



Banco de Costa Rica and Subsidiaries

**Unaudited Consolidated Financial Statements**

June 30, 2023, and 2022

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**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2023  
(In colones without cents)

	<u>Note</u>	<u>June</u> <u>2023</u>	<u>December</u> <u>2022</u>	<u>June</u> <u>2022</u>
<b>ASSETS</b>				
<b>Availabilities</b>	<b>4</b>	<b>923,744,847,545</b>	<b>990,655,695,706</b>	<b>944,280,161,446</b>
Cash		87,708,733,181	92,361,994,246	78,992,266,046
Central Bank of Costa Rica		658,779,984,748	622,122,345,509	549,554,445,275
Local financial entities		693,480,661	34,167,612	10,939,189
Foreign financial entities		80,112,131,546	186,348,821,639	215,254,623,269
Notes payable on demand		1,616,528,618	291,159,518	2,823,417,631
Restricted cash and cash equivalents		94,833,988,791	89,483,497,239	97,644,470,036
Accounts and interest receivable		-	13,709,943	-
<b>Investment in financial instruments</b>	<b>5</b>	<b>1,683,268,798,424</b>	<b>1,737,604,014,810</b>	<b>1,864,255,980,074</b>
At fair value through profit or loss		50,216,818,336	232,343,302,158	252,339,330,592
At fair value through other comprehensive income		1,319,077,714,520	1,390,086,634,332	1,535,412,535,132
At amortized cost		290,598,695,497	90,186,040,192	49,344,843,319
Interest receivable		23,471,356,469	25,079,315,361	27,159,271,031
(Allowance for impairment)		(95,786,398)	(91,277,233)	-
<b>Loan portfolio</b>	<b>6.b</b>	<b>3,859,744,219,018</b>	<b>4,077,413,386,235</b>	<b>4,109,589,153,954</b>
Current loans	<b>6.d</b>	3,725,913,602,098	3,937,462,584,812	3,975,560,581,798
Past due loans		240,566,077,600	243,256,893,171	258,824,322,202
Loans in legal collection	<b>6.e</b>	52,811,625,440	54,015,379,909	56,229,876,800
(Deferred income loan portfolio)		(30,086,891,394)	(20,333,161,206)	(19,340,709,176)
Interest receivable	<b>6.f</b>	23,936,954,077	23,482,920,835	21,763,976,729
(Allowance for impairment)	<b>6.g</b>	(153,397,148,803)	(160,471,231,286)	(183,448,894,399)
<b>Accounts and commissions receivable</b>		<b>41,955,136,338</b>	<b>40,589,657,945</b>	<b>32,329,393,858</b>
Commissions receivable		5,044,063,571	5,047,174,271	5,683,785,081
Accounts receivable from stock exchange operations		202,439,091	324,382,309	662,880,453
Accounts receivable for transactions with related parties		525,336,185	461,408,278	490,542,526
Deferred income tax and income tax receivable	<b>15</b>	29,731,348,147	29,654,579,558	21,036,951,322
Other accounts receivable		19,563,372,724	18,704,160,389	18,523,213,549
(Allowance for impairment)		(13,111,423,380)	(13,602,046,860)	(14,067,979,073)
<b>Foreclosed assets</b>	<b>7</b>	<b>47,970,512,809</b>	<b>50,943,639,172</b>	<b>59,195,753,518</b>
Assets and securities acquired as recovery of loans		112,006,133,021	115,786,047,086	125,179,059,015
Other foreclosed assets		4,185,153,969	3,022,436,777	3,175,685,258
(Allowance for impairment and per legal requirement)		(68,220,774,181)	(67,864,844,691)	(69,158,990,755)
<b>Interest in other companies' capital, net</b>	<b>8</b>	<b>415,417,188</b>	<b>349,295,286</b>	<b>229,494,644</b>
<b>Property, furniture and equipment, net</b>	<b>9</b>	<b>147,251,399,396</b>	<b>151,188,474,971</b>	<b>143,952,501,864</b>
<b>Property investments</b>		<b>6,831,625,000</b>	<b>6,831,625,000</b>	<b>6,441,924,521</b>
<b>Other assets</b>		<b>132,779,415,004</b>	<b>160,150,252,095</b>	<b>107,552,847,544</b>
Deferred charges	<b>10.a</b>	1,804,708,220	2,164,311,351	2,794,845,956
Intangible assets, net	<b>10.b</b>	24,107,403,183	23,547,464,286	23,977,865,870
Other assets	<b>10.c</b>	106,867,303,601	134,438,476,458	80,780,135,718
<b>TOTAL ASSETS</b>	<b>¢</b>	<b>6,843,961,370,722</b>	<b>7,215,726,041,220</b>	<b>7,267,827,211,423</b>

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2023  
(In colones without cents)

	Note	June 2023	December 2022	June 2022
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Obligations with the public</b>	€	<b>4,992,760,111,277</b>	<b>5,210,175,460,962</b>	<b>5,171,752,743,093</b>
Demand obligations	11	2,939,233,180,833	3,312,715,210,395	3,261,308,747,927
Term obligations	12	2,012,782,246,315	1,864,994,210,988	1,882,573,894,224
Other obligations with the public	13	2,698,372,055	12,201,496,594	13,068,917,092
Financial charges payable		38,046,312,074	20,264,542,985	14,801,183,850
<b>Obligations with the Central Bank of Costa Rica</b>	14	<b>106,606,621,757</b>	<b>135,919,058,556</b>	<b>170,286,376,723</b>
Term obligations		104,832,832,189	134,495,032,211	169,221,766,962
Financial charges payable		1,773,789,568	1,424,026,345	1,064,609,761
<b>Obligations with entities</b>	14	<b>746,583,308,246</b>	<b>862,134,813,602</b>	<b>977,780,055,892</b>
Demand obligations	12	100,895,304,397	86,234,442,076	75,869,311,194
Term obligations	12	639,066,952,530	769,430,943,775	896,531,038,280
Financial charges payable		6,621,051,319	6,469,427,751	5,379,706,418
<b>Accounts payable and provisions</b>		<b>157,707,745,866</b>	<b>192,019,884,335</b>	<b>172,339,503,632</b>
Provisions	16	43,176,194,495	41,493,111,502	44,596,071,311
Accounts payable for stock transactions		52,926,132	117,147,171	66,305,652
Deferred income tax	15	29,678,716,044	28,951,269,227	34,483,224,714
Other sundry accounts payable	17	84,776,856,844	121,441,498,044	93,178,455,870
Financial charges payable		23,052,351	16,858,391	15,446,085
<b>Other liabilities</b>		<b>51,887,884,599</b>	<b>65,527,746,041</b>	<b>25,578,413,898</b>
Deferred income		475,756,128	489,033,076	909,889,410
Other liabilities		51,412,128,471	65,038,712,965	24,668,524,488
<b>Subordinated obligations</b>		<b>50,141,078,356</b>	<b>50,139,855,636</b>	<b>20,072,259,939</b>
Subordinated obligations	14	49,956,656,134	49,955,433,414	19,981,971,050
Financial charges payable		184,422,222	184,422,222	90,288,889
<b>TOTAL LIABILITIES</b>	€	<b>6,105,686,750,101</b>	<b>6,515,916,819,132</b>	<b>6,537,809,353,177</b>
<b>EQUITY</b>				
<b>Capital stock</b>	18.a	<b>181,409,990,601</b>	<b>181,409,990,601</b>	<b>181,409,990,601</b>
Paid-in-capital		181,409,990,601	181,409,990,601	181,409,990,601
<b>Adjustments to equity - Other comprehensive income</b>		<b>38,160,996,871</b>	<b>7,399,651,431</b>	<b>50,563,086,525</b>
<b>Equity reserves</b>		<b>351,152,901,365</b>	<b>325,313,265,088</b>	<b>325,313,265,088</b>
<b>Accrued earnings from previous periods</b>		<b>41,896,492,820</b>	<b>23,721,615,916</b>	<b>23,721,615,916</b>
<b>Profit of current period</b>		<b>11,386,041,073</b>	<b>48,171,909,592</b>	<b>25,347,588,511</b>
<b>Equity of the Development Financing Fund</b>		<b>45,766,617,523</b>	<b>40,476,721,777</b>	<b>40,476,721,777</b>
<b>Minority interest</b>	8	<b>68,501,580,368</b>	<b>73,316,067,683</b>	<b>83,185,589,828</b>
<b>TOTAL EQUITY</b>		<b>738,274,620,621</b>	<b>699,809,222,088</b>	<b>730,017,858,246</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	€	<b>6,843,961,370,722</b>	<b>7,215,726,041,220</b>	<b>7,267,827,211,423</b>
<b>DEBIT CONTINGENT ACCOUNTS</b>	19	<b>499,643,778,275</b>	<b>568,874,580,805</b>	<b>628,492,241,229</b>
<b>TRUST ASSETS</b>	20	<b>864,683,253,670</b>	<b>773,795,354,330</b>	<b>869,347,762,368</b>
<b>TRUST LIABILITIES</b>		<b>266,761,085,805</b>	<b>270,063,360,217</b>	<b>292,288,545,867</b>
<b>TRUST EQUITY</b>		<b>597,922,167,865</b>	<b>503,731,994,114</b>	<b>577,059,216,501</b>
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	21	<b>22,621,235,035,533</b>	<b>23,386,353,915,943</b>	<b>22,898,481,997,637</b>
Own debit memoranda accounts		11,523,176,812,828	12,952,966,818,969	11,866,171,860,579
Third party debit memoranda accounts		2,515,657,869,048	2,559,816,420,678	2,761,010,088,963
Own debit memoranda accounts for custodial activities		993,092,293,469	906,880,401,900	1,038,283,988,088
Third party debit memoranda accounts for custodial activities		7,589,308,060,188	6,966,690,274,396	7,233,016,060,007

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

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

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María Luisa Guzmán G.  
Accountant

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María Eugenia Zeledón P.  
Sub internal auditor

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

For the period ended June 30, 2023

(In colones without cents)

