%	¢ 322,091,379	387,525,398	326,595,713

Sensitivity to a decrease in the interest rate of investments

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Investments in financial instruments ¢	1,167,469,677,538	753,655,659,848	522,399,141,021
Decrease in rates by 1%	161,045,689	193,762,699	163,297,856
Decrease in rates by 2%	¢ 322,091,379	387,525,398	326,595,713

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Sensitivity to an increase in the interest rate of loan portfolio

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Loan portfolio	¢	3,118,833,415,310	3,056,756,166,060	2,885,835,401,271
Increase in rates by 1%		1,463,461,494	1,346,553,773	1,043,699,706
Increase in rates by 2%	¢	<u>2,960,176,264</u>	<u>2,730,186,649</u>	<u>2,261,900,146</u>

Sensitivity to a decrease in the interest rate of loan portfolio

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Loan portfolio	¢	3,118,833,415,310	3,056,756,166,060	2,885,835,401,271
Decrease in rates by 1%		1,463,461,494	1,297,609,468	775,205,714
Decrease in rates by 2%	¢	<u>2,960,176,264</u>	<u>2,992,331,781</u>	<u>1,598,053,873</u>

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Obligations with the public	¢	4,075,219,951,350	3,947,112,080,455	3,644,042,699,225
Increase in rates by 1%		2,490,826,803	3,127,746,509	1,969,097,810
Increase in rates by 2%	¢	<u>4,981,653,606</u>	<u>6,225,493,017</u>	<u>3,938,195,620</u>

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Obligations with the public	¢	4,075,219,951,350	3,947,112,080,455	3,644,042,699,225
Decrease in rates by 1%		2,490,826,803	3,127,746,509	1,969,097,810
Decrease in rates by 2%	¢	<u>4,981,653,606</u>	<u>6,225,493,017</u>	<u>3,938,195,620</u>

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Financial term obligations	¢	19,723,264,706	287,572,604	254,558,824
Increase in rates by 1%		10,121,486,365	147,932,140	124,600,180
Increase in rates by 2%	¢	<u>20,242,972,731</u>	<u>295,864,280</u>	<u>249,200,360</u>

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Financial term obligations	¢	19,723,264,706	287,572,604	254,558,824
Decrease in rates by 1%		10,121,486,365	147,932,140	124,600,180
Decrease in rates by 2%	¢	<u>20,242,972,731</u>	<u>295,864,280</u>	<u>249,200,360</u>

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As of March 31, 2021, 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	7.65%	¢ 126,638,259,220	63,198,149,701	57,069,742,010	143,980,579,872	93,600,375,461	464,195,553,958	948,682,660,222
Loan portfolio	8.46%	<u>1,303,458,098,754</u>	<u>176,837,109,557</u>	<u>179,126,978,682</u>	<u>141,416,140,532</u>	<u>92,976,351,048</u>	<u>167,619,659,232</u>	<u>2,061,434,337,805</u>
<b>Total recovery of assets (*)</b>		<u><b>1,430,096,357,974</b></u>	<u><b>240,035,259,258</b></u>	<u><b>236,196,720,692</b></u>	<u><b>285,396,720,404</b></u>	<u><b>186,576,726,509</b></u>	<u><b>631,815,213,190</b></u>	<u><b>3,010,116,998,027</b></u>
<b>Liabilities</b>								
Obligations with the public		112,627,147,417	184,731,551,472	299,619,619,785	29,425,071,949	265,169,241,829	34,266,473,510	925,839,105,962
Demand deposits	1.62%							
Term deposits	4.22%							
Obligations with the Central Bank of Costa Rica		1,250,156,250	0	0	0	0	0	1,250,156,250
Obligations with financial entities	0.93%	<u>37,062,671,603</u>	<u>26,615,861,552</u>	<u>4,943,332,540</u>	<u>0</u>	<u>50,504,069,054</u>	<u>0</u>	<u>119,125,934,749</u>
<b>Total matured liabilities (*)</b>		<u><b>150,939,975,270</b></u>	<u><b>211,347,413,024</b></u>	<u><b>304,562,952,325</b></u>	<u><b>29,425,071,949</b></u>	<u><b>315,673,310,883</b></u>	<u><b>34,266,473,510</b></u>	<u><b>1,046,215,196,961</b></u>
<b>Asset and liability gap</b>		¢ <u><b>1,279,156,382,704</b></u>	<u><b>28,687,846,234</b></u>	<u><b>(68,366,231,633)</b></u>	<u><b>255,971,648,455</b></u>	<u><b>(129,096,584,374)</b></u>	<u><b>597,548,739,680</b></u>	<u><b>1,963,901,801,066</b></u>
<b>US dollars</b>								
<b>Assets</b>								
Investment in securities	4.13%	¢ 171,453,297,001	155,334,164,882	26,288,247,926	46,214,106,292	114,272,622,995	185,906,584,197	699,469,023,293
Loan portfolio	7.17%	<u>714,673,138,830</u>	<u>325,318,180,192</u>	<u>429,415,913,495</u>	<u>90,692,940,781</u>	<u>41,070,858,098</u>	<u>136,374,987,436</u>	<u>1,737,546,018,832</u>
<b>Total recovery of assets (*)</b>		<u><b>886,126,435,831</b></u>	<u><b>480,652,345,074</b></u>	<u><b>455,704,161,421</b></u>	<u><b>136,907,047,073</b></u>	<u><b>155,343,481,093</b></u>	<u><b>322,281,571,633</b></u>	<u><b>2,437,015,042,125</b></u>
<b>Liabilities</b>								
Obligations with the public		233,185,171,140	52,643,263,196	109,646,666,049	83,192,448,879	105,362,885,514	28,667,594,347	612,698,029,125
Demand deposits	0.30%							
Term deposits	1.52%							
Obligations with financial entities	0.55%	<u>33,357,910,730</u>	<u>138,732,189,056</u>	<u>35,913,621,360</u>	<u>105,735,846,609</u>	<u>111,081,111,556</u>	<u>49,638,030,069</u>	<u>474,458,709,380</u>
<b>Total matured liabilities (*)</b>		<u><b>266,543,081,870</b></u>	<u><b>191,375,452,252</b></u>	<u><b>145,560,287,409</b></u>	<u><b>188,928,295,488</b></u>	<u><b>216,443,997,070</b></u>	<u><b>78,305,624,416</b></u>	<u><b>1,087,156,738,505</b></u>
<b>Asset and liability gap</b>		¢ <u><b>619,583,353,961</b></u>	<u><b>289,276,892,822</b></u>	<u><b>310,143,874,012</b></u>	<u><b>(52,021,248,415)</b></u>	<u><b>(61,100,515,977)</b></u>	<u><b>243,975,947,217</b></u>	<u><b>1,349,858,303,620</b></u>

(\*) Sensible to interest rates

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As of December 31, 2020

	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	6.81%	¢ 78,322,850,291	34,049,786,513	103,518,380,575	143,964,789,356	84,155,942,775	445,585,098,627	889,596,848,137
Loan portfolio	9.06%	1,060,621,611,327	206,664,539,378	175,220,476,416	273,324,955,888	114,073,710,830	172,315,940,626	2,002,221,234,465
<b>Total recovery of assets (*)</b>		<b><u>1,138,944,461,618</u></b>	<b><u>240,714,325,891</u></b>	<b><u>278,738,856,991</u></b>	<b><u>417,289,745,244</u></b>	<b><u>198,229,653,605</u></b>	<b><u>617,901,039,253</u></b>	<b><u>2,891,818,082,602</u></b>
<b>Liabilities</b>								
Obligations with the public		238,668,857,824	240,143,160,375	182,034,748,935	30,607,021,726	189,156,036,130	34,433,506,881	915,043,331,871
Demand deposits	1.66%							
Term deposits	4.86%							
Obligations with the Central Bank of Costa Rica		2,500,208,320	0	0	0	0	0	2,500,208,320
Obligations with financial entities	0.03%	18,957,380,202	22,162,645,796	24,594,204,486	0	30,826,362,409	0	96,540,592,893
<b>Total matured liabilities (*)</b>		<b><u>260,126,446,346</u></b>	<b><u>262,305,806,171</u></b>	<b><u>206,628,953,421</u></b>	<b><u>30,607,021,726</u></b>	<b><u>219,982,398,539</u></b>	<b><u>34,433,506,881</u></b>	<b><u>1,014,084,133,084</u></b>
<b>Asset and liability gap</b>		<b><u>¢ 878,818,015,272</u></b>	<b><u>(21,591,480,280)</u></b>	<b><u>72,109,903,570</u></b>	<b><u>386,682,723,518</u></b>	<b><u>(21,752,744,934)</u></b>	<b><u>583,467,532,372</u></b>	<b><u>1,877,733,949,518</u></b>
<b>US Dólares:</b>								
<b>Assets</b>								
Investment in securities	3.72%	¢ 221,041,893,552	80,150,923,730	124,670,112,277	74,138,328,386	84,661,188,968	164,307,444,938	748,969,891,851
Loan portfolio	6.49%	721,906,313,075	563,873,792,946	267,991,905,014	102,093,814,594	51,071,304,718	150,758,002,892	1,857,695,133,239
<b>Total recovery of assets (*)</b>		<b><u>942,948,206,627</u></b>	<b><u>644,024,716,676</u></b>	<b><u>392,662,017,291</u></b>	<b><u>176,232,142,980</u></b>	<b><u>135,732,493,686</u></b>	<b><u>315,065,447,830</u></b>	<b><u>2,606,665,025,090</u></b>
<b>Liabilities</b>								
Obligations with the public		244,805,325,828	110,005,725,503	74,324,017,989	93,432,241,989	97,960,807,334	26,069,147,418	646,597,266,061
Demand deposits	0.21%							
Term deposits	1.52%							
Obligations with financial entities	0.63%	23,134,764,356	174,528,323,524	88,657,335,086	114,256,069,918	124,211,123,876	51,587,453,899	576,375,070,659
<b>Total matured liabilities (*)</b>		<b><u>267,940,090,184</u></b>	<b><u>284,534,049,027</u></b>	<b><u>162,981,353,075</u></b>	<b><u>207,688,311,907</u></b>	<b><u>222,171,931,210</u></b>	<b><u>77,656,601,317</u></b>	<b><u>1,222,972,336,720</u></b>
<b>Asset and liability gap</b>		<b><u>¢ 675,008,116,443</u></b>	<b><u>359,490,667,649</u></b>	<b><u>229,680,664,216</u></b>	<b><u>(31,456,168,927)</u></b>	<b><u>(86,439,437,524)</u></b>	<b><u>237,408,846,513</u></b>	<b><u>1,383,692,688,370</u></b>