	Note	Quarter from		
		June 2023	June 2022	April 1 to June 30 2022
<b>Financial income</b>				
For availabilities	¢	1,883,403,123	163,397,352	812,866,500
For investments in financial instruments	26	48,429,543,759	44,467,902,359	24,517,892,532
For loan portfolio	27	177,690,985,386	136,555,335,897	88,392,984,360
For financial leases	27	1,321,250,008	1,244,021,081	725,659,591
For gain on exchange differences and Development Units		0	2,359,157,699	0
For profit from financial instruments at fair value through profit or loss		988,725,250	582,246,546	155,513,028
For profit from financial instruments at fair value through other comprehensive income		5,262,650,843	8,871,658,878	4,806,484,709
For other financial income		1,733,255,362	2,318,151,955	927,941,243
<b>Total financial income</b>		<b>237,309,813,731</b>	<b>196,561,871,767</b>	<b>120,339,341,963</b>
<b>Financial expenses</b>				
For obligations with the public	28	123,406,369,224	51,897,310,142	62,845,339,031
For obligations with the Central Bank of Costa Rica		649,312,354	729,208,403	215,967,537
For obligations with financial and non-financial entities		17,090,922,420	11,746,736,884	8,556,583,838
For subordinated, convertible and preferred obligations		3,074,752,720	90,339,939	1,537,385,501
For losses due to exchange differences and DU		7,332,655,860	0	699,498,062
For loss from financial instruments at fair value through profit or loss		888,802,353	187,352,498	795,036,641
For loss from financial instruments at fair value through other comprehensive income		1,542,132,010	197,908,575	363,209,078
For other financial expenses		25,045,384	33,968,615	12,538,876
<b>Total financial expenses</b>		<b>154,009,992,325</b>	<b>64,882,825,056</b>	<b>75,025,558,564</b>
Allowance for impairment of assets	29	6,198,007,883	15,355,733,832	2,813,871,172
For assets recovery and decrease in allowance and provisions	30	10,977,541,894	5,280,039,539	4,292,345,525
<b>FINANCIAL INCOME</b>		<b>88,079,355,417</b>	<b>121,603,352,418</b>	<b>46,792,257,752</b>
<b>Other operating income</b>				
For service fees	31	55,896,941,157	57,215,298,149	26,700,466,780
For foreclosed assets		8,933,355,253	18,935,744,026	6,154,115,938
For foreign currency exchange and arbitrations		16,168,498,589	12,505,013,258	7,812,216,859
For other income from related parties		128,177	164,116,699	(327,084,707)
For other operating income		14,614,286,140	10,315,379,296	7,629,547,229
<b>Total other operating income</b>		<b>95,613,766,375</b>	<b>99,140,521,320</b>	<b>47,969,819,158</b>
<b>Other operating expenses</b>				
For service fees		14,593,582,725	16,290,010,472	7,504,731,903
For foreclosed assets		13,625,634,789	20,449,403,481	7,085,335,576
For provisions		2,290,107,597	3,466,467,503	973,518,000
For exchange and arbitration, foreign currency		135,611,929	593,544,093	76,504,352
For other expenses with related parties		71,233,017	1,199,225	12,958,598
For other operating expenses		23,445,054,088	23,654,374,126	11,738,005,147
<b>Total other operating expenses</b>		<b>54,161,224,145</b>	<b>64,454,998,900</b>	<b>27,302,595,864</b>
<b>GROSS OPERATING INCOME</b>		<b>129,531,897,647</b>	<b>156,288,874,838</b>	<b>67,459,481,046</b>
<b>Administrative expenses</b>				
Personnel expenses		63,113,668,774	59,740,135,956	32,062,581,376
Other administrative expenses		41,434,544,123	42,551,678,642	21,589,347,767
<b>Total administrative expenses</b>	33	<b>104,548,212,897</b>	<b>102,291,814,598</b>	<b>53,651,929,143</b>
<b>OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS</b>		<b>24,983,684,750</b>	<b>53,997,060,240</b>	<b>13,807,551,903</b>
Income tax	15	15,758,850,762	11,693,508,343	10,974,633,392
Deferred income tax	15	3,139,213,109	9,566,974,702	1,764,467,957
Decrease in income tax		11,167,386,915	7,162,647,250	9,282,103,640
Legal profit allocation	34	4,938,183,703	13,569,699,838	2,730,383,862
<b>RESULT OF THE PERIOD</b>		<b>12,983,439,435</b>	<b>26,329,524,607</b>	<b>8,288,785,676</b>
Attributed to non-controlling interests		1,597,398,362	981,936,096	818,170,081
<b>RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>		<b>11,386,041,073</b>	<b>25,347,588,511</b>	<b>7,470,615,595</b>
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>				
Adjustment for valuation of investments at fair value through other comprehensive income		31,868,066,928	(40,423,689,547)	20,272,818,476
Reclassification of unrealized profit to the income statement		(2,604,363,183)	(6,071,625,212)	(3,110,292,942)
Adjustment for valuation of restricted financial instruments, net of income tax		8,013,731,212	(5,557,173,338)	4,361,099,917
Other		(12,927,975,260)	11,449,742,567	967,015,836
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>	35	<b>24,349,459,697</b>	<b>(40,602,745,530)</b>	<b>22,490,641,287</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>37,332,899,132</b>	<b>(14,273,220,923)</b>	<b>30,779,426,963</b>
Comprehensive income attributed to minority interest		(4,814,487,315)	6,423,447,452	1,212,014,457
<b>COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>	¢	<b>42,147,386,447</b>	<b>(20,696,668,375)</b>	<b>29,567,412,506</b>

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

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
Sub internal auditor

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

Adjustments to equity

Note	Adjustments to equity					Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
	Capital Stock	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity					
<b>Balance as of December 31, 2021</b>	€ 181,409,990,601	31,744,671,803	40,339,757,529	24,522,914,079	96,607,343,411	296,709,547,031	77,720,638,490	36,212,011,410	76,762,142,376	765,421,673,319
Allocation of legal reserve	0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0	0
Allocation of the Development Financing Fund	0	0	0	0	0	0	(4,264,710,367)	4,264,710,367	0	0
Income tax from previous periods	19	0	0	0	0	0	(21,130,594,150)	0	0	(21,130,594,150)
<b>Balance as of June 30, 2022</b>	181,409,990,601	31,744,671,803	40,339,757,529	24,522,914,079	96,607,343,411	325,313,265,088	23,721,615,916	40,476,721,777	76,762,142,376	744,291,079,169
<b>Other comprehensive income</b>										
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	5,839,368,709	5,839,368,709	0	0	0	5,610,373,858	11,449,742,567
Unrealized gain or loss in fair value of investments through other comprehensive income		0	(64,469,685,177)	0	(64,469,685,177)	0	0	0	(168,862,502)	(64,638,547,679)
Transfer of realized net gain to the income statement		0	(8,673,750,303)	0	(8,673,750,303)	0	0	0	0	(8,673,750,303)
Impairment – Investments at fair value through other comprehensive income		0	(654,028,639)	0	(654,028,639)	0	0	0	0	(654,028,639)
Deferred income tax recognition	15	0	21,913,838,524	0	21,913,838,524	0	0	0	0	21,913,838,524
Result of the period		0	0	0	0	0	25,347,588,511	0	981,936,096	26,329,524,607
<b>Other total comprehensive income</b>		0	(51,883,625,595)	5,839,368,709	(46,044,256,886)	0	25,347,588,511	0	6,423,447,452	(14,273,220,923)
<b>Balance as of June 30, 2022</b>		181,409,990,601	31,744,671,803	(11,543,868,066)	30,362,282,788	50,563,086,525	325,313,265,088	49,069,204,427	40,476,721,777	83,185,589,828
Attributed to minority interest		0	0	0	0	0	0	0	83,185,589,828	83,185,589,828
Attributed to the financial conglomerate		181,409,990,601	31,744,671,803	(11,543,868,066)	30,362,282,788	50,563,086,525	325,313,265,088	49,069,204,427	40,476,721,777	646,832,268,418
<b>Balance as of December 31, 2022</b>		181,409,990,601	41,085,212,831	(52,858,371,308)	19,172,809,908	7,399,651,431	325,313,265,088	73,026,024,841	40,476,721,777	73,316,067,749
Allocation of legal reserve		0	0	0	0	0	25,839,636,277	(25,839,636,277)	0	0
Allocation of the Development Financing Fund		0	0	0	0	0	(5,289,895,744)	5,289,895,746	0	2
<b>Balance as of June 30, 2023</b>		181,409,990,601	41,085,212,831	(52,858,371,308)	19,172,809,908	7,399,651,431	351,152,901,365	41,896,492,820	45,766,617,523	73,316,067,749
<b>Other comprehensive income</b>										
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	(6,593,267,383)	(6,593,267,383)	0	0	0	(6,334,707,877)	(12,927,975,260)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	58,763,027,606	0	58,763,027,606	0	0	0	(77,177,866)	58,685,849,740
Transfer of realized net gain to the income statement		0	(3,720,518,833)	0	(3,720,518,833)	0	0	0	0	(3,720,518,833)
Impairment – Investments at fair value through other comprehensive income		0	(1,186,226,573)	0	(1,186,226,573)	0	0	0	0	(1,186,226,573)
Deferred income tax recognition	15	0	(16,501,669,377)	0	(16,501,669,377)	0	0	0	0	(16,501,669,377)
Result of the period		0	0	0	0	0	11,386,041,073	0	1,597,398,362	12,983,439,435
Other total comprehensive income		0	37,354,612,823	(6,593,267,383)	30,761,345,440	0	11,386,041,073	0	(4,814,487,381)	37,332,899,132
<b>Balance as of June 30, 2023</b>	18	181,409,990,601	41,085,212,831	(15,503,758,485)	12,579,542,525	38,160,996,871	351,152,901,365	53,282,533,893	45,766,617,523	68,501,580,368
Attributed to minority interest		0	0	0	0	0	0	0	68,501,580,368	68,501,580,368
Attributed to the financial conglomerate	€	181,409,990,601	41,085,212,831	(15,503,758,485)	12,579,542,525	38,160,996,871	351,152,901,365	53,282,533,893	45,766,617,523	669,773,040,253

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

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
Sub internal auditor



**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended June 30, 2023

(In colones without cents)

	Note	June 2023	June 2022
<b>Cash flows from operating activities</b>			
Income of the period	c	11,386,041,073	25,347,588,511
<b>Items applied to results not requiring cash outlays</b>		<b>(45,606,745,177)</b>	<b>(56,431,329,996)</b>
<b>Increase or (decrease) for</b>			
Allowance for impairment or devaluation of financial instruments		182,613,440	251,400,120
Allowance for impairment of loan portfolio		4,063,375,095	13,188,918,470
Allowance for impairment and default of other accounts receivable		1,952,019,348	1,915,415,242
Allowance for impairment of assets in lieu of payment		8,726,912,959	9,345,997,874
Income from reversal of allowance for impairment or devaluation of investments		(1,448,101,987)	(945,225,210)
Income from reversal of allowance for impairment of loan portfolio		(467,922,804)	(564,680,067)
Income from reversal of allowance for impairment and default of accounts receivable		(1,878,552,491)	(823,198,571)
Income from reversal of allowance for impairment of assets in lieu of payment		(8,560,084,320)	(18,134,740,641)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		2,863,086,667	9,515,355,781
Interest in net profit of other companies		(557,059)	(4,969,892)
Depreciation		7,184,368,508	6,567,839,348
Amortization		9,933,827,669	8,504,357,307
Provision for social benefits		276,054,632	99,586,388
Provisions for pending lawsuits		2,014,052,965	3,366,881,115
Other provisions		3,482,621	3,289,861
Income from provisions		(111,819,202)	(291,760,973)
Income tax		15,758,850,762	11,693,508,343
Deferred income tax		3,139,213,109	9,566,974,702
Decrease in income tax		(11,167,386,915)	(6,443,107,472)
Decrease in income tax from previous periods		0	(719,539,778)
Profit sharing		4,269,568,359	13,569,699,838
Interest for obligations with the public		123,406,369,224	51,897,310,142
Interest for obligations with financial entities		20,814,987,494	12,566,285,226
Income from availabilities		(1,883,403,123)	(163,397,352)
Interest from investment in financial instruments		(48,429,543,759)	(44,467,902,359)
Income from loan portfolio		(177,690,985,386)	(136,555,335,897)
Net profit or loss from exchange differences and Development Units		6,438,698,038	(6,191,596,346)
Minority interest in net profit of subsidiaries		1,597,398,362	981,936,096
Adjustments for conversion of financial statements of the entity abroad		(6,593,267,383)	5,839,368,709
<b>Cash flows from operating activities</b>		<b>586,530,016,880</b>	<b>(24,342,585,805)</b>
<b>Net variation in assets increase or (decrease)</b>			
Increase in financial instruments - at fair value through profit or loss		(421,267,029,990)	(119,745,399,208)
Decrease in financial instruments - at fair value through profit or loss		604,663,511,524	162,471,685,736
Increase in financial instruments - at fair value through comprehensive income		(3,054,971,177,269)	(2,136,700,942,428)
Decrease in financial instruments - at fair value through comprehensive income		3,327,882,556,337	2,063,452,868,854
Loan portfolio		59,385,241,928	(51,829,729,387)
Accounts and commissions receivable		(14,806,052,524)	(2,033,736,731)
Available-for-sale assets		9,935,000,521	11,941,511,749
Interest receivable for financial instruments		25,079,315,361	26,487,905,728
Interest receivable for loan portfolio		19,236,508,068	15,142,114,204
Other assets		31,392,142,924	6,471,135,678
<b>Net variations in liabilities, increase or (decrease)</b>		<b>(249,889,729,469)</b>	<b>(93,770,163,845)</b>
Obligations with the public		(71,058,705,880)	(78,324,348,896)
Obligations with the Central Bank of Costa Rica and other entities		(89,254,081,043)	61,121,774,200
Obligations for accounts and commissions payable and provisions		(49,931,395,110)	(54,294,374,805)
Interest payable for obligations with the public		(20,264,542,985)	(14,992,444,840)
Interest payable for obligations with the BCCR and other entities		(8,077,876,318)	(5,164,976,047)
Interest payable for accounts and commissions payable and provisions		(16,858,391)	(16,152,584)
Other liabilities		(11,286,269,742)	(2,099,640,873)
Interests paid		(97,572,729,184)	(43,112,360,365)
Dividends received		5,300,000,000	0
Collected interest		184,842,034,489	136,599,982,849
Paid income tax		(5,659,409,193)	(9,588,056,861)
<b>Net cash flows provided by operating activities</b>		<b>389,329,479,419</b>	<b>(65,296,925,512)</b>
<b>Cash flows from investment activities</b>			
Increase in financial instruments at amortized cost		(8,092,212,949,777)	(3,117,696,030,982)
Decrease in financial instruments at amortized cost		7,891,800,294,472	3,108,579,103,791
Acquisition of property, furniture and equipment		(4,347,891,321)	(13,906,420,473)
Decrease for withdrawal and transfer of property, furniture and equipment		964,670,341	4,630,114,985
Acquisition of intangibles		(10,469,722,148)	(7,652,942,767)
Decrease for withdrawal and transfer of intangibles		248,035,103	(4,753,523,954)
Interest in other companies		(5,365,564,843)	(159,107,564)
<b>Cash flows (used for) provided by investment activities</b>		<b>(219,383,128,173)</b>	<b>(30,958,806,964)</b>
<b>Cash flows from financing activities</b>			
Subordinated obligations		1,222,720	19,981,971,050
<b>Cash flows provided by financing activities</b>		<b>1,222,720</b>	<b>19,981,971,050</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>169,947,573,966</b>	<b>(76,273,761,426)</b>
Cash and cash equivalents at the beginning of the year		1,124,702,795,131	1,088,379,896,650
Effect of changes in exchange rates on cash		(34,261,003,158)	35,451,018,421
Cash and cash equivalents at the end of the year	4 c	<u>1,273,282,625,501</u>	<u>1,047,557,153,645</u>

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

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
Sub internal auditor

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

1). Summary of operations and significant accounting policies

(a) Operations

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

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

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of June 30, 2023, the Bank has a total 161 (161 and 163 for December and June 2022, respectively) branches distributed across the national territory, has in operation 564 (568 and 585 for December and June 2022, respectively) ATM's and has 4,059 (3,972 and 3,894 for December and June 2022, respectively) employees.

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of June 30, 2023, is of 69 (72 and 70 for December and June 2022, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of June 31, 2023, is of 109 (107 and 103 for December and June 2022, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

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

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of June 30, 2023, is of 93 (93 and 91 for December and June 2022, respectively) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of June 30, 2023, the number of employees is 77 (80 and 82 for December and June 2022, respectively). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named Almacén Fiscal Agrícola de Cartago, S.A., constituted in December 1991 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of merchandise on which no import taxes have been paid, regulated by the General Customs Law, and supervised by the General Customs Directorate of the Ministry of Finance. Both companies are subject to the oversight of the Comptroller General of the Republic. As of June 30, 2023, the number of employees is of 73 (75 and 74 for December and June 2022, respectively).

BCR LEASING PREMIUM PLUS S.A. is a corporation incorporated on July 4, 2022, under the laws of the Republic of Costa Rica and is one more subsidiary of the BCR Financial Conglomerate. Its main activity is the leasing of personal property to current and potential clients of the BCR Conglomerate. The number of employees as of June 30, 2023, is 8.

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

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50th floor, Avenida Balboa and Calle Aquilino de la Guardia. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of June 30, 2023, is of 235 (233 and 245 December and June 2022, respectively).

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

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

##### Panamá Branch

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

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

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

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

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

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

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(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".

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(d) Foreign currency

i. *Transactions in foreign currency*

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

ii. *Monetary unit and foreign exchange regulations*

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

- 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 June 30, 2023, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢549.48 (¢601.99 and ¢692.25 for December and June 2022, respectively) for US\$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended June 30, 2023, gave rise to foreign exchange losses of ¢400,878,944,498, (¢1,637,735,614,811 and ¢659,789,176,069 for December and June 2022, respectively), and gains of ¢393,546,288,638, (¢1,633,841,118,988 and ¢662,148,333,767, for December and June 2022, respectively), which are presented net in the consolidated income statement.



## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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 June 30, 2023, valuation of other assets gave rise to losses of ¢4,215,167, (¢1,459,439,641 and ¢484,451,605 for December and June 2022, respectively) and valuation of other liabilities gave rise to gains of ¢2,641,741,886, (¢1,595,077,054 and ¢173,747,648 for December and June 2022, respectively).

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

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

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

As result of the conversions for the period ended on June 30, 2023, losses for exchange differences arise for ¢6,593,267,383, (¢5,350,104,171 and ¢2,359,157,699 for December and June 2022, respectively) shown in the equity section, within "Currency translation adjustment of the financial statements".

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

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

#### (f) Financial instruments

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(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, investments in financial instruments made by regulated entities are to be classified as available-for-sale. Own investments in open investment funds are to be classified as held-for trading financial assets. Own investments in closed investment funds are to be classified as available-for-sale.

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

(ii) *Recognition*

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

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

(iii) *Measurement*

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

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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) Principles of measurement at fair value*

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

*(v) Profits and losses on subsequent measurement*

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

*(vi) De-recognition*

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

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

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

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

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

#### (g) Cash and cash equivalents

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(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 other comprehensive income.
  - c. Fair value through profit or loss: Participations in open investment funds must be recorded in this category.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

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

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

- Main business model

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

- Secondary business model

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

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

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

#### Investments in securities of BICSA

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(i) Loan portfolio

*Banco de Costa Rica - Loan portfolio*

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

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

*BICSA -Loan portfolio:*

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

(j) Allowance for doubtful accounts

*Banco de Costa Rica - Loan portfolio*

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



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

Risk categories are summarized as follows:

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

<u>Risk Category</u>	<u>Classification Criteria</u>
1	a. Debtors up to date in their operations with the entity. b. Debtors with delinquency of up to 30 days with the entity
2	Debtors with delinquency of more than 30 days and up to 60 days with the entity. a. Debtors with delinquency of more than 30 days and up to 90 days with the entity.
3	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. 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.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

As of June 30, 2023, the total allowance of the loan portfolio reflected in the accounting records amounts to ¢140,831,421,998, (¢145,623,881,422 and ¢165,485,287,318, for December and June 2022, respectively).

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

Accounts and interest receivable - Banco de Costa Rica

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

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

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

BICSA- Allowance for loan impairment

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

As of June 30, 2023, the allowance disclosed in the accounting records amounts to ¢153,397,148,803, (¢160.471.231.286 and ¢183,448,894,399 for December and June 2022, respectively).

*BICSA -Accounts and interest receivable*

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

(k) Securities sold under repurchase agreements

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(l) Accounting for interest receivable

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

(m) Other receivables

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

(n) Held-for-sale assets

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

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

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



## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) *Own assets*

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

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As of June 30, 2023

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

(ii) *Leased assets*

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

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

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

(iii) *Subsequent disbursements*

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

(iv) *Depreciation and amortization*

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

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

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

Useful lives of assets owned by BICSA:

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

(v) Revaluation

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

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

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

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

(q) Deferred charges

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

(r) Intangible assets

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

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Notes to the consolidated financial statements

As of June 30, 2023

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

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

(s) Impairment of assets

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

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

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

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

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

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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.

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

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

#### BICSA retirement savings plan

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of June 30, 2023, amounted to ¢200,893,720 (¢431,107,313 and ¢250,973,161, for December and June 2022, respectively), equivalent to US\$371,317, (US\$716,137 and US\$362,547 for December and June 2022, respectively).