(\*) Sensible to interest rates



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	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	7.71%	¢ 128,628,566,025	56,855,309,725	100,695,573,435	109,938,114,245	173,287,230,566	71,655,462,529	641,060,256,525
Loan portfolio	9.69%	<u>1,297,671,868,208</u>	<u>140,728,939,697</u>	<u>31,730,029,019</u>	<u>40,218,137,343</u>	<u>204,624,959,644</u>	<u>234,807,679,947</u>	<u>1,949,781,613,858</u>
<b>Total recovery of assets (*)</b>		<b><u>1,426,300,434,233</u></b>	<b><u>197,584,249,422</u></b>	<b><u>132,425,602,454</u></b>	<b><u>150,156,251,588</u></b>	<b><u>377,912,190,210</u></b>	<b><u>306,463,142,476</u></b>	<b><u>2,590,841,870,383</u></b>
<b>Liabilities</b>								
Obligations with the public		156,294,429,431	239,450,344,682	255,437,210,862	46,552,976,200	297,046,408,723	34,470,475,299	1,029,251,845,197
Obligations with financial entities	7.52%	<u>6,614,612,326</u>	<u>39,240,992,378</u>	<u>2,763,696,949</u>	<u>0</u>	<u>37,908,512,994</u>	<u>0</u>	<u>86,527,814,647</u>
<b>Total matured liabilities (*)</b>		<b><u>162,909,041,757</u></b>	<b><u>278,691,337,060</u></b>	<b><u>258,200,907,811</u></b>	<b><u>46,552,976,200</u></b>	<b><u>334,954,921,717</u></b>	<b><u>34,470,475,299</u></b>	<b><u>1,115,779,659,844</u></b>
<b>Asset and liability gap</b>		<b>¢ <u>1,263,391,392,476</u></b>	<b><u>(81,107,087,638)</u></b>	<b><u>(125,775,305,357)</u></b>	<b><u>103,603,275,388</u></b>	<b><u>42,957,268,493</u></b>	<b><u>271,992,667,177</u></b>	<b><u>1,475,062,210,539</u></b>
<b>US Dollars:</b>								
<b>Assets</b>								
Investment in securities	2.58%	¢ 166,248,005,904	56,057,723,581	18,975,568,529	47,054,970,204	67,447,055,434	75,816,459,892	431,599,783,544
Loan portfolio	6.87%	<u>932,586,477,363</u>	<u>322,001,016,401</u>	<u>272,039,033,773</u>	<u>65,290,418,073</u>	<u>45,342,454,225</u>	<u>156,672,998,336</u>	<u>1,793,932,398,171</u>
<b>Total recovery of assets (*)</b>		<b><u>1,098,834,483,267</u></b>	<b><u>378,058,739,982</u></b>	<b><u>291,014,602,302</u></b>	<b><u>112,345,388,277</u></b>	<b><u>112,789,509,659</u></b>	<b><u>232,489,458,228</u></b>	<b><u>2,225,532,181,715</u></b>
<b>Liabilities</b>								
Obligations with the public		200,835,840,923	40,059,160,809	69,291,699,894	139,953,956,745	114,524,534,980	25,972,946,524	590,638,139,875
Demand deposits	0.29%							
Term deposits	1.77%							
Obligations with financial entities	0.69%	<u>28,722,815,516</u>	<u>67,039,305,988</u>	<u>75,108,946,762</u>	<u>157,529,280,599</u>	<u>139,289,850,493</u>	<u>85,541,667,941</u>	<u>553,231,867,299</u>
<b>Total matured liabilities (*)</b>		<b><u>229,558,656,439</u></b>	<b><u>107,098,466,797</u></b>	<b><u>144,400,646,656</u></b>	<b><u>297,483,237,344</u></b>	<b><u>253,814,385,473</u></b>	<b><u>111,514,614,465</u></b>	<b><u>1,143,870,007,174</u></b>
<b>Asset and liability gap</b>		<b>¢ <u>869,275,826,828</u></b>	<b><u>270,960,273,185</u></b>	<b><u>146,613,955,646</u></b>	<b><u>(185,137,849,067)</u></b>	<b><u>(141,024,875,814)</u></b>	<b><u>120,974,843,763</u></b>	<b><u>1,081,662,174,541</u></b>

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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 March 31, 2021, for ₡1.963.901.801.066 (₡1.880.234.752.982 and ₡1.475.062.210.539 for December and March, respectively) while in foreign currency the same difference is of ₡1.349.958.303.620 (₡1.383.692.688.370 and ₡1.081.662.174.540 for December and March 2020, 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 March 31, 2021, the total amount in local currency was of ₡437.606.234.682 (₡394.723.716.572 and ₡375.876.949.994 for December and March 2020, respectively) while in foreign currency, the collected data for the compliance of obligations was of ₡253.269.007.882 (₡267.967.607.717 and ₡221.799.394.210 for December and March 2020, 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.

During the first quarter of 2021, the exchange rate has had an upward trend, resulting in a daily volatility of 0.56% at the end of March.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US\$226 million (US\$235 million on as of December 2020).

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

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2021</b>
<b>ASSETS</b>				
Cash and due from banks	US\$	630,526,856	627,786,440	671,206,407
Investment in financial instruments		896,416,796	893,505,711	731,280,288
Loan portfolio		2,828,893,694	2,950,578,946	1,480,277,730
Accounts and interest receivable		14,726,577	11,169,487	8,922,987
Other assets		39,855,460	35,534,173	57,859,569
<b>Total assets</b>		<b><u>4,410,419,382</u></b>	<b><u>4,518,574,757</u></b>	<b><u>2,949,546,981</u></b>
<b>LIABILITIES</b>				
Obligations with the public		2,941,685,681	2,834,012,985	2,830,186,550
Obligations with de Central Bank of Costa Rica		2,019,276	0	0
Other financial obligations		1,091,659,585	1,293,962,636	1,334,922,965
Other accounts payable and provisions		36,796,712	40,797,322	46,820,720
Other liabilities		28,728,136	28,514,040	20,899,381
Subordinated obligations		0	0	0
<b>Total liabilities</b>		<b><u>4,100,889,390</u></b>	<b><u>4,197,286,983</u></b>	<b><u>4,232,829,616</u></b>
<b>Net position</b>	US\$	<b><u>309,529,991</u></b>	<b><u>321,287,774</u></b>	<b><u>(1,283,282,635)</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 March 31, 2021, the exchange rate of ¢615.81 per US\$1.00 (¢617.30 per US\$1.00 in December 2020 and ¢587.37 per US \$1.00 in March 2020) 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:

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Net position	US\$	309,529,990	321,287,775	(1,283,282,635)
Closing exchange rate		615.81	617.30	587.37
5% increase in the exchange rate		30.79	30.87	29.37
Profit	¢	<u>9,530,428,392</u>	<u>9,918,153,614</u>	<u>(37,690,010,990)</u>

Sensibility to a decrease in the exchange rate

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Net position	US\$	309,529,990	321,287,775	(1,283,282,635)
Closing exchange rate		615.81	617.30	587.37
5% decrease in the exchange rate		(30.79)	(30.87)	(29.37)
Profit	¢	<u>(9,530,428,392)</u>	<u>(9,918,153,614)</u>	<u>37,690,010,990</u>

Assets and liabilities in Euros are detailed as follows:

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Assets</b>				
Cash and due from banks	EUR€	7,692,482	7,344,314	6,123,715
Other assets		8,991	74	0
<b>Total assets</b>		<u>7,701,473</u>	<u>7,344,388</u>	<u>6,123,715</u>
<b>Liabilities</b>				
Obligations with the public		5,641,914	5,020,732	5,657,269
Other financial obligations		660,593	643,414	587,262
Other accounts payable and provisions		21,877	32,776	22,893
Other liabilities		9,937	773,368	0
<b>Total liabilities</b>		<u>6,334,321</u>	<u>6,470,290</u>	<u>6,267,424</u>
<b>Net position (surplus assets on monetary liabilities)</b>	EUR€	<u>1,367,152</u>	<u>874,098</u>	<u>(143,709)</u>

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As of March 31, 2021, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

		<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>Past due for over 30 days</b>	<b>Total</b>
<b>Assets</b>										
Cash and due from banks	US\$	257,113,312	0	0	0	0	0	50,000	0	257,163,312
Legal reserve account-BCCR		236,455,544	35,569,670	14,279,856	12,763,814	28,515,628	23,827,593	21,951,441	0	373,363,546
Investments in securities		473,837	273,767,480	48,554,737	21,240,564	18,541,851	76,860,687	450,452,530	0	889,891,686
Interest on investments		0	64,710	3,019,885	325,395	2,678,420	118,296	318,406	0	6,525,112
Loan portfolio		42,470,008	90,446,049	91,491,692	147,597,339	252,775,316	209,994,640	1,950,948,689	114,045,680	2,899,769,413
Interest on loans		49,152	2,830,441	403,508	740,440	4,765,826	1,788,817	9,190,720	0	19,768,904
<b>Total Assets</b>	US\$	<b>536,561,853</b>	<b>402,678,350</b>	<b>157,749,678</b>	<b>182,667,552</b>	<b>307,277,041</b>	<b>312,590,033</b>	<b>2,432,911,786</b>	<b>114,045,680</b>	<b>4,446,481,973</b>
<b>Liabilities</b>										
Obligations with the public	US\$	1,542,266,418	271,338,862	126,340,622	109,259,346	324,906,287	241,012,471	314,879,981	0	2,930,003,987
Obligations with the BCCR		2,019,276	0	0	0	0	0	0	0	2,019,276
Obligations with financial Entities		53,103,219	280,114,237	92,072,335	134,551,477	65,617,640	172,649,126	288,402,841	0	1,086,510,875
Charges payable on obligations		290,590	2,628,947	1,994,657	2,269,224	3,241,682	2,145,348	4,099,545	0	16,669,993
<b>Total Liabilities</b>		<b>1,597,679,503</b>	<b>554,082,046</b>	<b>220,407,614</b>	<b>246,080,047</b>	<b>393,765,609</b>	<b>415,806,945</b>	<b>607,382,367</b>	<b>0</b>	<b>4,035,204,131</b>
<b>Asset and liability gaps</b>	US\$	<b>(1,061,117,650)</b>	<b>(151,403,696)</b>	<b>(62,657,936)</b>	<b>(63,412,495)</b>	<b>(86,488,568)</b>	<b>(103,216,912)</b>	<b>1,825,529,419</b>	<b>114,045,680</b>	<b>411,277,842</b>

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		<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>Past due for over 30 days</b>	<b>Total</b>
<b>Assets</b>										
Cash and due from banks	US\$	271,869,675	0	0	0	0	0	135,762	0	272,005,437
Legal reserve account-BCCR		211,148,502	39,557,157	13,159,665	10,470,076	28,738,228	31,506,404	21,200,970	0	355,781,002
Investments in securities		261,913	316,489,732	22,615,493	2,003,263	82,846,667	106,222,370	355,867,100	0	886,306,538
Interest on investments		0	884,518	4,450,428	37,011	1,488,516	48,745	289,955	0	7,199,173
Loan portfolio		118,409,158	103,429,178	126,900,860	142,698,387	292,301,811	177,476,684	1,980,081,849	69,448,283	3,010,746,210
Interest on loans		384,441	3,022,118	6,796,741	5,745,512	1,779,809	2,314,729	6,116,691	3,576,729	29,736,770
	US\$	<u>602,073,689</u>	<u>463,382,703</u>	<u>173,923,187</u>	<u>160,954,249</u>	<u>407,155,031</u>	<u>317,568,932</u>	<u>2,363,692,327</u>	<u>73,025,012</u>	<u>4,561,775,130</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1,363,453,526	326,209,562	134,644,962	138,991,083	259,498,410	315,196,301	283,717,720	0	2,821,711,564
Obligations with financial entities		48,232,216	281,859,086	124,382,804	177,592,991	144,629,873	193,942,576	316,862,524	0	1,287,502,070
Charges payable on obligations		324,887	2,233,663	3,048,555	2,621,051	3,437,774	2,771,109	4,028,219	0	18,465,258
		<u>1,412,010,629</u>	<u>610,302,311</u>	<u>262,076,321</u>	<u>319,205,125</u>	<u>407,566,057</u>	<u>511,909,986</u>	<u>604,608,463</u>	<u>0</u>	<u>4,127,678,892</u>
<b>Asset and liability gaps</b>	US\$	<u>(809,936,940)</u>	<u>(146,919,608)</u>	<u>(88,153,134)</u>	<u>(158,250,876)</u>	<u>(411,026)</u>	<u>(194,341,054)</u>	<u>1,759,083,864</u>	<u>73,025,012</u>	<u>434,096,238</u>