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

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of June 30, 2023, the severance fund had a balance of ¢846,526,652, (¢673,153,249 and ¢992,274,611 for December and June 2022, respectively), equivalent to US\$1,540,596, (US\$1,118,213 and US\$1,433,405 for December and June 2022, respectively) which is disclosed in the consolidated financial statements as prepaid expenses.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(w) Legal reserve

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

(x) Revaluation surplus

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

(y) Use of estimates

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

(z) Recognition of main types of income and expenses

(i) Interest

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

(ii) Income from fees and commissions

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

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Notes to the consolidated financial statements

As of June 30, 2023

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

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

(iv) Expenses from operating lease

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

(aa) Income tax

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

(i) Current:

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

(ii) Deferred:

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

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



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

(bb) BICSA - Financial leases

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

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

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

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

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

(dd) Legal allocations

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

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

As of June 30, 2023

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

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

#### (ee) Development Financing Fund

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

#### (ff) Development Credit Fund

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

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

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

(gg) BICSA - Trusts

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

(hh) Fiscal year

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

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Notes to the consolidated financial statements

As of June 30, 2023

2). Collateralized or restricted assets

Collateralized or restricted assets are as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢ 726,601,696,023	702,568,860,060	635,821,716,719
Restricted cash and cash equivalents (see note 4)	250,353,259	161,362,379	137,550,564
<b>Total cash and cash equivalents</b>	<u>726,852,049,282</u>	<u>702,730,222,439</u>	<u>635,959,267,283</u>
Past due and restricted financial instruments (see note 5)	207,476,750,529	399,433,263,281	315,633,695,569
Other assets	949,388,593	572,473,142,041	1,064,555,203
	¢ <u><b>935,278,188,404</b></u>	<u><b>1,674,636,627,761</b></u>	<u><b>952,657,518,055</b></u>

3). Balances and transactions with related parties

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Assets:</b>			
Loan portfolio	¢ 781,168,736	1,084,371,059	1,141,294,708
Other accounts receivable	525,475,032	505,201,469	490,542,526
Interests in other entities	415,417,188	349,295,286	229,494,644
<b>Total assets</b>	¢ <u><b>1,722,060,956</b></u>	<u><b>1,938,867,814</b></u>	<u><b>1,861,331,878</b></u>
<b>Income:</b>			
Income from interest in entities	557,059	4,969,892	4,969,892
Sundry operating income	¢ 128,177	0	833,646,380
<b>Total income</b>	¢ <u><b>685,236</b></u>	<u><b>4,969,892</b></u>	<u><b>838,616,272</b></u>
<b>Expenses:</b>			
Financial expenses	710,312,122	0	310,816,629
Sundry operating expenses	¢ 0	0	61,253,880
<b>Total expenses</b>	¢ <u><b>710,312,122</b></u>	<u><b>0</b></u>	<u><b>372,070,509</b></u>

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Notes to the consolidated financial statements

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Short-term benefits	¢ 2,171,043,238	2,620,347,138	1,223,500,081
Long-term benefits	16,500,580	164,860,483	92,716,563
Directors' seating fees	145,406,204	251,565,399	147,053,562
	<b>¢ 2,332,950,022</b>	<b>3,036,773,020</b>	<b>1,463,270,206</b>

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

4). Cash and cash equivalents

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Cash	¢ 87,708,733,181	92,361,994,246	78,992,266,046
Demand deposits in BCCR	658,779,984,748	622,122,345,509	549,554,445,275
Checking accounts and demand deposits in local financial entities	693,480,661	34,167,612	10,939,189
Checking accounts and demand deposits in foreign financial entities	80,112,131,546	186,348,821,639	215,254,623,269
Notes payable on demand	1,616,528,618	291,159,518	2,823,417,631
Restricted cash and cash equivalents	94,833,988,791	89,483,497,239	97,644,470,036
Interest receivable	0	13,709,943	0
<b>Total cash and cash equivalents</b>	<b>923,744,847,545</b>	<b>990,655,695,706</b>	<b>944,280,161,446</b>
Investments in short-term financial instruments	349,537,777,956	134,047,099,425	103,276,992,199
<b>Total cash and cash equivalents</b>	<b>¢ 1,273,282,625,501</b>	<b>1,124,702,795,131</b>	<b>1,047,557,153,645</b>

As of June 30, 2023, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢726,569,866,197, (¢702,533,276,665 and ¢635,790,684,793, for December and June 2022, respectively).

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Notes to the consolidated financial statements

As of June 30, 2023

As of June 30, 2023, BCR Pension's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢6,092,824, (¢8,533,646 and ¢1,725,676, for December and June 2022, respectively), for a total of ¢5,853,362,655, (¢6,090,975,102 and ¢1,725,676, for December and June 2022, respectively).

As of June 30, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢25,737,002, (¢27,049,750 and ¢29,306,250, for December and June 2022, respectively), for a total of ¢28,545,812,102, (¢25,345,587,903 y ¢33,526,334,781, for December and June 2022, respectively).

As of June 30, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢28,269,721,842, (¢25,157,175,774 and ¢33,359,477,968, for December and June 2022, respectively). (See note 2).

As of June 30, 2023, the Bank has a liability for outstanding checks in the amount of ¢1,086,927,372, (¢1,071,873,752 and ¢1,511,331,463, for December and June 2022, respectively), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

5). Investments in financial instruments

Investments in financial instruments are as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
At fair value through profit or loss	¢ 50,216,818,336	232,343,302,158	252,339,330,592
At fair value through other comprehensive income	1,319,077,714,520	1,390,086,634,332	1,535,412,535,132
At amortized cost	290,598,695,497	90,186,040,192	49,344,843,319
Interest receivable for investments at fair value through profit or loss	5,129,211,762	5,931,787,338	5,468,598,175
Interest receivable for investments at fair value through other comprehensive income	18,057,028,425	18,737,313,032	21,622,563,071
Interest receivable for investments classified at amortized cost	285,116,282	410,214,991	68,109,785
Allowance for impairment of financial instruments	(95,786,398)	(91,277,233)	0
	<b>¢ 1,683,268,798,424</b>	<b>1,737,604,014,810</b>	<b>1,864,255,980,074</b>

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Notes to the consolidated financial statements

As of June 30, 2023

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	0	778,649,201	159,261,850
Other (Open Investment Funds)	7,284,761,225A	105,117,749,081	137,856,397,428
	<b>7,284,761,225</b>	<b>105,896,398,282</b>	<b>138,015,659,278</b>
<u>Foreign issuers:</u>			
Government	0	29,003,876	0
State-owned Banks	306,888,206	0	0
Private Banks	0	0	114,221,250,000
Private issuers	42,309,960,000	126,417,900,000	62,862,689
Other	315,208,905	0	39,558,625
¢	<b>50,216,818,336</b>	<b>232,343,302,158</b>	<b>252,339,330,592</b>
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At fair value through other comprehensive income</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	¢ 1,080,147,712,470	1,160,103,833,205	1,356,964,019,851
State-owned Banks	77,026,296,103	107,022,856,034	133,084,027,710
Private Banks	9,177,876,235	8,296,159,016	10,119,053,682
Private issuers	7,460,490,358	7,902,768,829	20,854,922,737
Other	5,003,235,920	28,949,085	0
	<b>1,178,815,611,086</b>	<b>1,283,354,566,169</b>	<b>1,521,022,023,980</b>
<u>Foreign issuers:</u>			
Private Banks	13 559 067 903	13,084,184,815	14,390,511,152
Other	126,703,035,531	93,647,883,348	0
¢	<b>1,319,077,714,520</b>	<b>1,390,086,634,332</b>	<b>1,535,412,535,132</b>
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Financial instruments at amortized cost issued by entities</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	¢ 193,656,642,962	19,050,101,818	4,866,013,504
State-owned Banks	39,013,080,000	25,283,580,000	29,074,551,227
Private Banks	43,726,327,435	28,152,322,741	3,461,344,838
Private issuers	14,202,645,100	17,700,035,633	11,942,933,750
¢	<b>290,598,695,497</b>	<b>90,186,040,192</b>	<b>49,344,843,319</b>

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As of June 30, 2023

As of June 30, 2023, the investment portfolio amounts to ¢101,543,750,487, (¢158,945,753,812 and ¢166,422,694,590, for December and June 2022, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 40).

Maturities for investments in financial instruments are from July 01, 2023, to May 23, 2029.

Purchased financial instruments earn annual yield rates as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Colones	4.60% to 11.53%	0,51% to 18.06%	0,51% to 9.01%
US dollars	0,01% to 6.58%	0,01% to 9.96%	0,010% to 5.75%

Investments have been pledged as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Securities in guarantee, liquidity market Restricted minimum operating capital of BCR Pensión Operadora de Pensiones Complementarias, S.A.	¢ 174,471,424,032	369,692,667,369	278,846,915,913
Guarantee for obligations by repurchase of Securities, BCR Valores, S.A. BCR Puesto de Bolsa, S.A.	5,853,362,655	6,082,441,456	5,163,964,839
	<u>27,151,963,842</u>	<u>23,658,154,456</u>	<u>31,622,814,817</u>
	<b>¢ 207,476,750,529</b>	<b>399,433,263,281</b>	<b>315,633,695,569</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 June 30, 2023, amount to ¢5,853,362,655, (¢6,082,441,456 and ¢3,477,515,642, for December and June 2022, respectively).

As of June 30, 2023, BCR Valores holds restricted investments in securities in the amount of ¢28,269,721,842, (¢25,157,175,774 y ¢33,359,477,968, for December and June 2022, respectively).



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

Repurchase Operations:

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

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

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local government	¢ 2,967,094,781,138	9,320,052,920	01/04/2022 to 30/06/2022	100,00%
Others	653,964,541	653,964,541	01/10/2022 to 31/12/2022	99,50%
	¢ <u>2,967,748,745,679</u>	<u>9,974,017,461</u>		

As of December 31, 2022

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	¢ 675,853,841	675,853,841	01/10/2022 to 31/12/2022	100,00%
	¢ <u>675,853,841</u>	<u>675,853,841</u>		

As of June 30, 2022

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	370,483,210	370,483,210	01/04/2022 to 21/07/2022	100%
	¢ <u>370,483,210</u>	<u>370,483,210</u>		

BANCO DE COSTA RICA AND SUBSIDIARIES

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6). Loan portfolio

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

a) Loan portfolio by economic sector

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Current loans</b>			
Personal loans	¢ 1,317,557,740,205	1,313,054,163,704	1,298,465,010,003
Loans Development Banking System	72,485,026,361	70,256,319,853	65,832,688,779
Business loans	88,281,220,143	199,347,567,133	202,917,335,882
Loans - Corporate	2,160,411,461,480	2,250,693,931,615	2,284,586,007,254
Loans - Public sector	59,702,144,685	55,635,856,560	60,422,268,576
Loans - Financial sector	27,476,009,224	48,474,746,013	63,337,271,304
	<u>3,725,913,602,098</u>	<u>3,937,462,584,878</u>	<u>3,975,560,581,798</u>
<b>Past due loans</b>			
Personal loans	135,057,429,841	137,373,460,783	135,171,885,488
Loans Development Banking System	4,205,772,015	3,215,440,608	3,148,331,107
Business loans	14,220,267,975	17,186,060,098	16,817,847,927
Loans - Corporate	87,082,607,769	85,481,931,682	103,685,069,497
Loans - Public sector	0	0	1,188,183
	<u>240,566,077,600</u>	<u>243,256,893,171</u>	<u>258,824,322,202</u>
<b>Loans in legal collection</b>			
Personal loans	29,291,755,123	29,306,781,962	31,136,548,546
Loans Development Banking System	800,710,742	952,731,705	144,885,505
Business loans	4,037,049,812	4,281,509,660	3,889,004,662
Loans - Corporate	18,682,109,763	19,474,356,582	21,059,438,087
	<u>52,811,625,440</u>	<u>54,015,379,909</u>	<u>56,229,876,800</u>
	<u>¢ 4,019,291,305,138</u>	<u>4,234,734,857,958</u>	<u>4,290,614,780,800</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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b) Loan portfolio by activity