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As of March 31, 2020

		<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>Past due for over 30 days</b>	<b>Total</b>
<b>Assets</b>										
Cash and due from banks	US\$	340,231,022	361,140	0	0	0	0	201,859	0	340,794,021
Legal reserve account-BCCR		193,119,977	32,916,629	9,801,904	13,189,133	30,490,072	25,302,237	25,592,434	0	330,412,386
Investments in securities		559,219	282,110,832	63,399,329	25,683,502	30,068,156	80,243,070	243,517,097	0	725,581,205
Interest on investments		0	279,432	3,934,281	656,187	628,780	20,195	162,399	0	5,681,274
Loan portfolio		71,963,202	167,821,248	136,183,841	159,344,899	341,203,178	237,436,354	1,902,589,304	102,414,854	3,118,956,880
Interest on loans		236,366	4,546,922	756,974	721,704	973,145	982,685	5,426,155	4,933,223	18,577,174
<b>Total Assets</b>	US\$	<b><u>606,109,786</u></b>	<b><u>488,036,203</u></b>	<b><u>214,076,329</u></b>	<b><u>199,595,425</u></b>	<b><u>403,363,331</u></b>	<b><u>343,984,541</u></b>	<b><u>2,177,489,248</u></b>	<b><u>107,348,077</u></b>	<b><u>4,540,002,940</u></b>
<b>Liabilities</b>										
Obligations with the public	US\$	1,330,431,581	268,513,703	85,414,377	110,544,236	297,551,291	360,936,634	362,818,941	0	2,816,210,763
Obligations with financial Entities		59,596,025	227,793,033	26,439,244	86,986,296	198,379,087	266,523,606	457,602,214	0	1,323,319,505
Charges payable on obligations		338,684	4,200,175	2,304,320	2,987,741	4,608,135	3,867,539	4,551,637	0	22,858,231
<b>Total Liabilities</b>		<b><u>1,390,366,290</u></b>	<b><u>500,506,911</u></b>	<b><u>114,157,941</u></b>	<b><u>200,518,273</u></b>	<b><u>500,538,513</u></b>	<b><u>631,327,779</u></b>	<b><u>824,972,792</u></b>	<b><u>0</u></b>	<b><u>4,162,388,499</u></b>
<b>Asset and liability gaps</b>	US\$	<b><u>(784,256,504)</u></b>	<b><u>(12,470,708)</u></b>	<b><u>99,918,388</u></b>	<b><u>(922,848)</u></b>	<b><u>(97,175,182)</u></b>	<b><u>(287,343,238)</u></b>	<b><u>1,352,516,456</u></b>	<b><u>107,348,077</u></b>	<b><u>377,614,441</u></b>

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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 March 31, 2021, the financial statements show a net foreign exchange loss of ¢209.538.031 (¢2.353.505.568, March 2020).

(g) Capital Management

During 2021, the Capital Management Process in the BCR Financial Conglomerate has been monitored and followed up, 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 behavior of capital requirements has increased in the last period due to the events caused by Covid 19, and its effect on the credit risk associated with customers, the migration of balances from term products to demand products, that increase the liquidity risk, and the increase in the volatility of the prices of investment instruments with an impact on the price risk.

(h) Systemic risk

Systemic Risk refers to the risk of a complete system collapse rather than a simple failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by links within the system, resulting in a severe economic recession.

Banco de Costa Rica is the second bank in total assets in the country and one of the most active issuers in the national stock market.

The BCR Financial Conglomerate are the size equivalent to 58% of the national production.

Due to the size and complexity of its operations, the BCR is a systemic entity; therefore, its performance and the decisions taken have effects on the National 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 the size, deposits, investment structure, concentration indicators applying methodologies such as the *Herfindahl Hirshman* Index, ratio of total assets / GDP and *Granger* causality networks, which allow obtaining the concentration, the size and infection, so that the information generated can be easily used for decision-making at different levels of the organization.

(i) Operational risk management

According to previous statements in compliance with the guidelines developed in the agreements of the Basel Committee and the intentions of the Supervisor, operating or operational risk is defined as the risk of loss resulting from inadequate use or failure of processes, personnel and internal systems or due to external events. This definition includes technological and legal risks, according to the generalized definition and the previous committee, but excludes the strategic and reputational risk.

The objective of the operational risk management is to minimize the financial losses of the Conglomerate, as well as achieving efficiency and effectiveness in the execution of processes and optimize its Internal Control System, for which an annual plan is established that incorporates the risk assessments to be carried out, and which is updated according to the internal and external environment, such as the Pandemic, which led to adjustments both in 2020 and in 2021.

Systemic risks, in their essence of correlation of losses, have made it necessary to strengthen the assessment of operational risk. Thus, in the assessments carried out, the identification and treatment of external factors that may directly affect potential risk events have been implemented. Currently in the Institution, events originated by external incidents have been identified, as well as those caused by failures in processes, systems or people.

On the other hand, the Covid-19 pandemic has increased alerts regarding technological risk because the population is online with banking platforms and thousands connect for the first time every day, which makes cyber insecurity represent a risk that must be attacked and obliges to increase operational capacity as soon as possible to analyze alerts, paying special attention to monitoring the efficiency of the equipment and its capacity. In addition to health measures, the Government has taken monetary and financial policy measures, with emphasis on liquidity to the financial system, in such a way that it forces operational risk management to be optimized. The operational risk can be increased by the number of processes carried out from home, when telecommuting is implemented.

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From this point of view, within the annual operational risk work plan, different risk assessments have been programmed in new services and products, such as in the payment arrangements for loans for business clients, SMEs, and people in financial repercussions due to the Covid-19 pandemic, that continues to hurt the country's economic situation.

Essentially, the model of management and control of operational risk in the Conglomerate establishes a valuation process that comprises the stages of identification, analysis, and assessment. In addition, it is done the control and mitigation, monitoring and information. Considering the above a set of qualitative and quantitative techniques and tools is developed that allow determining the risk level in the substantive processes; this from the estimate of the probability of occurrence of identified relevant events and their impact. It also includes the assessment of effectiveness of existing management measures, as well as the implementation of risk management plans.

Regarding the calculation of regulatory capital, the Bank uses the basic method; however, it has been proposed to soon start the project to evolve to the standard method proposed by the Basel Committee. However, the priority in the operational risk management continues to focus on prevention and mitigation in the relevant processes.

Moreover, tracing of the risk indicators resulting in mitigating actions that prevent from materializing the events and mitigation plans for those events that present deviations from the admissibility parameters.

Given the nature of the entity and the risks inherent to its activities, the risk of business interruption, system failures and external fraud is considered as relevant, for which periodic training programs are implemented on elements that collaborate in the early detection of cases. Likewise, there are mitigation plans that will be activated in case of non-compliance with the tolerance limit.

Through the automated OpRisk tool, the operational risks detected in the risk assessments are managed with their respective treatment plans. Additionally, the tool is fed with the materialized event reports recorded by the Bank's different offices, for which it has a consolidated database, complying with the provisions of the SUGEF Agreement 18-16.

As part of the results obtained from the compilation of these events, the database for operating losses has been created, which allows to analyze, by business line, branch and types of risk, the gross and net losses at which it has been exposed in various periods at the BCR; likewise, it allows us to study the effectiveness of the implemented measures.

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

<b>Type of operational risk</b>	<b>January to March 2021</b>
Business interruption and system failures	69.00%
External fraud	29.00%
Execution, delivery, and management of processes	1.00%
Clients, products, and business practices	1.00%
<b>Total</b>	<b>100.00%</b>

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

<b>Type of operational risk</b>	<b>December 2020</b>
Clients, products, and business practices	0.02%
Execution, delivery, and management of processes	34.02%
External fraud	56.53%
Internal fraud	0.01%
Business interruption and system failures	6.28%
Labor relations and safety in the workplace	3.13%
<b>Total</b>	<b>100.00%</b>

69% of business interruptions and system failures are due to overdrafts in checking and savings accounts.

Regarding the IT risk management occurring in the Conglomerate, it has an annual risk evaluation plan as established by SUGEF 14-17 “Regulation on management of information technology”, for critical applications, IT outsourcing service contracts, strategic projects, new products, and requests for products on demand. These exercises identify, analyze and take care of the main risk events that might affect the smooth operation of the technological platform.

In addition, as part of the IT risk management, indicators of the most relevant technological risks of the BCR Financial Conglomerate are considered and followed up on. For each of them there are corrective actions or a mitigation plan that is activated in the event of non-compliance with the tolerance or the established capacity. They regularly reviewed and updated in conjunction with 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.

This work is carried out in accordance with current internal regulations within which the Corporate Guidelines, Corporate Risk Provisions and Procedures to manage IT risks in the BCR Financial Conglomerate stand out. In addition, to strengthen technological risk management, The Bank is in the stage of approval of a methodology for its assessment.

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Business Continuity

(j) Business Impact Analysis

The contingency plan in the Commercial Offices contains the customer service protocols and the steps to be developed for the attention of critical services identified in the Business Impact Analysis (BIA). The common scenario of interruption is based mainly on the unavailability of services, which is the impact on communication between a commercial office and the Bank's Data Center.

The contingency plan test allows staff to exercise in the event of a real impact, in addition to identifying weaknesses, proposing improvements and adjusting existing procedures.

The Continuity Unit, together with the commercial and technology areas, manages the necessary adjustments for the correct operation of the contingency plan based on the errors identified and results obtained from testing, as well as preparing staff training programs to strengthen the culture on business continuity issues.

Through testing the effectiveness and efficiency of business continuity plans can be measured and assessed, and their results allow the Organization to acquire the ability to support, respond and resume the normal operation of its functions within a reasonable period of time, so that business is not compromised and thus minimize negative impacts that an interruption has on the organization.

Also, as part of the Business Continuity Management System, the Technology Management develops a test plan for the applications that support critical business processes, to validate the effectiveness of the recovery protocols for each critical application.