<b>Activity</b>	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Agriculture, livestock, hunting and service activities	¢ 157,379,442,455	183,941,629,442	214,228,787,607
Public administration	21,215,643,157	24,395,604,351	269,291,993,293
Fishing and aquaculture	42,986,799	43,712,963	44,887,819
Manufacturing	364,302,691,500	409,400,956,418	465,182,261,304
Telecommunications and public services	242 164 436 170	234,561,181,309	236,781,622,543
Mining and quarrying	25,448,807	28,843,116	32,154,147
Retail	419,836,894,025	468,339,740,242	568,378,663,850
Services	706,720,083,267	959,174,202,303	665,575,806,189
Transportation	35,076,365,813	33,732,957,042	51,942,155,829
Financial activities and stock exchange	147,159,118	3,385,299,600	3,565,001,637
A Real estate, business, and leasing Activities	24,436,335,465	26,519,811,034	36,543,636,426
Construction, purchase, and repair of real estate	1,492,072,400,683	1,499,484,435,274	1,388,810,827,185
Consumer	445,339,507,478	270,850,551,147	274,316,102,872
Hospitality	109,359,263,053	119,607,586,829	114,398,325,956
Education	697,640,310	740,142,594	780,825,853
Other activities from the non-financial private sector	475,007,038	528,204,294	741,728,290
	<u>4,019,291,305,138</u>	<u>4,234,734,857,958</u>	<u>4,290,614,780,800</u>
Plus, interest receivable	23,936,954,077	23,482,920,835	21,763,976,729
Deferred income from loan portfolio	(30,086,891,394)	(20,333,161,206)	(19,340,709,176)
Less allowance for loan	(153,397,148,803)	(160,471,231,286)	(183,448,894,399)
¢	<u><b>3,859,744,219,018</b></u>	<u><b>4,077,413,386,301</b></u>	<u><b>4,109,589,153,954</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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c) Current loans

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Current</b>				
Personal	¢	1,317,557,740,205	1,313,054,163,704	1,298,465,010,003
Development Banking System		72,485,026,361	70,256,319,853	65,832,688,779
Business		88,281,220,143	199,347,567,133	202,917,335,882
Corporate		2,160,411,461,480	2,250,693,931,615	2,284,586,007,254
Public sector		59,702,144,685	55,635,856,560	60,422,268,576
Financial sector		27,476,009,224	48,474,746,013	63,337,271,304
	¢	<b><u>3,725,913,602,098</u></b>	<b><u>3,937,462,584,878</u></b>	<b><u>3,975,560,581,798</u></b>

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Past due</b>				
Personal	¢	135,057,429,840	137,373,460,783	135,171,885,488
Development Banking System		4,205,772,015	3,215,440,608	3,148,331,107
Business		14,220,267,975	17,186,060,098	16,817,847,927
Corporate		87,082,607,770	85,481,931,682	103,685,069,497
Public sector		0	0	1,188,183
	¢	<b><u>240,566,077,600</u></b>	<b><u>243,256,893,171</u></b>	<b><u>258,824,322,202</u></b>

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Judicial collection</b>				
Personal	¢	29,291,755,123	29,306,781,962	31,136,548,546
Development Banking System		800,710,742	952,731,705	144,885,505
Business		4,037,049,812	4,281,509,660	3,889,004,662
Corporate		18,682,109,763	19,474,356,582	21,059,438,087
	¢	<b><u>52,811,625,440</u></b>	<b><u>54,015,379,909</u></b>	<b><u>56,229,876,800</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Total minimum payments	¢ 28,958,724,714	26,657,265,887	42,168,506,357
	<u>¢ 28,958,724,714</u>	<u>26,657,265,887</u>	<u>42,168,506,357</u>

The maturities of the financial leases are as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Less than a year	¢ 7,232,511,350	1,430,091,146	1,662,441,144
From 1 to 5 years	21,726,213,364	25,227,174,741	40,506,065,213
	<u>¢ 28,958,724,714</u>	<u>26,657,265,887</u>	<u>42,168,506,357</u>

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Current	¢ 3,725,913,602,098	3,937,462,584,878	3,975,560,581,798
1 to 30 days	119,383,176,045	130,083,501,398	121,127,250,214
31 to 60 days	46,631,713,786	36,174,862,201	44,039,023,598
61 to 90 days	14,865,350,417	20,105,965,518	27,752,755,516
91 to 120 days	7,830,681,600	5,673,686,984	8,645,966,616
121 to 180 days	6,326,420,415	10,516,023,556	11,104,162,173
Over 181 days	98,340,360,777	94,718,233,423	102,385,040,884
	<u>¢ 4,019,291,305,138</u>	<u>4,234,734,857,958</u>	<u>4,290,614,780,799</u>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of June 30, 2023

e) Past due loans

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

	<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
Number of operations	2,028	1,832	2,317
Past due loans in non-accrual status	¢ <u>98,340,360,777</u>	<u>94,718,233,423</u>	<u>102,385,040,885</u>
Past due loans bearing interest	¢ 195,037,342,263	202,554,039,657	212,669,158,117
Total of unearned interest	¢ 15,389,515,270	16,296,571,125	17,859,743,604

Loans in legal collection as of June 30, 2023:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1 166	1,31%	¢ <u>52,811,625,440</u>

Loans in legal collection as of December 31, 2022:

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

Loans in legal collection as of June 30, 2022:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1 141	1,31%	¢ <u>56,229,876,800</u>

As of June 30, 2023, the average annual interest rate earned on loans is de 9.46%, (8.99% y 6.94%, for December and June 2022, respectively) in colones and 7.52% (7.47% y 5.58% for December and June 2022, respectively) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 8.21% (7.61% and 6.25% for December and June 2022, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Personal	9,261,623,623	9,250,550,721	8,017,939,286
Development Banking System	292,004,227	272,436,252	205,494,260
Business	1,102,300,966	1,138,731,425	1,064,094,648
Corporate	12,774,710,828	12,231,158,384	11,953,324,794
Public sector	327,804,978	327,112,407	290,049,638
Financial sector	178,509,455	262,931,646	233,074,103
	<b>¢ 23,936,954,077</b>	<b>¢ 23,482,920,835</b>	<b>¢ 21,763,976,729</b>

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

<b>2023 Initial balance</b>	<b>¢ 160,471,231,286</b>
Currency translation effect	(1,271,232,903)
<b>Adjusted balance at the beginning of 2023</b>	<b>159,199,998,383</b>
Plus:	
Allowance charged through profit or loss (see note 29)	4,063,375,096
Recoveries	8,202
Reversal of unsolved	318,731,125
Less:	
Adjustments for exchange differences	(5,169,891,382)
Transfer to unpaid balances	(4,550,446,697)
Reversal of allowance against income (see note 30)	(467,922,804)
Transfer of balances	3,296,880
<b>Balance as of June 30, 2023</b>	<b>¢ 153,397,148,803</b>
<b>2022 Initial balance</b>	<b>¢ 171,218,633,346</b>
Currency translation effect	(1,506,459,025)
<b>Adjusted balance at the beginning of 2022</b>	<b>169,712,174,321</b>
Plus:	
Allowance charged through profit or loss (see note 29)	15,671,760,725
Adjustments for exchange differences	4,373,505,583
Less:	
Adjustments for exchange differences	(8,467,380,940)
Transfer to unpaid balances	(13,129,039,580)
Reversal of allowance against income (see note 30)	(7,714,046,765)
Transfer of balances	24,257,942
<b>Balance as of December 31, 2022</b>	<b>¢ 160,471,231,286</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

<b>2022 Initial balance</b>	¢ <b>171,218,633,346</b>
Currency translation effect	1,409,189,794
<b>Adjusted balance at the beginning of 2022</b>	<b>172,627,823,140</b>
Plus:	
Allowance charged through profit or loss (see note 29)	13,188,918,470
Adjustments for exchange differences	4,373,505,175
Less:	
Transfer to unpaid balances	(6,176,667,882)
Reversal of allowance against income (see note 30)	(564,679,659)
Transfer of balances	(4,845)
<b>Balance as of June, 2022</b>	<b>¢ 183,448,894,399</b>

h) Syndicated loans

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

Banco de Costa Rica syndicated loan portfolio:

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

BICSA - Syndicated loans

As of June 30, 2023:

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
3	Global Bank	69,370,379,042	5,281,567,143 ¢	74,651,946,185
1	Banco Agromercantil de Guatemala, S.A.	301,498,674,298	2,913,245,702	304,411,920,000
13	Credicorp Bank	4,169,606,446	1,605,888,269	5,775,494,715
2	Credit Suisse AG	119,031,105,000	10,096,695,000	129,127,800,000
2	Prival Bank	16,486,268,232	9,346,532,266	25,832,800,498
1	Banistmo	35,927,225,596	6,741,803,649	42,669,029,245
2	Bladex	126,987,716,067	15,877,083,933	142,864,800,000
1	Banco Centroamericano de Integración Económica	114,017,100,000	9,615,900,000	123,633,000,000
1	Bancolombia	184,603,540,923	6,615,499,077	191,219,040,000
2	Banco Aliado	42,172,590,000	3,434,250,000	45,606,840,000
1	MMG Bank Corporation	1,527,547,257	726,006,494	2,253,553,751
1	Banco Santander, Natixis, ING Bank	395,454,628,199	8,962,651,801	404,417,280,000
<b>30</b>		<b>1,740,965,587,128</b>	<b>87,230,197,266</b>	<b>¢ 1,828,195,784,394</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

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As of June 30, 2023

As of December 31, 2022:

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

As of June 30, 2022

<b>No. Operations</b>		<b>Syndicated balances other banks</b>	<b>Syndicated balance BICSA</b>	<b>Total balance</b>
4	Global Bank	84,878,328,650	9,170,243,773	¢ 94,048,572,423
1	Banco Agromercantil de Guatemala, S.A.	379,729,421,321	3,777,078,679	383,506,500,000
13	Credicorp Bank	4,965,296,369	2,310,830,586	7,276,126,955
1	Credit Suisse Ag	92,761,500,000	6,230,250,000	98,991,750,000
2	Prival Bank	20,728,318,949	11,816,553,454	32,544,872,403
1	Citibank New York	46,588,188,174	4,134,553,429	50,722,741,603
1	Banistmo	46,646,749,298	7,108,866,001	53,755,615,299
1	The Bank of Nova Scotia (Scotiabank)	14,057,598,739	6,821,516,834	20,879,115,573
1	Scotiabank Cr	274,131,000,000	6,922,500,000	281,053,500,000
2	Bladex	106,760,333,339	8,153,166,661	114,913,500,000
1	Banco Centroamericano de Integración Económica	142,488,124,998	13,268,125,002	155,756,250,000
1	Banco Aliado	31,334,315,672	3,278,184,328	34,612,500,000
1	Bancolombia and Banco Agrícola, S.A.	237,441,750,000	3,461,250,000	240,903,000,000
2	Credit Suisse	87,846,525,000	1,453,725,000	89,300,250,000
1	Banco Latinoamericano de Exportaciones (BLADDEX)	61,264,125,000	2,076,750,000	63,340,875,000
<b>33</b>		<b>1,631,621,575,509</b>	<b>89,983,593,747</b>	¢ <b>1,721,605,169,256</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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7). Held-for-sale assets, net