Finally, in terms of managing the risk of money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction, it continues to be a high priority at the institutional. 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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(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 March 31, 2021

Financial Information

(In colones without cents)

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>ASSETS</b>			
<b>Cash and due from banks</b>	¢ 274,565,092	1,246,277,231	518,985,591
Cash	274,565,092	1,246,277,231	518,985,591
<b>Investment in financial instruments</b>	<b>4,958,034,936</b>	<b>3,258,275,841</b>	<b>3,519,576,742</b>
At fair value with changes through profit or loss	2,009,222,658	2,506,287,491	0
At fair value with changes through other comprehensive income	2,927,302,261	750,000,000	3,501,356,000
Interest receivable	21,510,017	1,988,350	18,220,742
<b>Loan portfolio</b>	<b>31,306,747,797</b>	<b>30,075,564,068</b>	<b>29,584,917,864</b>
Current loans	29,938,582,224	29,303,490,006	25,384,224,083
Past due loans	1,539,104,178	915,738,825	4,208,018,258
Loans on legal collection	84,928,223	83,900,091	389,536,066
(Deferred income – loan portfolio)	(276,464,716)	(265,160,672)	(288,132,813)
Interest receivable	181,008,011	176,680,224	97,797,011
(Allowance for impairment)	(160,410,123)	(139,084,406)	(206,524,741)
<b>Accounts and comissions receivable</b>	<b>3,574,875</b>	<b>2,871,750</b>	<b>185,009</b>
Other accounts receivable	4,344,907	3,627,432	370,017
(Allowance for impairment)	(770,032)	(755,682)	(185,008)
<b>Other Assets</b>	<b>4,358,015</b>	<b>4,358,015</b>	<b>4,330,698</b>
Other Assets	4,358,015	4,358,015	4,330,698
<b>TOTAL ASSETS</b>	<b>¢ 36,547,280,715</b>	<b>34,587,346,905</b>	<b>33,627,995,904</b>
<b>LIABILITIES</b>			
<b>Accounts payable and provisions</b>	¢ 22,117,785	22,720,587	17,057,054
Other miscellaneous accounts payable	22,117,785	22,720,587	17,057,054
<b>Other liabilities</b>	<b>1,040,071</b>	<b>455,119</b>	<b>726,016</b>
Other liabilities	1,040,071	455,119	726,016
<b>TOTAL LIABILITES</b>	<b>¢ 23,157,856</b>	<b>23,175,706</b>	<b>17,783,070</b>
<b>EQUITY</b>			
<b>Contributions from Banco Central de Costa Rica</b>	¢ 26,014,386,470	24,366,546,259	24,366,546,259
Adjustments to equity – Other comprehensive income	0	0	(815)
Accumulated results from previous periods	10,197,624,940	8,943,182,201	8,943,182,201
Result of the current period	312,111,449	1,254,442,739	300,485,189
<b>TOTAL EQUITY</b>	<b>¢ 36,524,122,859</b>	<b>34,564,171,199</b>	<b>33,610,212,834</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>¢ 36,547,280,715</b>	<b>34,587,346,905</b>	<b>33,627,995,904</b>
<b>CONTINGENT DEBIT MEMORANDA ACCOUNTS</b>	¢ 0	0	14,031,306
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	¢ 0	5,753,706,249	
Own debit memoranda accounts	0	0	3,805,437,212

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**DEVELOPMENT FINANCING FUND  
STATEMENT OF INCOME**

For the periods ended March 31, 2021

Financial Information

*(In colones without cents)*

	<b>March 2021</b>	<b>March 2020</b>
<b>Financial income</b>		
For loan portfolio	¢ 369,327,881	470,162,396
For profit on held-for-trading financial instruments	0	4,815,366
Other financial income	2,723,424	815
<b>Total financial income</b>	<b><u>372,051,305</u></b>	<b><u>474,978,577</u></b>
<b>Financial expenses</b>		
For losses in exchange differences	371,902	0
<b>Total financial expenses</b>	<b><u>371,902</u></b>	<b><u>0</u></b>
For allowance on loan portfolio	21,593,592	4,939,580
For recovery of assets and decrease in allowance	2,062,116	7,563,710
<b>Financial income</b>	<b><u>352,147,927</u></b>	<b><u>477,602,707</u></b>
<b>Other operating income</b>		
For other operating income	95,000	0
For commissions for services	3,886,499	7,415,218
<b>Total other operating income</b>	<b><u>3,981,499</u></b>	<b><u>7,415,218</u></b>
<b>Other operating expenses</b>		
For foreclosed assets	411,364	0
For other operating expenses	43,606,613	184,532,736
<b>Total administrative expenses</b>	<b><u>44,017,977</u></b>	<b><u>184,532,736</u></b>
<b>Operating income, gross</b>	<b><u>¢ 312,111,449</u></b>	<b><u>300,485,189</u></b>

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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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Agriculture, livestock, hunting and related services	¢ 10,034,544,089	9,819,784,391	8,975,556,631
Fishing and aquaculture	23,672,166	11,172,166	0
Industria manufacturera	4,671,573,056	4,683,555,594	4,434,995,743
Trade	280,969,748	124,626,151	47,657,490
Services	14,802,469,861	13,905,247,401	14,613,060,216
Trasnportation	161,521,509	167,919,566	182,979,682
Financial activity and stock exchange	1,049,378,730	1,106,957,428	1,262,205,797
Hotels and restaurants	219,634,815	224,491,195	229,319,525
Education	109,576,002	65,574,671	44,304,731
	<u>31,562,614,625</u>	<u>30,303,128,922</u>	<u>29,981,778,407</u>
Plus: interest receivable	181,008,011	176,680,224	97,797,011
Less: Deferred income – loan portfolio	(276,464,716)	(265,160,672)	(288,132,813)
Allowance for impairment	(160,410,123)	(139,084,406)	(206,524,741)
	<u>¢ 31,306,747,797</u>	<u>30,075,564,068</u>	<u>29,584,917,864</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Up to date	¢ 29,938,582,224	29,303,490,006	25,384,224,083
1 to 30 days	1,428,787,487	753,633,934	2,808,193,282
31 to 60 days	101,629,669	102,520,739	892,192,651
61 to 90 days	0	9,835,341	388,687,569
91 to 120 days	4,687,022	47,748,810	97,236,566
121 to 180 days	2,000,000	0	174,693,007
More than 180 days	2,000,000	2,000,000	236,551,249
Legal collection	84,928,223	83,900,092	0
	<b>¢ 31,562,614,625</b>	<b>30,303,128,922</b>	<b>29,981,778,407</b>

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:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Number of operations	8	7	12
Past due loans in non-accrual status of interest	¢ 86,928,223	85,900,092	236,551,249
Past due loans for which interest is recognized	¢ 1,537,104,178	913,738,824	4,361,003,075
Total unearned interest	¢ 21,482,836	38,562,236	21,116,143



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As of March 31, 2021, loans on legal collection are as follows:

# operations	Percentage	Balance
7	0.27%	¢ <u>84,928,223</u>

As of December 31, 2020, loans on legal collection are as follows:

# operations	Percentage	Balance
6	0.28%	¢ <u>83,900,091</u>

As of March 31, 2020, loans on legal collection are as follows:

# operations	Percentage	Balance
11	1.30%	¢ <u>389,536,066</u>

d) Interest receivable on loan portfolio

Interest receivable is as follows:

	March 2021	December 2020	March 2020
Current loans	¢ 170,422,048	167,578,015	42,554,757
Past due loans	8,143,199	6,119,658	33,623,775
Loans on legal collection	2,442,764	2,982,551	19,267,253
	¢ <u>181,008,011</u>	<u>176,680,224</u>	<u>95,445,785</u>

e) Allowance for bad loans

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

As of March 31, 2021:

<b>Opening balance 2021</b>	¢	<b>139,084,406</b>
Plus:		
Allowance charged to profit or loss		21,572,277
Transfer of balances		5,306
Less:		
Adjustment for exchange rate differences		(2,078)
Adjustments for exchange differences		(249,788)
<b>Balance as of March 31, 2021</b>	¢	<b><u>160,410,123</u></b>

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As of December 31, 2020

<b>Opening balance 2020</b>	¢	<b>197,505,723</b>
Plus:		
Allowance charged to profit or loss		173,117,759
Transfer of balances		52,104
Adjustments for exchange differences		22,040,303
Less:		
Transfer to outstanding balances		(10,681,080)
Reversal of allowance against income		(242,950,403)
<b>Balance as of December 31, 2020</b>	¢	<b><u>139,084,406</u></b>

As of March 31, 2020

<b>Opening balance 2020</b>	¢	<b>197,505,723</b>
Plus:		
Allowance charged to profit or loss		6,367,114
Adjustments for exchange differences		20,401,248
Less:		
Transfer to outstanding balances		(10,681,080)
Reversal of allowance against income		(7,068,264)
<b>Balance as of March 31, 2020</b>	¢	<b><u>206,524,741</u></b>

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Guarantee</b>			
Fiduciary	¢ 158,099,715	162,133,222	0
Mortgage	19,929,673,969	19,106,693,082	7,135,642,139
Chattel	679,282,218	686,037,251	9,244,163,981
Others	10,795,558,723	10,348,265,367	13,601,972,287
	¢ <b><u>31,562,614,625</u></b>	<b><u>30,303,128,922</u></b>	<b><u>29,981,778,407</u></b>

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

	<b>Direct Loan Portfolio</b>		
	<b>March</b>	<b>December</b>	<b>March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Principal	¢ 31,562,614,625	30,303,128,922	29,981,778,407
Interest receivable	181,008,011	176,680,224	97,797,011
	<u>31,743,622,636</u>	<u>30,479,809,146</u>	<u>30,079,575,418</u>
Allowance for bad loans	(160,410,123)	(139,084,406)	(206,524,741)
Carrying amount	¢ <u>31,583,212,513</u>	<u>30,340,724,740</u>	<u>29,873,050,677</u>
<b>Loan portfolio</b>			
Total balances			
A1	¢ 1,064,082,240	1,113,040,692	0
C2	2,230,009	3,291,111	0
1	29,898,052,066	28,529,599,737	26,498,662,409
2	14,145,467	63,731,314	790,022,572
3	263,956,118	237,251,665	1,930,450,376
4	399,609,339	443,976,165	413,761,060
5	15,480,892	0	197,688,911
6	86,066,505	88,918,462	248,990,090
	<u>31,743,622,636</u>	<u>30,479,809,146</u>	<u>30,079,575,418</u>
Minimum allowance	(136,669,519)	(95,859,116)	(177,505,649)
Carrying amount, net	¢ <u>31,606,953,117</u>	<u>30,383,950,030</u>	<u>29,902,069,769</u>
Carrying amount	31,743,622,636	30,479,809,146	30,079,575,418
Allowance for bad loans	(136,669,519)	(95,859,116)	(177,505,649)
Allowance (surplus) deficit on minimum allowance	(23,740,604)	(43,225,290)	(29,019,092)
Carrying amount, net	6a ¢ <u>31,583,212,513</u>	<u>30,340,724,740</u>	<u>29,873,050,677</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

As of March 31, 2021

Loan portfolio	<b>Direct Loan Portfolio</b>			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 29,898,052,067	18,772,114,446	11,125,937,622	75,168,028
A1	1,064,082,239	0	1,064,082,239	5,320,411
	<u>30,962,134,306</u>	<u>18,772,114,446</u>	<u>12,190,019,861</u>	<u>80,488,439</u>
Direct specific allowance				
2	14,145,467	10,595,678	3,549,789	230,468
3	263,956,118	251,101,222	12,854,896	4,469,230
4	399,609,339	367,960,508	31,648,830	17,664,218
5	15,480,892	15,342,185	138,707	173,806
6	86,066,505	52,697,786	33,368,719	33,632,208
C2	2,230,009	2,230,009	0	11,150
	<u>781,488,330</u>	<u>699,927,388</u>	<u>81,560,941</u>	<u>56,181,080</u>
	¢ <u>31,743,622,636</u>	<u>19,472,041,834</u>	<u>12,271,580,802</u>	<u>136,669,519</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of December 31, 2020