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Financial instruments	¢ 111,325,026,668	115,127,502,923	124,635,465,077
Other assets	681,106,352	658,544,163	543,593,937
Purchased-for-sale	2,207,275,043	1,044,557,850	1,197,806,332
Idle real property, furniture, and equipment	1,977,878,927	1,977,878,927	1,977,878,927
	<u>116,191,286,990</u>	<u>118,808,483,863</u>	<u>128,354,744,273</u>
Allowance for impairment and per legal requirement	(68,220,774,181)	(67,864,844,691)	(69,158,990,755)
	<u>¢ 47,970,512,809</u>	<u>50,943,639,172</u>	<u>59,195,753,518</u>

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At the beginning of the year</b>	¢ <b>118,808,483,863</b>	<b>140,834,468,459</b>	<b>140,834,468,459</b>
Translation effect	(1,565,739,337)	(1,331,880,003)	1,524,451,547
<b>Adjusted balance</b>	<b>117,242,744,526</b>	<b>139,502,588,456</b>	<b>142,358,920,006</b>
Increase for awarded assets	9,991,789,464	18,526,514,432	8,788,002,208
Transfer to unused property, furniture, and equipment	136,803,920	1,288,622,589	943,392,497
Transfer of assets, balances of Insurance Agency	0	0	2,002,506,970
Increase goods acquired for sale	6,429,383,123	4,914,343,178	(24,500,866,790)
Sales of goods	(17,472,630,123)	(44,130,509,335)	(1,237,210,618)
Withdrawal of unused property, furniture, and equipment	(136,803,920)	(1,293,075,457)	0
<b>Balance at the end of the period</b>	<u>¢ <b>116,191,286,990</b></u>	<u><b>118,808,483,863</b></u>	<u><b>128,354,744,273</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Opening balance</b>	¢ 67,864,844,691	77,758,590,537	77,758,592,387
Currency conversion effect	(43,285,340)	(24,136,255)	26,225,249
<b>Adjusted Balance</b>	<b>67,821,559,351</b>	<b>77,734,454,282</b>	<b>77,784,817,636</b>
Increase in the allowance	8,726,912,959	18,521,186,919	9,345,997,874
Reversal in the allowance	(8,560,084,320)	(28,546,716,197)	(18,134,740,641)
Transfer of balances	1,033,460,044	160,372,544	162,915,886
Adjustment of the estimate for appraisal of assets	(801,073,853)	(4,452,857)	0
<b>Closing balance</b>	<b>¢ 68,220,774,181</b>	<b>67,864,844,691</b>	<b>69,158,990,755</b>

8). Interest in other companies' capital

Interest in other companies' capital is detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Capital interest in Bolsa Nacional Valores, S.A.	¢ 29,057,201	29,057,201	29,057,201
Capital interest in Interclar Central de Valores, S.A.	36,359,987	36,359,987	36,359,987
Capital interest in BCR Pensiones, Operadora de Planes de Pensiones Complementarias SA	350,000,000	0	0
Capital interest in Banprocesa. S.R.L.	0	283,878,098	164,077,456
	<b>¢ 415,417,188</b>	<b>349,295,286</b>	<b>229,494,644</b>

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

Interest in the equity of the financial conglomerate:

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

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

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

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

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

The Bank's income statement for the period ended June 2023, includes the amounts of ¢1,662,597,769, (¢2,002,326,916 and ¢981,935,560, for December and June 2022, respectively), corresponding to the net operating income of BICSA.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

The Bank's statement of changes in equity for the period ended June 30, 2023, includes an equity decrease of ¢6,593,267,383, (¢5,350,104,171 and ¢5,839,368,709, for December and June 2022, respectively) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of June 30, 2023, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance sheet amounts to ¢68,501,580,368, (¢73,316,067,683 and ¢83,185,589,828, for December and June 2022, respectively) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢1,597,398,362, (¢1,923,801,052 and ¢981,936,096 for December and June 2022, respectively).

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

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

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

As of June 30, 2023, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢213,850,621, (¢860,236,658 and ¢382,847,397, for December and June 2022, respectively), corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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9). Property, furniture, and equipment

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

						Assets for the right-of-use, buildings, and facilities	Total
<b>Cost:</b>	<b>Property</b>	<b>Buildings</b>	<b>Furniture and equipment</b>	<b>Computer hardware</b>	<b>Vehicles</b>		
<b>Balance as of December 31, 2022</b>	¢ 36,112,762,169	101,494,422,613	39,930,981,792	54,066,568,409	5,960,479,952	32,152,214,688	269,717,429,623
Conversion effect	(41,110,063)	(654,354,178)	(77,389,586)	(138,219,395)	(5,038,333)	(123,337,228)	(1,039,448,783)
<b>Adjusted balance</b>	<b>36,071,652,106</b>	<b>100,840,068,435</b>	<b>39,853,592,206</b>	<b>53,928,349,014</b>	<b>5,955,441,619</b>	<b>32,028,877,460</b>	<b>268,677,980,840</b>
Additions	0	2,109,498,375	943,282,053	1,705,456,510	234,837	213,466,095	4,971,937,870
Withdrawals	0	0	(109,779,860)	(1,025,312,211)	0	0	(1,135,092,071)
Transfers	0	0	(419,070,683)	(852,195,992)	32,050,000	87,243,923	(1,151,972,752)
Revaluation	0	0	4,775,204	0	0	5,494,869	10,270,073
<b>Balance as of June, 2023</b>	<b>36,071,652,106</b>	<b>102,949,566,810</b>	<b>40,272,798,920</b>	<b>53,756,297,321</b>	<b>5,987,726,456</b>	<b>32,335,082,347</b>	<b>271,373,123,960</b>
<b><u>Accumulated depreciation and impairment</u></b>							
<b>Balance as of December 31, 2022</b>	0	37,958,884,721	26,458,862,052	39,611,176,674	4,692,318,066	9,807,713,141	118,528,954,654
Conversion effect	0	(126,089,901)	(73,987,694)	(114,210,095)	(4,968,914)	(85,875,559)	(405,132,163)
<b>Adjusted balance</b>	<b>0</b>	<b>37,832,794,820</b>	<b>26,384,874,358</b>	<b>39,496,966,579</b>	<b>4,687,349,152</b>	<b>9,721,837,582</b>	<b>118,123,822,491</b>
Depreciation expenses	0	1,054,041,535	1,271,780,131	2,876,992,836	153,605,575	1,827,948,431	7,184,368,508
Withdrawals	0	0	(365,828,516)	(1,033,871,909)	0	0	(1,399,700,425)
Transfers	0	0	44,748,467	(54,686,447)	0	223,171,970	213,233,990
<b>Balance as of June 30, 2023</b>	¢ 0	<b>38,886,836,355</b>	<b>27,335,574,440</b>	<b>41,285,401,059</b>	<b>4,840,954,727</b>	<b>11,772,957,983</b>	<b>124,121,724,564</b>
<b>June 30, 2023</b>	¢ <b>36,071,652,106</b>	<b>64,062,730,455</b>	<b>12,937,224,480</b>	<b>12,470,896,262</b>	<b>1,146,771,729</b>	<b>20,562,124,364</b>	<b>147,251,399,396</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of June 30, 2023

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

<b>Cost:</b>	<b>Property</b>	<b>Buildings</b>	<b>Furniture and equipment</b>	<b>Computer hardware</b>	<b>Vehicles</b>	<b>Assets for the right-of-use, buildings, and facilities</b>	<b>Total</b>
<b>Balance as of December 31, 2020</b>	€ 35,822,827,602	81,913,344,038	38,986,780,302	50,694,400,676	5,809,582,106	28,144,296,674	241,371,231,398
Conversion effect	36,796,300	585,690,560	80,537,457	149,163,241	4,509,650	155,335,472	1,012,032,680
<b>Adjusted balance</b>	<b>35,859,623,902</b>	<b>82,499,034,598</b>	<b>39,067,317,759</b>	<b>50,843,563,917</b>	<b>5,814,091,756</b>	<b>28,299,632,146</b>	<b>242,383,264,078</b>
Additions	0	100,673,617	1,461,895,507	4,801,233,637	0	6,956,067,773	13,319,870,534
Withdrawals	0	0	(20,480,104)	(38,394,887)	0	(281,411,919)	(340,286,910)
Transfers	0	0	(794,348,793)	(5,428,353,421)	0	99,462,185	(6,123,240,029)
<b>Balance as of June 30, 2022</b>	<b>35,859,623,902</b>	<b>82,599,708,215</b>	<b>39,714,384,369</b>	<b>50,178,049,246</b>	<b>5,814,091,756</b>	<b>35,073,750,185</b>	<b>249,239,607,673</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as of December 31, 2020</b>	0	27,522,164,868	24,489,329,401	36,343,486,976	4,399,535,599	7,053,472,004	99,807,988,848
Conversion effect	0	105,937,717	76,167,490	135,774,323	4,447,516	105,472,039	427,799,085
<b>Adjusted balance</b>	<b>0</b>	<b>27,628,102,585</b>	<b>24,565,496,891</b>	<b>36,479,261,299</b>	<b>4,403,983,115</b>	<b>7,158,944,043</b>	<b>100,235,787,933</b>
Depreciation expenses	0	1,029,331,441	1,338,406,144	2,541,139,736	147,777,779	1,511,184,248	6,567,839,348
Withdrawals	0	0	(1,121,049,854)	(535,416,655)	0	(64,940,851)	(1,721,407,360)
Transfers	0	(226,068)	857,789,196	(853,020,797)	461,958	202,197,944	207,202,233
Revaluation	0	0	0	(2,316,345)	0	0	(2,316,345)
<b>Balance as of June 30, 2022</b>	€ <b>0</b>	<b>28,657,207,958</b>	<b>25,640,642,377</b>	<b>37,629,647,238</b>	<b>4,552,222,852</b>	<b>8,807,385,384</b>	<b>105,287,105,809</b>
Balances, net:							
<b>June 30, 2022</b>	€ <b>35,859,623,902</b>	<b>53,942,500,257</b>	<b>14,073,741,992</b>	<b>12,548,402,008</b>	<b>1,261,868,904</b>	<b>26,266,364,801</b>	<b>143,952,501,864</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

10). Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
Improvement of properties in operating lease	¢ 710,237,114	872,974,288	1,061,438,990
Pre-issuance cost of financial instruments	0	0	141,911,755
Other deferred charges	<u>1,094,471,106</u>	<u>1,291,337,063</u>	<u>1,591,495,211</u>
	<u>¢ 1,804,708,220</u>	<u>2,164,311,351</u>	<u>2,794,845,956</u>

(b) Intangible assets

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

*Cost:*

<b>Balance as of December 31, 2022</b>	¢ <b>83,282,029,043</b>
Currency translation effect	(675,993,812)
<b>Adjusted balance</b>	<b>82,606,035,230</b>
Additions to computer systems	10,655,370,722
Transfers	(377,720,523)
Withdrawals	<u>(1,920,011,540)</u>
<b>Balance as of June, 2023</b>	<b><u>90,963,673,889</u></b>

*Accumulated depreciation and impairment:*

<b>Balance as of December 31, 2022</b>	<b>59,734,564,757</b>
Currency translation effect	(490,344,697)
<b>Adjusted balance</b>	<b>59,244,220,060</b>
Amortization expense on computer systems	9,661,747,606
Transfers	(2,045,225,853)
Withdrawals	<u>(4,471,107)</u>
<b>Amortized balance and impairment as of June 30, 2023</b>	<b><u>66,856,270,706</u></b>
<b>Balance as of June 30, 2023</b>	<b>¢ <u>24,107,403,183</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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June 30, 2023

<b>December</b>	<b>2022</b>
<i>Cost:</i>	
<b>Balance as of December 31, 2021</b>	<b>57,790,466,417</b>
Currency translation effect	(561,053,101)
<b>Adjusted balance</b>	<b>57,229,413,316</b>
Additions to computer systems	16,763,207,200
Transfers	11,054,576,512
Withdrawals	(1,765,167,985)
<b>Balance as of December 31, 2022</b>	<b>83,282,029,043</b>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2022</b>	<b>40,609,976,820</b>
Currency translation effect	(467,031,260)
<b>Adjusted balance</b>	<b>40,142,945,560</b>
Amortization expense on computer systems	14,376,037,116
Transfers	6,339,283,869
Withdrawals	(1,123,701,788)
<b>Amortized balance and impairment as of December 31, 2022</b>	<b>59,734,564,757</b>
<b>Balance as of December 31, 2022</b>	<b>23,547,464,286</b>
<i>Cost:</i>	
<b>Balance as of December 31, 2021</b>	<b>57,790,466,417</b>
Currency translation effect	609,558,337
<b>Adjusted balance</b>	<b>58,400,024,754</b>
Additions to computer systems	7,503,705,502
Transfers	10,770,656,508
Withdrawals	(864,099,496)
<b>Balance of costs as of June 30, 2022</b>	<b>75,810,287,268</b>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2021</b>	<b>40,609,976,820</b>
Currency translation effect	460,321,072
<b>Adjusted balance</b>	<b>41,070,297,892</b>
Amortization expense on computer systems	5,609,090,448
Transfers	5,972,712,863
Withdrawals	(819,679,805)
<b>Balance of amortization and impairment as of June 30, 2022</b>	<b>51,832,421,398</b>
<b>Balance as of June 30, 2022</b>	<b>23,977,865,870</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

Other assets

Other assets are detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Prepaid taxes	14,478,226,177	34,363,327,777	15,117,512,047
Other prepaid taxes	434,503,880	14,073,563	675,229,100
Prepaid leases	78,383	78,383	78,383
Prepaid insurance policy	690,275,319	382,800,446	421,235,238
Other prepaid expenses	376,576,100	394,986,914	1,089,327,177
<b>Prepaid expenses</b>	<b>15,979,659,859</b>	<b>35,155,267,083</b>	<b>17,303,381,945</b>
Stationery, supplies and other materials	183,853,825	198,957,184	186,045,621
Library and works of art	39,219,590	36,986,766	42,223,898
Construction in process	7,177,811,184	8,612,541,177	5,401,400,067
Automated applications under development	4,825,499,738	4,478,123,483	3,721,651,589
Membership in social and professional institutions		36,633,800	36,633,800
Other miscellaneous goods	22,554,356,774	24,525,107,060	27,144,372,573
<b>Miscellaneous goods</b>	<b>34,817,374,911</b>	<b>37,888,349,470</b>	<b>36,532,327,548</b>
Missing cash	45,104,590	47,702,442	75,755,757
Transactions to be settled	54,694,796,738	57,745,803,194	25,418,818,007
Other operations pending allocation	177,998,204	353,394,564	149,468,555
<b>Operations pending allocation</b>	<b>54,917,899,532</b>	<b>58,146,900,200</b>	<b>25,644,042,319</b>
Guarantee deposits	1,152,369,299	1,166,642,799	1,300,383,906
Judicial and administrative deposits	0	2,081,316,906	0
<b>Restricted assets</b>	<b>1,152,369,299</b>	<b>3,247,959,705</b>	<b>1,300,383,906</b>
	<b>106,867,303,601</b>	<b>134,438,476,458</b>	<b>80,780,135,718</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

11). Demand obligations with the public

Demand obligations with the public are as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Checking accounts	¢ 1,933,968,813,152	2,237,956,431,734	2,194,856,336,305
Cashier's checks	411,160,512	451,515,080	526,616,247
Demand savings deposits	995,179,143,942	1,064,529,165,087	1,051,384,460,784
Overdue term borrowings	2,280,094,621	1,897,451,094	3,342,425,728
Overnight deposits	1,609,976,400	3,780,497,200	2,021,370,000
Other demand borrowings	0	0	1,150,786,016
Other demand obligations with the public	5,783,992,206	4,100,150,200	8,026,752,847
	<b>¢ 2,939,233,180,833</b>	<b>3,312,715,210,395</b>	<b>3,261,308,747,927</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>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
	<b>Demand</b>	<b>Demand</b>	<b>Demand</b>
<u>Obligations with the public</u>			
Deposits from the public	¢ 2,933,449,188,626	3,308,615,060,195	3,253,281,995,079
Other obligations with the public (See note 11)	5,783,992,207	4,100,150,200	8,026,752,848
	<u>2,939,233,180,833</u>	<u>3,312,715,210,395</u>	<u>3,261,308,747,927</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	33,093,166,056	9,856,961,912	4,945,038,556
Deposits from other Banks	6,240,583,056	4,099,984,761	8,967,604,207
Other obligations with entities	61,561,555,285	72,277,495,403	61,956,668,431
	<u>100,895,304,397</u>	<u>86,234,442,076</u>	<u>75,869,311,194</u>
	<b>¢ 3,040,128,485,230</b>	<b>3,398,949,652,471</b>	<b>3,337,178,059,121</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

	<b>June 2023 Term</b>	<b>December 2022 Term</b>	<b>June 2022 Term</b>
<u>Obligations with the public</u>			
Deposits from the public	¢ 2,012,769,342,425	1,864,983,147,193	1,882,562,651,052
Other obligations with the public	12,903,890	11,063,795	11,243,172
	<u>2,012,782,246,315</u>	<u>1,864,994,210,988</u>	<u>1,882,573,894,224</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	42,009,600,000	37,638,852,986	54,350,269,949
Deposits from other Banks	8,962,771,303	10,022,032,121	4,602,375,365
Other obligations with entities	588,094,581,227	721,770,058,668	837,578,392,966
	<u>639,066,952,530</u>	<u>769,430,943,775</u>	<u>896,531,038,280</u>
¢	<u><b>2,651,849,198,845</b></u>	<u><b>2,634,425,154,763</b></u>	<u><b>2,779,104,932,504</b></u>

As of June 30, 2023, demand deposits with the public include court-ordered deposits for ¢248,665,476,939, (¢260,468,163,133 and ¢256,815,241,396, for December and June 2022, respectively), which are restricted because of their nature.

As of June 30, 2023, the Bank has a total of de 1,829,808 (1,751.780 and 1,714,915, for December and June 2022, respectively) employees with demand deposits and with term deposits 39,231 (36,213, for December and 36,342 for June 2022 respectively). The subsidiary BICSA has a total of 884 customers (855 and 951, for December and June 2022, respectively) with demand deposits and 1,281, (1,157 and 1,171, for December and June 2022, respectively).

13). Other obligations with the public

Other obligations with the public are as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Obligations for confirmed letters of credit	¢ 1,748,547,882	6,642,720,100	5,970,822,390
Obligations for security tripartite agreements forward buyer	949,824,173	5,558,776,494	7,098,094,702
¢	<u><b>2,698,372,055</b></u>	<u><b>12,201,496,594</b></u>	<u><b>13,068,917,092</b></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 June 30, 2023, 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>1,117,758,006</u>	<u>949,824,173</u>	01-01-2023 to 31-03-2023	100%

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

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

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

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

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase price</b>
Investments	¢ <u>33,359,477,968</u>	<u>7,098,094,702</u>	01/07/2022 to 31/12/2022	100%

BANCO DE COSTA RICA AND SUBSIDIARIES

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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:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Term obligations with the Central Bank of Costa Rica	¢ 104,832,832,189	134,495,032,211	169,221,766,962
Charges payable for obligations with the Central Bank of Costa Rica	<u>1,773,789,568</u>	<u>1,424,026,345</u>	<u>1,064,609,761</u>
	106,606,621,757	135,919,058,556	170,286,376,723
Checking accounts of local financial entities	50,072,956,668	30,608,697,132	23,535,872,839
Checking accounts of foreign financial entities	1,726,056,144	410,914,142	5,244,157,181
Overdrafts on demand checking accounts of foreign financial entities	9,267,935,130	7,249,152,774	12,438,377,898
Obligations for check deposits	1,086,927,372	1,071,873,752	1,511,331,463
Overnight deposits	38,741,429,083	46,893,804,276	33,139,571,812
Term deposits from local financial entities	60,599,971,122	57,798,344,956	79,160,589,065
Term deposits from financial entities abroad	32,704,163,168	54,188,524,135	21,464,420,611
Loan from foreign financial entities (See note 14-a)	272,580,312,604	327,749,783,825	375,742,156,748
Obligations for right-of-use assets received under leases (note 14-a)	21,118,252,796	24,383,913,051	31,606,224,913
Obligations for resources taken from the liquidity market	0	0	23,959,307,748
Obligations with resources from the Development Credit Fund (DCF)	144,092,212,643	192,026,399,851	197,324,452,029
Charges payable for obligations with financial and non-financial entities	<u>6,621,051,321</u>	<u>6,469,427,755</u>	<u>5,379,706,421</u>
	638,611,268,051	748,850,835,649	810,506,168,728
Loans from local financial entities (See note 14-a)	81,914,280,477	84,125,694,537	95,362,975,497
Obligations for deferred liquidity operations (See note 14-a)	<u>26,057,759,718</u>	<u>29,158,283,416</u>	<u>71,910,911,667</u>
	746,583,308,246	862,134,813,602	977,780,055,892
Loans of subsidiaries			
Subordinated obligations	49,956,656,134	49,955,433,414	19,981,971,050
Charges payable for subordinated obligations	<u>184,422,222</u>	<u>184,422,222</u>	<u>90,288,889</u>
	50,141,078,356	50,139,855,636	20,072,259,939
	<u>¢ 903,331,008,359</u>	<u>1,048,193,727,794</u>	<u>1,168,138,692,554</u>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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