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,252,641,974,421	1,616,745,472,141	635,896,502,295	(11,263,209,927)	216,785,669,119	(150,417,045)
A2	51,079,575,869	43,707,121,566	7,372,454,303	(255,397,880)	993,773,116	0
1	51,254,492,919	24,067,555,806	27,186,937,112	(131,646,647)	0	0
	<u>2,303,721,550,290</u>	<u>1,660,452,593,707</u>	<u>643,268,956,598</u>	<u>(11,518,607,807)</u>	<u>217,779,442,235</u>	<u>(150,417,045)</u>
Direct specific allowance						
B1	317,076,523,159	242,166,880,501	74,909,642,657	(4,956,316,537)	4,750,549,387	(17,061,287)
B2	18,952,645,155	17,753,340,695	1,199,304,460	(208,697,151)	111,877,247	0
C1	50,179,872,607	41,371,337,690	8,808,534,917	(2,418,190,331)	6,386,300,335	(14,894,140)
C2	17,670,359,057	15,524,240,196	2,146,118,861	(1,150,680,632)	73,620,031	0
D	46,374,944,688	36,814,962,263	9,559,982,425	(7,027,310,418)	1,036,645,186	(117,047,059)
E	161,787,877,221	99,737,215,863	62,050,661,358	(54,442,469,520)	2,426,360,346	(2,082,459)
1	51,254,492,919	24,067,555,806	27,186,937,112	(131,646,647)	0	0
2	63,731,314	61,710,563	2,020,751	(409,590)	0	0
3	348,996,233	336,391,423	12,604,810	(4,833,160)	0	0
4	723,703,593	705,766,328	17,937,265	(12,497,464)	0	0
6	88,918,462	86,631,652	2,286,810	(2,719,968)	0	0
	<u>664,522,064,408</u>	<u>478,626,032,980</u>	<u>185,896,031,426</u>	<u>(70,355,771,418)</u>	<u>14,785,352,532</u>	<u>(151,084,945)</u>
¢	<u>2,968,243,614,698</u>	<u>2,139,078,626,687</u>	<u>829,164,988,024</u>	<u>(81,874,379,225)</u>	<u>232,564,794,767</u>	<u>(301,501,990)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of March 31, 2020

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	26,498,662,409	15,482,884,430	11,015,777,979	63,497,489
	<u>26,498,662,409</u>	<u>15,482,884,430</u>	<u>11,015,777,979</u>	<u>63,497,489</u>
Direct specific allowance				
2	790,022,572	741,903,481	48,119,091	6,115,472
3	1,930,450,376	1,626,511,335	303,939,041	84,117,317
4	413,761,060	393,299,564	20,641,496	12,197,246
5	197,688,911	192,543,657	5,145,255	4,564,397
6	248,990,090	243,176,955	5,813,134	7,013,728
	<u>¢ 3,580,913,009</u>	<u>3,197,434,992</u>	<u>383,658,017</u>	<u>114,008,160</u>
	<u>¢ 30,079,575,418</u>	<u>18,680,319,422</u>	<u>11,399,435,996</u>	<u>177,505,649</u>

As of March 31, 2021

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 30,109,004,272	18,015,943,310	12,093,060,963	71,742,467
Equal or less than 30 days	1,433,886,847	1,294,884,045	139,002,802	3,425,560
Equal or less than 180 days	0	0	0	5,320,411
	<u>31,542,891,119</u>	<u>19,310,827,355</u>	<u>12,232,063,765</u>	<u>80,488,438</u>
Direct specific allowance				
Equal or less than 60 days	104,578,360	98,430,041	6,148,318	22,487,290
Equal or less than 180 days	10,086,652	10,086,652	0	61,583
More than 180 days	86,066,505	52,697,786	33,368,719	33,632,208
	<u>¢ 200,731,517</u>	<u>161,214,479</u>	<u>39,517,037</u>	<u>56,181,081</u>
	<u>¢ 31,743,622,636</u>	<u>19,472,041,834</u>	<u>12,271,580,802</u>	<u>136,669,519</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of December 31, 2020

Loan portfolio

Aging loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
Up to date	¢ 2,267,270,150,153	1,630,532,744,207	636,737,405,959	(11,466,141,660)	217,779,442,235	(150,417,046)
Equal or less than 30 days	35,941,488,451	29,533,210,561	6,408,277,890	(181,544,128)	0	0
Equal or less than 60 days	509,911,688	386,638,939	123,272,749	(2,568,667)	0	0
	<u>2,303,721,550,292</u>	<u>1,660,452,593,707</u>	<u>643,268,956,598</u>	<u>(11,650,254,455)</u>	<u>217,779,442,235</u>	<u>(150,417,046)</u>
Direct specific allowance						
Up to date	522,783,216,599	386,234,620,346	136,548,596,253	(30,572,674,886)	14,741,352,532	(149,284,855)
Equal or less than 30 days	23,306,055,364	17,517,152,270	5,788,903,094	(4,422,115,734)	0	0
Equal or less than 60 days	26,170,163,849	18,632,086,433	7,538,077,416	(2,072,318,302)	0	0
Equal or less than 90 days	12,930,556,366	9,033,452,404	3,897,103,963	(1,922,228,958)	0	0
Equal or less than 180 days	10,277,689,598	6,267,983,386	4,009,706,211	(3,422,480,751)	0	0
More than 180 days	69,054,382,630	40,940,738,141	28,113,644,489	(27,812,306,139)	44,000,000	(1,800,089)
	<u>664,522,064,406</u>	<u>478,626,032,980</u>	<u>185,896,031,426</u>	<u>(70,224,124,770)</u>	<u>14,785,352,532</u>	<u>(151,084,944)</u>
	¢ <u>2,968,243,614,698</u>	<u>2,139,078,626,687</u>	<u>829,164,988,024</u>	<u>(81,874,379,225)</u>	<u>232,564,794,767</u>	<u>(301,501,990)</u>

As of March 31, 2020

Loan portfolio

Aging loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
Up to date	25,429,449,259	14,561,959,000	10,867,490,258	57,496,566
Equal or less than 30 days	2,823,429,470	2,407,479,453	415,950,017	6,000,923
	<u>28,252,878,729</u>	<u>16,969,438,453</u>	<u>11,283,440,275</u>	<u>63,497,489</u>
Direct specific allowance				
Equal or less than 60 days	902,166,569	837,137,012	68,087,588	85,167,601
Equal or less than 90 days	396,980,279	357,152,505	36,769,743	16,858,080
Equal or less than 180 days	278,559,752	273,414,497	5,145,255	4,968,751
More than 180 days	248,990,089	243,176,955	5,813,135	7,013,728
	<u>1,826,696,689</u>	<u>1,710,880,969</u>	<u>115,815,721</u>	<u>114,008,160</u>
	¢ <u>30,079,575,418</u>	<u>18,680,319,422</u>	<u>11,399,255,996</u>	<u>177,505,649</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

As of March 31, 2021	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 29,898,052,067	29,822,884,039
2	14,145,467	13,914,999
3	263,956,118	259,486,888
4	399,609,339	381,945,121
5	15,480,892	15,307,086
6	86,066,505	52,434,297
A1	1,064,082,239	1,058,761,828
C2	2,230,009	2,218,859
	¢ <u>31,743,622,636</u>	<u>31,606,953,117</u>

As of December 31, 2020	Loans receivable from clients	
	Gross	Net
Risk category:		
A1	¢ 2,252,641,974,421	2,241,378,764,495
A2	51,079,575,869	50,824,177,989
B1	317,076,523,159	312,120,206,622
B2	18,952,645,155	18,743,948,005
C1	50,179,872,607	47,761,682,276
C2	17,670,359,057	16,519,678,424
D	46,374,944,688	39,347,634,270
E	161,787,877,221	107,345,407,701
1	51,254,492,919	51,122,846,271
2	63,731,314	63,321,724
3	348,996,233	344,163,073
4	723,703,593	711,206,129
5		
6	88,918,462	86,198,494
	¢ <u>2,968,243,614,698</u>	<u>2,886,369,235,473</u>

As of March 31, 2020	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 26,498,662,409	26,435,164,920
2	790,022,572	783,907,100
3	1,930,450,376	1,846,333,059
4	413,761,060	401,563,814
5	197,688,911	193,124,515
6	248,990,090	241,976,361
	¢ <u>30,079,575,418</u>	<u>29,902,069,769</u>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

(41) Situation of the Development Credit Fund

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

**DEVELOPMENT CREDIT FUND  
STATEMENT OF FINANCIAL POSITION**

As of March 31, 2021  
Financial Information  
(In colones without cents)

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Assets</b>			
<b>Cash and due from banks</b>	¢ <b>808,959,851</b>	<b>572,602,946</b>	<b>998,709,026</b>
Banco Central de Costa Rica	808,959,851	572,602,946	998,709,026
<b>Investments in financial instruments</b>	<b>128,627,449,715</b>	<b>148,054,359,961</b>	<b>119,901,550,353</b>
At fair value through profit or loss	2,982,428,660	5,202,208,883	0
At fair value through other comprehensive income	124,162,175,998	141,088,054,191	118,632,881,113
At amortized cost	241,585,308	100,004,167	180,004,000
Interest receivable	1,241,259,749	1,664,092,720	1,088,665,240
<b>Loan portfolio</b>	<b>31,968,645,406</b>	<b>22,741,655,708</b>	<b>27,356,923,554</b>
Current loans	32,211,007,626	22,921,063,273	27,255,701,512
Past due loans	108,500,620	110,874,791	394,545,510
(Deferred income – loan portfolio)	(382,318,299)	(308,265,463)	(316,139,581)
Interest receivable	127,795,835	84,427,114	105,922,811
(Allowance for impairment)	(96,340,376)	(66,444,007)	(83,106,698)
<b>Accounts and commissions receivable</b>	<b>429,796</b>	<b>198,395,367</b>	<b>0</b>
Tax and deferred income tax	429,796	198,395,367	0
<b>Other assets</b>	<b>557,051,979</b>	<b>394,071,324</b>	<b>0</b>
Other assets	557,051,979	394,071,324	0
<b>Total assets</b>	¢ <b>161,962,536,747</b>	<b>171,961,085,306</b>	<b>148,077,178,933</b>
<b>Liabilities</b>			
<b>Obligations with entities</b>	¢ <b>157,832,658,223</b>	<b>168,090,921,427</b>	<b>147,097,016,553</b>
Demand	157,832,658,223	168,090,921,427	147,097,016,553
<b>Accounts payable and provisions</b>	<b>863,279,023</b>	<b>378,106,823</b>	<b>0</b>
Deferred income tax	863,279,023	378,106,823	0
<b>Other liabilities</b>	<b>378,160,500</b>	<b>697,720,716</b>	<b>513,223,664</b>
Other liabilities	378,160,500	697,720,716	342,398,762
Deferred income	0	0	170,824,902
<b>Total liabilities</b>	¢ <b>159,074,097,746</b>	<b>169,166,748,966</b>	<b>147,439,415,315</b>
<b>EQUITY</b>			
<b>Adjustments to equity – Other comprehensive income</b>	¢ <b>0</b>	<b>0</b>	<b>(13,200,637)</b>
Result of the previous period	¢ <b>2,363,155,670</b>	<b>844,374,416</b>	<b>0</b>
Income of the current period	<b>525,283,331</b>	<b>1,949,961,924</b>	<b>650,964,255</b>
<b>Total equity</b>	¢ <b>2,888,439,001</b>	<b>2,794,336,340</b>	<b>637,763,618</b>
<b>Total liabilities and equity</b>	¢ <b>161,962,536,747</b>	<b>171,961,085,306</b>	<b>148,077,178,933</b>
<b>Other debit memoranda accounts</b>			
Other debit memoranda accounts	¢ 12,994,506,521	16,243,717,176	16,038,982,041
Own debit memoranda accounts	¢ 13,802,790	6,083,172	12,467,213

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

**DEVELOPMENT CREDIT FUND  
STATEMENT OF INCOME**

For the period ended March 31, 2021

Financial Information

(In colones without cents)

	<b>March 2021</b>	<b>March 2020</b>
<b>Financial income</b>		
For investments in financial instruments	¢ 1,771,669,592	1,249,854,131
For loan portfolio	313,671,828	278,208,703
For exchange rate differences	0	538,653,091
Other financial income	<u>97,399,105</u>	<u>210,106,946</u>
<b>Total financial income</b>	<b><u>2,182,740,525</u></b>	<b><u>2,276,822,871</u></b>
<b>Financial expenses</b>		
For obligations with the public	312,316,824	498,700,934
For losses of exchange rate differences	102,538,345	0
For losses of available-for-sale financial assets		
Other financial expenses	<u>2,592,200</u>	<u>4,688,251</u>
<b>Total financial expenses</b>	<b><u>417,447,369</u></b>	<b><u>503,389,185</u></b>
Recovery of assets and decrease in allowance	37,910,614	530,254,193
For recovery of assets and decrease in allowance	<u>83,149,824</u>	<u>30,766,911</u>
<b>Financial income</b>	<b>¢ <u>1,810,532,366</u></b>	<b><u>1,273,946,404</u></b>
<b>Other operating income</b>		
For service commissions and fees	980	0
For exchange and arbitration. foreign currency	51,078,043	105,024,516
For other operating expenses	<u>2,322,462</u>	<u>186,501,446</u>
<b>Total other operating income</b>	<b>¢ <u>53,401,485</u></b>	<b><u>291,525,962</u></b>
<b>Other operating expenses</b>		
For exchange and arbitration. foreign currency	16,999,657	59,048,641
For other operating expenses	<u>15,028,885</u>	<u>155,319,948</u>
<b>Total other operating expenses</b>	<b>¢ <u>32,028,542</u></b>	<b><u>214,368,589</u></b>
<b>Gross operating</b>	<b>¢ <u>1,831,905,309</u></b>	<b><u>1,351,103,777</u></b>
Profit transferred to the National Development Trust	<u>1,306,621,978</u>	<u>700,139,522</u>
<b>Total comprehensive income of the period</b>	<b>¢ <u>525,283,331</u></b>	<b><u>650,964,255</u></b>
<b>Statutory allocations</b>		
Transfer to the National Development Trust	¢ 1,306,621,978	700,139,522
Commission for management of the National Development Trust	<u>525,283,331</u>	<u>650,964,255</u>
	<b>¢ <u>1,831,905,309</u></b>	<b><u>1,351,103,777</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

March 31, 2021

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

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
At fair value through profit or loss	¢ 2,982,428,660	5,202,208,883	0
At fair value through other comprehensive income	124,162,175,998	141,088,054,191	118,632,881,113
At amortized cost	241,585,308	100,004,167	0
Interest receivable for investments at fair value through other comprehensive income	1,241,259,749	1,664,092,720	1,088,665,240
	<b>¢ 128,627,449,715</b>	<b>148,054,359,961</b>	<b>119,721,546,353</b>
	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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	¢ 2,982,428,660	5,202,208,883	0
	<b>¢ 2,982,428,660</b>	<b>5,202,208,883</b>	<b>0</b>
	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</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	¢ 84,769,850,870	0	2,573,379,150
State-owned Banks	39,392,325,128	141,088,054,191	116,059,501,963
	<b>¢ 124,162,175,998</b>	<b>141,088,054,191</b>	<b>118,632,881,113</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% of 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

March 31, 2021

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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Sector</b>			
Agriculture, livestock. Hunting and related services	¢ 22,014,252,546	9,538,035,262	16,848,308,878
Manufacturing	9,972,966,842	11,398,279,034	8,126,265,021
Trade	6,000,000	6,000,000	8,000,000
Services	326,288,858	2,089,623,768	2,667,673,123
	32,319,508,246	23,031,938,064	27,650,247,022
Plus: Interest receivable	127,795,835	84,427,114	105,922,811
Less: Deferred income-loan portfolio	(382,318,299)	(308,265,463)	(316,139,581)
Allowance for impairment	(96,340,376)	(66,444,007)	(83,106,698)
	¢ <b>31,968,645,406</b>	<b>22,741,655,708</b>	<b>27,356,923,554</b>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Up to date	¢ 32,211,007,626	22,921,063,273	27,255,701,512
31 to 60 days	108,500,620	0	394,545,510
61 to 90 days	0	110,874,791	0
	¢ <b>32,319,508,246</b>	<b>23,031,938,064</b>	<b>27,650,247,022</b>

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>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Delinquent and past due loans with interest recognition	¢ 108,500,620	110,874,791	394,545,510
Total of not received interest	¢ 13,802,790	6,083,172	12,467,213

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d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Current loans	¢ 127,112,537	83,557,337	101,016,899
Past due loans	683,298	869,777	4,905,912
	¢ <b>127,795,835</b>	<b>84,427,114</b>	<b>105,922,811</b>

e) Allowance for impairment of loan portfolio

As of March 31, 2021

<b>Balance at the beginning of 2021</b>	¢ <b>66,444,007</b>
Plus:	
Allowance to profit or loss	29,967,665
Less:	
Adjustment for exchange differences	(71,296)
<b>Balance as of March 31, 2021</b>	¢ <b>96,340,376</b>

As of December 31, 2020

<b>Balance at the beginning of 2020</b>	¢ <b>70,058,329</b>
Plus:	
Allowance to profit or loss	23,137,384
Adjustment for exchange differences	2,598,947
Less:	
Adjustment for exchange differences	(488,607)
Reversion of allowance against income	(28,862,046)
<b>Balance as of December 31, 2020</b>	¢ <b>66,444,007</b>

As of March 31, 2020

<b>Balance at the beginning of 2020</b>	¢ <b>70,058,329</b>
Plus:	
Allowance to profit or loss	20,632,838
Adjustment for exchange differences	1,188,940
Less:	
Reversion of allowance against income	(8,773,409)
<b>Balance as of March 31, 2020</b>	¢ <b>83,106,698</b>

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f) Loan portfolio by kind of guarantee:

		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
<b>Guarantee</b>				
Mortgage	¢	484,228,890	489,542,633	4,910,620,903
Chattel		812,752,002	846,792,078	11,429,540,941
Other		31,022,527,354	21,695,603,353	11,310,085,178
	¢	<u><b>32,319,508,246</b></u>	<u><b>23,031,938,064</b></u>	<u><b>27,650,247,022</b></u>

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

		<b>Direct Loan Portfolio</b>		
		<b>March 2021</b>	<b>December 2020</b>	<b>March 2020</b>
Principal	¢	32,319,508,246	23,031,938,064	27,650,247,022
Interest receivable		127,795,835	84,427,114	105,922,811
		32,447,304,081	23,116,365,178	27,756,169,833
Allowance for bad loans		(96,340,376)	(66,444,007)	(83,106,698)
Carrying amount	¢	<u><b>32,350,963,705</b></u>	<u><b>23,049,921,171</b></u>	<u><b>27,673,063,135</b></u>
<b>Loan portfolio</b>				
Total balances				
1	¢	32,059,071,872	22,724,893,182	27,356,718,411
3		109,183,918	111,744,568	399,451,422
4		279,048,291	279,727,428	0
		32,447,304,081	23,116,365,178	27,756,169,833
Minimum allowance		(85,172,124)	(61,860,080)	(72,312,495)
Carrying amount, net	¢	<u><b>32,362,131,957</b></u>	<u><b>23,054,505,098</b></u>	<u><b>27,683,857,338</b></u>
Carrying amount		32,447,304,081	23,116,365,178	27,756,169,833
Allowance for bad loans		(85,172,124)	(61,860,080)	(72,312,495)
Allowance (surplus) deficit on minimum allowance		(11,168,252)	(4,583,927)	(10,794,203)
Carrying amount, net	6a ¢	<u><b>32,350,963,705</b></u>	<u><b>23,049,921,171</b></u>	<u><b>27,673,063,135</b></u>

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The assessed loan portfolio including allowance is detailed as follows:

As of March 31, 2021

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ <u>32,059,071,872</u>	<u>7,044,580,543</u>	<u>25,014,491,329</u>	<u>83,230,963</u>
	32,059,071,872	7,044,580,543	25,014,491,329	83,230,963
Direct specific allowance				
2	109,183,918	109,183,918	0	545,920
3	279,048,291	279,048,291	0	1,395,241
	<u>388,232,209</u>	<u>388,232,209</u>	<u>0</u>	<u>1,941,161</u>
¢	<u>32,447,304,081</u>	<u>7,432,812,752</u>	<u>25,014,491,329</u>	<u>85,172,124</u>
Loan portfolio				
Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
Up to date	¢ <u>32,338,120,163</u>	<u>7,323,628,835</u>	<u>25,014,491,329</u>	<u>83,230,963</u>
	32,338,120,163	7,323,628,835	25,014,491,329	83,230,963
Direct specific allowance	Principal	Covered balance	Overdraft	Allowance
Up to date				
Equal to or less than 30 days	109,183,918	109,183,917	0	1,941,161
	<u>109,183,918</u>	<u>109,183,917</u>	<u>0</u>	<u>1,941,161</u>
¢	<u>32,447,304,081</u>	<u>7,432,812,752</u>	<u>25,014,491,329</u>	<u>85,172,124</u>

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As of December 31, 2020

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance 1	¢ 22,724,893,182	5,874,960,777	16,849,932,405	59,902,720
	<u>22,724,893,182</u>	<u>5,874,960,777</u>	<u>16,849,932,405</u>	<u>59,902,720</u>
Direct generic allowance 3	111,744,568	111,744,568	0	558,723
4	279,727,428	279,727,428	0	1,398,637
	<u>391,471,996</u>	<u>391,471,996</u>	<u>0</u>	<u>1,957,360</u>
	¢ <u>23,116,365,178</u>	<u>6,266,432,773</u>	<u>16,849,932,405</u>	<u>61,860,080</u>
Loan portfolio Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance Up to date	¢ 23,004,620,610	6,154,688,205	16,849,932,405	59,902,720
	<u>23,004,620,610</u>	<u>6,154,688,205</u>	<u>16,849,932,405</u>	<u>59,902,720</u>
Direct generic allowance Equal to or less than 90 days	111,744,568	111,744,568	0	1,957,360
	<u>111,744,568</u>	<u>111,744,568</u>	<u>0</u>	<u>1,957,360</u>
	¢ <u>23,116,365,178</u>	<u>6,266,432,773</u>	<u>16,849,932,405</u>	<u>61,860,080</u>



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As of March 31, 2020

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	27,356,718,411	6,268,487,319	21,088,231,092	70,315,238
	27,356,718,411	6,268,487,319	21,088,231,092	70,315,238
Direct specific allowance				
3	399,451,422	399,451,422	0	1,997,257
	¢ 399,451,422	399,451,422	0	1,997,257
	¢ 27,756,169,833	6,667,938,741	21,088,231,092	72,312,495
Loan portfolio				
Aging loan portfolio				
Direct generic allowance				
Up to date	¢ 27,356,718,411	6,268,487,319	21,088,231,092	70,315,238
	27,356,718,411	6,268,487,319	21,088,231,092	70,315,238
Direct specific allowance				
Equal or less than 30 days	177,755,527	177,755,527	0	888,778
Equal or less than 60 days	221,695,895	221,695,895	0	1,108,479
	¢ 399,451,422	399,451,422	0	1,997,257
	¢ 27,756,169,833	6,667,938,741	21,088,231,092	72,312,495

As of March 31, 2021	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 32,059,071,872	31,975,840,909
3	109,183,918	108,637,998
4	279,048,291	277,653,050
	¢ 32,447,304,081	32,362,131,957

As of December 31, 2020	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 22,724,893,182	22,664,990,462
3	111,744,568	111,185,845
4	279,727,428	278,328,791
	¢ 23,116,365,178	23,054,505,098

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As of March 31, 2020 Risk category:	Loans receivable from clients	
	Gross	Net
1	¢ 27,356,718,411	27,286,403,172
3	399,451,422	397,454,165
	¢ <u>27,756,169,833</u>	<u>27,683,857,337</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 March 31, 2021 resources have been transferred from the Development Credit Fund.

	March 2021	December 2020	March 2020
Banco Scotiabank	¢ 8,533,361,610	0	0
Banco Promerica	¢ 661,995,750	10,198,963,905	0
	¢ <u>9,195,357,360</u>	<u>10,198,963,905</u>	<u>0</u>

(42) Merger of Banco Crédito Agrícola de Cartago

On September 10, 2018, the bill "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" was approved by the Legislative Assembly. The Law approved by the Congress establishes that the operative merger between Bancrédito and BCR will be effective within a maximum period of 60 working days, after the Law comes into effect.

The Law "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", Legislative Decree N° 9605, File N° 20-366, became effective as of September 19, 2018, after it was published in the official paper La Gaceta. As result of this merger, Banco Crédito Agrícola will be ceased as a legal entity and its net assets will be transferred to Banco de Costa Rica, which will be a full party as of the effective date of this Law.

From September 19, 2018, the subsidiaries that belonged to Bancrédito became part of the BCR Financial Conglomerate, which are: Bancrédito Agencia de Seguros, S.A. and Depósito Agrícola de Cartago, S.A. and its subsidiary (DACSA).

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According to Law 9605, Article 1, Absorption of Banco Crédito Agrícola de Cartago by Banco de Costa Rica, it indicates that the shares of Bancrédito's subsidiaries will be understood as fully transferred to Banco de Costa Rica, which will assess to keep them in operation, sale or settlement, within the maximum and non-extendable period of eighteen calendar months after the entry into force of this law, within which period it will be authorized to act as the sole shareholder of such companies.

The accounting record of the transfer of the subsidiaries generated an account payable that will be settled at the time of the merger.

The values of the acquired assets and liabilities are presented as follows:

<b>Assets</b>	
Availabilities	¢ 10,669,426,874
Investment securities and deposits	33,048,470,128
Loan portfolio	62,384,435,583
Accounts and interest receivable, net	821,272,917
Foreclosed assets	9,550,034,824
Interest in the capital of other companies	1,775,426,523
Property, furniture and equipment, net	12,458,596,560
Other assets	2,045,233,742
	<u>¢ 132,752,897,151</u>
<b>Liabilities</b>	
Obligations with the public	¢ 137,201,252,314
Accounts payable and provisions	5,846,633,059
Other liabilities	850,089,084
	<u>¢ 143,897,974,457</u>
<b>Net assets or equity</b>	<u>¢ (11,145,077,306)</u>
Less:	
Cash of the acquired Company	<u>10,669,426,874</u>
<b>Cash being reimbursed on absorption</b>	<u>¢ (21,814,504,180)</u>
Net assets or equity	11,145,077,306
Capital contribution in compliance with Law 9605	18,907,432,694
<b>Cash being reimbursed on absorption</b>	<u>¢ 30,052,510,000</u>

The resources received in own debit Memoranda accounts are in the amount of ¢126.647.404.664.

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(43) 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.

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.

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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 Superintendence 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 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.

p) IFRS 9: Financial Instruments

The conventional purchase or sale of financial assets must be recorded applying the accounting of the settlement date.

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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.

This standard is applicable for periods beginning on or after January 1, 2013. This IFRS defines “fair value”, establishes a single conceptual framework in IFRS to measure fair value and requires disclosures about the measurement of fair value. This IFRS applies to other IFRSs that allow measurement at fair value.

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(44) Figures for 2020

As of March 31, 2021, financial statement figures have not been reclassified for comparison with those of 2020, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

Transitory I of the Regulation requires entities to reestablish comparability in the financial statements; however, for many of the items it is not operationally practicable to establish such comparability; and when comparability is possible, it represents a high cost in its preparation for financial entities, thus being necessary to modify the transitory of the changes in order to exempt entities from such comparability in the presentation of the statements of financial position, of comprehensive income and of changes in equity, both for the intermediate and annual audited information for the 2020 period. The comparability will be reestablished as of the period 2021.

(45) Relevant and subsequent events

As of March 2021, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

On November 21, 2014, Provisional Regularization Proposal No. 1-10-017-14-124-031-03 was notified, which informs the Bank of the differences found in tax bases and tax assessments, as well as the Legal facts and basis. The total tax debt is of ¢3.003.887.889 and interest of ¢1.079.849.565 corresponding to fiscal periods 2010-2011-2012 and 2013.

The Bank of Costa Rica expressed partial disagreement with the proposed regularization and awaits notification of the administrative act of liquidation, with concrete expression of the Legal facts and basis that motivate the differences in tax bases and assessments.

On January 14, 2015, according to the latest regulation proposal notified to the Bank by the Tax Authorities, regarding the items representing a tax contingency from a legal risk point of view that would mean an eventual confirmation of the payment obligation or future dismissal, and in order to make the corresponding provision considering the legal risk involved, it is indicated that the total amount for tax adjustments, interests and penalties as of January 8, 2015 is of ¢5.116.774.222.

On August 30, 2016, Provisional Regularization Proposal No. 1-10-071-16-085-041-03 was notified, which informs the Bank of the differences found in tax bases and tax assessments, as well as the Legal facts and basis. The total tax debt is of ¢9.932.739.485 and interest of ¢2.145.983.333 corresponding to fiscal period 2014.

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The Bank expressed partial disagreement with the proposed regulations and is expecting the administrative liquidation to be notified, containing concrete facts and legal principles motivating the differences in the tax bases and tax fees.

On January 2, 2019, the Bank proceeds with the payment of ¢14.138.113.417 to the Ministry of Finance, corresponding to the amounts determined in the audit procedures for the periods from 2010 to 2014, under the tax amnesty, as indicated in Transitory XXIV of the Law on Strengthening of Public Finances No. 9535.

In the month of June, the first advance payment of the Income Tax was due, however the administration of the Bank of Costa Rica decided to avail itself of the benefit offered by the Tax Relief Law No.9830, due to COVID-19, according to the which, as disclosed in article 2 of the Law and article 8 of its Regulations, regarding to discard partial payments to be made in the months of April, May and June 2020 for a single time.

The amounts of the payment are presented as follows:

<b>Period</b>		<b>Income tax</b>	<b>Pennalties</b>	<b>Total</b>
2010	¢	679,647,526	33,982,376 ¢	713,629,902
2011		1,059,187,613	52,959,381	1,112,146,994
2012		987,937,205	98,793,721	1,086,730,926
2013		272,356,511	27,235,651	299,592,162
2014		<u>9,932,739,485</u>	<u>993,273,948</u>	<u>10,926,013,433</u>
	¢	<u><u>12,931,868,340</u></u>	<u><u>1,206,245,077</u></u> ¢	<u><u>14,138,113,417</u></u>

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-seizable 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.

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As of December 31, 2020, an adjustment for  $\text{¢}1.734.981.794,69$  for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2015.

As of December 31, 2020, BCR Operadora de Pensiones Complementarias carried out an adjustment for  $\text{¢}51.013.093$  for provision reversal for IFRIC 23 by prescription corresponding to the 2015 period.

As of December 31, 2020 BCR Corredora de Seguros carried out the reversal of the respective contingency for  $\text{¢}40.880.144$  corresponding to the 2015 period.

As of December 31, 2020 BCR Valores S.A. carried out the reversal of the respective contingency for  $\text{¢}194.676.459$  corresponding to the 2015 period.

As of December 31, 2020 BCR Sociedad Administradora de Fondos de Inversión S.A. carried out the reversal to the respective contingency for  $\text{¢}42.457.128$  corresponding to the 2015 period.

Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica

1. Absorption of Banco Crédito Agrícola de Cartago by Banco de Costa Rica

As of September 10, 2018, through Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica”, the merger of Banco Crédito Agrícola de Cartago (Bancrédito) and Banco de Costa Rica (BCR) is decreed, by which the latter will absorb the former and continue its legal being as the prevailing entity.

The operative merger will be effective within a maximum term of sixty business days after the law comes into force, so that within the aforementioned term Bancrédito must carry out, by means of whoever is exercising its administration, the pertinent administrative or operative tasks to consolidate the merger and absorption process, including the settlement of the remaining personnel of the banking entity.

Consequently, as a result of this merger, Banco Crédito Agrícola de Cartago will be ceased as a legal entity, and its net assets will be transferred to Banco de Costa Rica, of which it will be a full party as of the effective date of this law.

In the event that at the time of the merger Bancrédito's equity is negative or less than the amount required for Bancrédito to comply with a minimum capital adequacy equal to the BCR's capital adequacy indicator at the effective date of merger, with a minimum limit of ten percent (10%), this difference will be contributed by the Government to Banco de Costa Rica; the amount of the contribution during the 2018 period was of  $\text{¢}18.907.432.694$ .

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This contribution must be made immediately on the effective date of the merger, which will be made by decreasing the liability that Bancrédito has with the Ministry of Finance for deposits, first charging interest and then the principal of the debt held by Bancrédito with the Ministry of Finance.

The shares of the subsidiaries of the absorbed Bank will be understood as transferred in full right to Banco de Costa Rica, which will assess keeping them in operation, for sale or settlement, all within the maximum and non-extendable period of eighteen subsequent calendar months upon the entry into force of this law, within which period it will be authorized to act as the sole shareholder of such companies.

For all legal purposes, Banco de Costa Rica is authorized to act as the owner of one hundred percent (100%) of the shares of Bancrédito's subsidiaries, even though the Bank already owns an Insurance Broker, so that BCR will determine the future of the company.

Upon expiration of the term, the company may not remain in force independently.

2. Integration of the assets of the extinct Banco Crédito Agrícola de Cartago to the equity of Banco de Costa Rica

The equity of Banco Crédito Agrícola de Cartago (Bancrédito), that is, all of its assets, liabilities, contracts, contingent and debit meoranda accounts, and, in general, all of its rights and obligations, all of the subjective legal situations existing at the effective date of this law and of which it is the holder, will be fully integrated into the legal-equity sphere of Banco de Costa Rica (BCR) and, consequently, will be reflected in the balance sheet from which the merger provided by this law is effective, as provided in Article 1.

The equity of Banco Crédito Agrícola de Cartago will increase the capital stock of Banco de Costa Rica, except in the portion corresponding to the resources of the Financing Development Fund (FOFIDE) managed by the absorbed bank, which will also become part of the equity of Banco de Costa Rica, but added to the equity resource of FOFIDE, so that they are managed by Banco de Costa Rica, pursuant to Law No. 8634, Development Banking System, of April 23 of 2008.

The methodology that will be followed in recording the merger will be based on carrying values.

Banco de Costa Rica will assume the legal position held by Banco Crédito Agrícola de Cartago with respect to any pre-existing legal relationship.

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The National Registry is authorized to, within the term provided in article 1 of this law, proceed with the change of the owner's name in favor of Banco de Costa Rica, as well as in the position of creditor held by Banco Crédito Agrícola de Cartago.

If by means of what is indicated in the previous paragraph, Banco de Costa Rica must assume the contractual position of fiduciary with respect to any trust in which it is already a trustee, then the trustor must substitute the fiduciary, for which it is fully authorized, in order to comply with the provisions of article 656 of Law No. 3284, Code of Commerce, of April 30, 1964.

3. About the employees and the directors of Banco Crédito Agrícola de Cartago

The appointments of all the members of the managing bodies of Banco Crédito Agrícola de Cartago (Bancrédito) and its subsidiaries, and of all the management positions of the absorbed Bank and its subsidiaries, which were in force as of this date, shall be settled in full right from the effect date of this law.

The settlement of its personnel will be carried out by Banco Crédito Agrícola de Cartago, through the Interventoría or by someone who is in the exercise of its administration at the time of this law entering into force. The settlement procedure will be carried out in accordance with the legal system applicable to Bancrédito's labor relations upon the entry into force of this law and must be completed within the term established by article 1 of this law.

Any labor contingency that arises after the labor settlement is carried out, according to a final judicial decision, will be processed before and assumed by the Government.

This law does not affect in any way the possible responsibilities, of any nature, that may arise due to the exercise of the position by Bancrédito's staff, including those derived from the actions of the members of the managing bodies of this Bank or its subsidiaries, as well as those who held managing positions, without prejudice to the application of the limitation periods that may correspond.

4. Other liabilities or supervening contingencies

The eventual tax contingencies derived from the income tax that Banco Crédito Agrícola de Cartago (Bancrédito) and its subsidiaries had at the merger date will not be transferred to Banco de Costa Rica (BCR) but will be assumed by the Government.



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In the event that subsequent to the merger, other contingent liabilities or contingencies arise according to final judicial resolution, including collection of professional fees of lawyers or experts for judicial proceedings or pending administrative proceedings, or of any other type that were not recorded in the balance sheet of Banco Crédito Agrícola de Cartago or its subsidiaries, must be claimed and processed directly before the Government.

With respect to possible obligations or losses of any kind, which in the future may arise from the different risks inherent to the trusts, due to the fault or negligence of Bancrédito as trustee and which must be assumed with the trustee's equity, be processed before and claimed directly to the Government, in addition to what is required in article 642 of Law No. 3284, Commercial Code, of April 30, 1964.

With respect to compliance with Law No. 8204, "Law on Narcotic Drugs, Psychotropic Substances, Drugs of Unauthorized Use, Related Activities, Money Laundering and Financing of Terrorism", dated December 26, 2001, in case penalties or sanctions are originated, derived from customers that come from Bancrédito, and that at the time of the merger those risks have not been identified in spite of the due diligence performed by BCR, this Bank is exonerated from all responsibility for the actions by Bancrédito during the five years prior to the effective date of the merger.

5. Settlement of the closed Collective Capitalization Fund

The management and operation of the closed Collective Capitalization Fund of Banco Crédito Agrícola de Cartago (Bancrédito) is transferred to Banco de Costa Rica (BCR). If upon settlement of the Fund there is a positive balance of resources, these will become part of BCR's equity.

In case the Fund loses its sustainability in the future that originates an actuarial deficit for the payment of pensions, such deficit will be assumed by BCR.

6. Transitory dispositions

Transitory I- Related to the indicators mentioned below and included in the Regulation for Judging the Economic-Financial Situation of the Supervised Entities (Agreement SUGEF 24-00), or related to the regulations and indicators that may be issued or substituted in the future, the General Superintendence of Financial Entities (SUGEF) is authorized to exclude within its assessments the effects that on such indicators may be derived from the credit portfolio that Banco de Costa Rica (BCR) has received from Banco Crédito Agrícola de Cartago (Bancrédito), by means of the merger operated by the provisions of this law. The foregoing for a term of three years, counted from the monthly closing date near to the day on which the merger provided for in this law is effective. The indicators that will be excluded are the following:

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- a) Portfolio with delinquency greater than ninety days on the direct portfolio.
- b) Expected loss on loan portfolio over the total portfolio.

In addition, that same exception will also apply to any other regulatory indicator, of any kind, that may be adversely affected during that three-year period, as a result of the merger.

Transitory II- Banco Crédito Agrícola de Cartago (Bancrédito) will transfer, within the term established in Article 1 of this law, the active portfolio that is impaired in the risk categories D and E, settled accounts – insolvent -, whose effects should be reduced from the value of Bancrédito's equity that will be delivered to Banco de Costa Rica (BCR), in order to apply the scope of article 1 of this law.

As a result of this transfer, the portfolio indicating arrears greater than 90 days over the direct portfolio must be collected; the indicator must represent a result equal to or lower than that presented at the effective date of merger by BCR, with a maximum limit of three percent (3%), so that the results of BCR will not deteriorate.

Once the Portfolio in categories D and E is transferred, if this indicator in Bancrédito is greater than the one presented by BCR, the additional amount of the impaired portfolio (from higher to lower impairment) must be transferred to liquidated - insolvent accounts with delinquency greater than ninety days, so that the indicator is at least equal to that of BCR, whose effects must be reduced from the value of Bancrédito's equity that will be delivered to Banco de Costa Rica, in order to apply the scope of Article 1 of this Law.

Payment Agreement of Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica

The Bank and the Ministry of Finance signed an agreement that will allow compliance with Law 9605 “Merger by Absorption of Banco Crédito Agrícola de Cartago and the Bank of Costa Rica”, where the latter will pay the Costa Rican Government the amount of US\$50.000.000 and ₡100.000.000.000, plus accrued interest as of the subscription date, amounting to US\$1.104.639 and ₡5.928.991.551. To cancel these amounts, on November 20, the Bank transferred in advance the amount of US\$50.000.000 and interest accrued on the debt.

In addition, the Bank will issue four term deposit certificates in favor of the Ministry of Finance, the first in the amount of ₡30.052.510.000 due on March 29, 2019. In addition, three certificates of term deposits will be issued in favor of the Ministry of Finance, the first two for ₡23.000.000.000, for a one- and two-year term, respectively, and the last one for ₡24.000.000.000 with a maturity of three years, for a total of ₡70.000.000.000. These three certificates with an issuance date of December 10, 2018.

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The structuring of these certificates was carried out in accordance with the provisions of Law No. 9605 of September 12, 2018.

#### Dissolution of Bancrédito Sociedad Agencia de Seguros S.A.

On December 17, 2018, in Extraordinary General Shareholders' Meeting No. 29-18, the General Board of Banco de Costa Rica, by law, agrees to dissolve Bancrédito Sociedad de Seguros S.A., in accordance with the article two hundred and one, subsection b) of the Commercial Code and agree to appoint a liquidator to proceed with the distribution of the company's existing assets within the term of the law and according to the inventory made.

As of April 30, 2020, the final settlement of Bancrédito Sociedad Agencia de Seguros, S.A. was carried out.

#### Properties investment

The Bank determines that to safeguard the institutional permanence and not affect the operation of the Consejo Nacional de Producción, to sign a contract to modify the leasing area, so that the new leasing area contemplates the current one, such as the one that is being used in precarious conditions. Due to the foregoing, as of January 31, 2018, the amounts corresponding to the property and building that were kept in other assets were reclassified to Properties Investments.

#### Decrease in the percentage of commissions in the Régimen Obligatorio de Pensiones Complementarias (ROPC)

Article 37, paragraph 2, of the Opening and Operating Regulations establishes that the calculation basis of the commission for management of the Régimen Obligatorio de Pensiones Complementarias (ROPC) will be a percentage of the administered balance, the latter defined as the difference between the total assets and liabilities. The maximum limit of commission that entities may charge to affiliates of the ROPC will be of 0.35% per year.

In transitory I of the Regulation of Opening and Operation, it is established that the calculation basis for the commission for the ROPC will be effective as of January 1, 2011. In the same transitory, it establishes a graduality table that adjusts the commissions' percentage every three years.

During 2014, 2015 and 2016, the commission charged to the ROPC affiliates was of 0.70%. As of January 1, 2017 and until December 31, 2019 the administration fee for the ROPC decreases from 0.70% to 0.50% in accordance with transitory I of the Opening and Operating Regulations.

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During the periods 2017, 2018 and 2019 the commission charged to ROPC affiliates was of 0.50%. As of January 1, 2020, the administration fee for the ROPC decreases from 0.50% to 0.35% in accordance with transitory I of the Opening and Operating Regulations.

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 as a general rule, 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.

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.

As of December 31, 2019, the Notarial Guarantee Fund generated an income of ¢171,744,963.

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

On March 08, 2020, given the increase in confirmed cases, the Ministry of Health and the National Commission for Risk Prevention and Emergency Attention decided to decree the yellow alert throughout the country, in view of the health emergency caused by the presence of COVID-19.

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On March 11, 2020, the World Health Organization elevated the public health emergency caused by COVID-19 to an international pandemic. The rapidity in the evolution of the events, on a national and international scale, requires the adoption of immediate and effective measures to face this situation. The extraordinary circumstances that occur constitute, without a doubt, an unprecedented and enormous health crisis, both due to the very high number of people affected and the extraordinary risk to their lives and rights.

The Board of Directors of the National Commission for Risk Prevention and Emergency Attention, in the extraordinary session of March 15, 2020 through agreement number 046-03-2020, recommended to the President of the Republic to declare a state of national emergency, according to Article 18 of the National Law on Emergencies and Risk Prevention and following the terms of the Law.

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.

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:

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**CONASSIFF approved**

- a. To extend to September 30, 2021 the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC).
- 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 September 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.
- g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021.

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- h. 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.
- i. 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.
- j. 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 that 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.



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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.
- 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.

As of December 31, 21,809 credit operations related to COVID-19 have been readjusted and the portfolio allowance was increased (see note 1.j).

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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.

Effects of the Financial Information Regulation

Upon entry into force of the Financial Reporting Regulations, the Bank reclassifies and adjusts the following balances:

	<b>March 2021</b>	<b>December 2020</b>
Reclassification due to change in investment categories ¢	0	225,806,217,067
Adjustment for recognition of assets for the right-of-use	0	40,613,257,785
Adjustment for impairment of investments at fair value through other comprehensive income	0	1,953,390,353
	<b>¢ 0</b>	<b>268,372,865,205</b>

Distribution of dividends

As of June 30, 2020, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3.000.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 20-2020, on June 2, 2020 and as of August 31, 2020 in the amount of ¢2.500.000.000.

As of July 17, 2020, BCR Pensión Operadora de Planes de Pensiones Complementarias S.A., distributes dividends in the amount of ¢1.158.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting, Session No. 20-2020 of June 2, 2020.

As of September 9, 2020, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢4.500.000.000, in compliance with resolution of the Extraordinary General Shareholder's Meeting N° 20-2020, of June 2, 2020.

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As of September 25, 2020, BCR Valores, S.A., distributed dividends in the amount of ¢4.500.000.000, in compliance with resolution of the Extraordinary General Shareholder's Meeting N° 20-2020, of June 2, 2020.

As of March 18, 2021, BCR Corredora de Seguros S.A. declares dividends in the amount of ¢3,000,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting session No. 02-21.

As of April 5, 2021, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., distributes dividends in the amount of ¢750,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 02-21.

(46) Authorization date for issuance of the financial statements

The General Management of the Bank authorized the issuance of the consolidated Financial Statements on April 27, 2021.

SUGEF might require amendments to the Financial Statements after the date of authorization for issuance.