	<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
Colones	7.92 % to 9.75%	0.01 % to 9.75%	0.01 % to 6.25%
US dollars	2.96% to 3.43%	0,01% to 7.68%	0,01% to 6.25%

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

a) Maturity of loans payable

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

	<u>Central Bank of Costa Rica</u>	<u>Local financial entities</u>	<u>Foreign financial entities</u>	<u>International organizations</u>	<u>Total</u>
Less than one year	¢ 104,832,832,189	58,817,987,640	156,584,609,121	0	320,235,428,950
From one to two years	0	12,985,860,840	55,235,043,023	0	68,220,903,863
From three to five years	0	10,110,432,000	58,260,526,405	2,500,134,000	70,871,092,405
<b>Total</b>	<b>¢ 104,832,832,189</b>	<b>81,914,280,480</b>	<b>270,080,178,549</b>	<b>2,500,134,000</b>	<b>459,327,425,218</b>

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

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

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

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



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June 30, 2023

a. Lease obligations

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

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,676,946,760	1,358,840,497	0	3,318,106,264
From one to five years		<u>21,794,642,819</u>	<u>3,204,889,559</u>	<u>0</u>	<u>18,589,753,259</u>
	¢	<u><b>26,471,589,579</b></u>	<u><b>4,563,730,056</b></u>	<u><b>0</b></u>	<u><b>21,907,859,523</b></u>

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

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

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

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	5,377,925,424	1,861,436,303	0	3,516,489,121
From one to five years		<u>37,414,121,463</u>	<u>6,301,191,994</u>	<u>0</u>	<u>31,112,929,469</u>
	¢	<u><b>42,792,046,887</b></u>	<u><b>8,162,628,297</b></u>	<u><b>0</b></u>	<u><b>34,629,418,590</b></u>

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

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	707,845,595	2,995,064,485
2 years		858,333,197	3,280,611,530
3 years		876,666,187	1,999,256,713
4 years		895,351,429	1,984,293,858
5 years		958,384,169	2,103,351,409
Over 5 years		<u>1,657,303,183</u>	<u>3,591,397,769</u>
	¢	<u><b>5,953,883,759</b></u>	<u><b>15,953,975,764</b></u>

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

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

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

	<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	757,119,937	3,321,128,432
2 years	820,288,715	3,440,560,356
3 years	933,254,580	3,740,536,855
4 years	898,353,910	3,495,775,043
5 years	895,351,429	3,543,067,927
Over 5 years	2,615,687,352	10,168,294,055
	¢ <u><b>6,920,055,923</b></u>	<u><b>27,709,362,667</b></u>

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

Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1 31/12/2022	¢ 4,733,856,125	3,509,584,083	2,292,215,251	1,270,818,900	18,513,039,350
2 31/12/2023	5,193,479,689	4,149,408,840	3,177,586,247	1,018,659,829	14,405,151,679
3 31/12/2024	4,039,849,555	3,217,108,641	2,400,158,559	822,743,001	11,113,478,894
4 31/12/2025	3,516,977,047	2,920,398,087	2,323,860,794	596,578,956	8,111,359,871
5 31/12/2026	3,308,489,815	2,913,677,192	2,518,864,570	394,812,622	5,197,682,679
6 31/12/2027	3,508,603,397	3,280,999,083	3,053,394,769	227,604,314	1,916,683,596
7 31/12/2028	1,954,415,281	1,916,683,596	1,878,951,910	37,731,685	0
8 31/12/2029	0	0	0	0	0
9 31/12/2030	0	0	0	0	0
10 31/12/2031	0	0	0	0	0
	¢ <u><b>26,255,670,909</b></u>	<u><b>21,907,859,523</b></u>	<u><b>17,645,032,100</b></u>	<u><b>4,368,949,309</b></u>	<u><b></b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

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

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	30/6/2022	¢ 5,866,168,303	3,752,137,948	1,730,300,561	2,122,538,187	30,881,192,243
2	30/6/2023	5,835,124,878	4,329,785,621	2,639,656,603	1,664,202,182	26,704,174,082
3	30/6/2024	6,530,415,502	4,958,851,877	3,445,337,016	1,579,745,126	21,751,714,032
4	30/6/2025	5,827,553,903	4,642,042,829	3,477,475,539	1,187,155,290	17,111,313,587
5	30/6/2026	5,383,918,263	4,483,019,166	3,582,120,069	900,899,097	12,463,581,148
6	30/6/2027	5,027,528,441	4,436,383,972	3,845,239,503	591,144,469	8,027,197,176
7	30/6/2028	5,740,308,084	5,382,051,328	5,023,794,572	358,256,756	2,645,145,848
8	30/6/2029	2,691,959,131	2,645,145,848	2,598,332,564	46,813,284	0
9		0	0	0	0	0
10		0	0	0	0	0
		¢ <u>42,902,976,507</u>	<u>34,629,418,590</u>	<u>26,342,256,426</u>	<u>8,450,754,392</u>	

15). Income tax

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

As of June 30, 2023, the consolidated balance of income tax payable amounts to ¢15,549,093,877, (¢21,142,937,266 and ¢8,274,617,224, for December and June 2022, respectively) (see note 17) and the income tax advance payments amounted to ¢14,478,226,177, (¢34,363,327,777 and ¢15,117,512,047, for December and June 2022, respectively) (see note 10.c), recorded as other assets.

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Income tax expenses are detailed below:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Current income tax	¢ 15,758,850,762	26,084,988,435	11,693,508,343
Decrease in income tax	(187,178,294)	(4,182,365,234)	(3,587,974,505)
Increase in income tax	0	0	14,991,787
Adjustment for income tax of the previous period	(22,578,591)	0	0
Advances of settled income taxes	0	(759,685,935)	0
	<b><u>15,549,093,877</u></b>	<b><u>21,142,937,266</u></b>	<b><u>8,120,525,625</u></b>
<b>Expenses for income taxes:</b>			
Expense for current income tax of the period	15,758,850,762	26,084,988,435	11,693,508,343
Expense for deferred income tax	3,139,213,109	14,021,704,080	9,566,974,702
	<b><u>18,898,063,871</u></b>	<b><u>40,106,692,515</u></b>	<b><u>21,260,483,045</u></b>
<b>Income for income taxes</b>			
Decrease of income taxes for the period	(186,052,859)	(3,587,974,505)	(3,588,381,128)
Income for deferred income tax	(10,980,325,644)	(6,335,574,091)	(2,834,587,786)
Decrease in the deferred income tax from the previous period	(1,008,412)	(736,424,170)	(739,678,336)
	<b><u>(11,167,386,915)</u></b>	<b><u>(10,659,972,766)</u></b>	<b><u>(7,162,647,250)</u></b>
<b>Income tax, net</b>	¢ <b><u>7,730,676,956</u></b>	<b><u>29,446,719,749</u></b>	<b><u>14,097,835,795</u></b>
<b>Realization of deferred income tax</b>	¢ <b><u>7,841,112,535</u></b>	<b><u>(7,686,129,989)</u></b>	<b><u>(6,728,135,845)</u></b>

BICSA is subject to tax legislation in the following jurisdictions.

Panamá

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

Miami

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

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

Deferred tax assets and liabilities are attributed to the following:

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

As of June 30, 2023:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 6,145,111,349	(3,911,700,064)	2,233,411,285
Revaluation of assets	242,823,928	(14,270,860,934)	(14,028,037,006)
Provisions	13,582,193	(38,536,538)	(24,954,345)
Financial leases	6,664,555,040	(6,185,363,578)	479,191,462
Deferred taxes for exchange differences	6,150,195,975	(5,272,254,930)	877,941,045
Losses and unused tax credits	60,651,588	0	60,651,588
Allowance for doubtful accounts	76,502,109	0	76,502,109
	<b>¢ 19,353,422,182</b>	<b>(29,678,716,044)</b>	<b>(10,325,293,862)</b>

As of December 31, 2022:

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

As of June 30, 2022:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 9,404,582,222	(7,849,988,394)	1,554,593,828
Revaluation of assets	0	(10,972,863,402)	(10,972,863,402)
Provisions	18,874,536	(225,623,640)	(206,749,104)
Financial leases	10,391,847,351	(8,473,304,370)	1,918,542,981
Deferred taxes for exchange differences	-	(6,961,444,908)	(6,961,444,908)
Losses and unused tax credits	167,059,777	0	167,059,777
Allowance for doubtful accounts	109,819,827	0	109,819,827
	<b>¢ 20,092,183,713</b>	<b>(34,483,224,714)</b>	<b>(14,391,041,001)</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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The movement of temporary differences is as follows:

As of June 30, 2023:

	<u>December 31, 2022</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>June 30, 2023</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (469,153,500)	0	(3,442,546,564)	(3,911,700,064)
Revaluation of assets	(8,632,345,029)	138,588,101	0	(8,493,756,928)
Revaluation of land	(5,777,104,006)	0	0	(5,777,104,006)
Financial leases	(6,733,911,989)	548,548,411	0	(6,185,363,578)
For exchange differences	(7,280,460,002)	2,008,205,070	0	(5,272,254,932)
Allowance for doubtful accounts	(58,294,700)	19,758,162	0	(38,536,538)
<b>On assets account</b>				
Valuation of investments	19,159,652,189	0	(13,014,540,840)	6,145,111,349
Financial leases	7,647,460,580	(978,467,565)	(4,437,975)	6,664,555,040
Income tax for asset revaluation	242,823,928	0	0	242,823,928
Losses and unused tax credits	124,687,031	(23,891,445)	(40,143,998)	60,651,588
Provisions	23,293,290	(9,711,097)	0	13,582,193
Allowance for doubtful accounts	0	(12,113,079)	0	76,502,109
For exchange differences	0	6,150,195,977	0	6,150,195,977
	<u>¢ (1,664,737,020)</u>	<u>7,841,112,535</u>	<u>(16,501,669,377)</u>	<u>(10,325,293,862)</u>

As of December 31, 2022:

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

As of June 30, 2022:

	<b>December 31, 2021</b>	<b>Effects on income statement</b>	<b>Effects on equity</b>	<b>June 30, 2022</b>
<b>On liabilities account</b>				
Valuation of investments	¢ (20,960,716,763)	0	13,110,728,369	(7,849,988,394)
Revaluation of assets	(4,971,062,820)	76,187,807	0	(4,894,875,013)
Revaluation of land	(6,077,988,389)	0	0	(6,077,988,389)
Financial leases	(6,864,537,103)	(1,608,767,267)	0	(8,473,304,370)
Deferred income tax on exchange differences	(81,612,581)	(6,879,832,327)	0	(6,961,444,908)
Allowance for doubtful accounts	0	(225,623,640)	0	(225,623,640)
<b>On assets account</b>				
Valuation of investments	642,070,276	0	8,762,511,946	9,404,582,222
Financial leases	8,433,915,574	1,959,048,732	(1,116,955)	10,391,847,351
Losses and unused tax credits	169,620,742	(44,276,129)	41,715,164	167,059,777
Provisions	16,781,892	2,092,644	0	18,874,536
Allowance for doubtful accounts	116,785,493	(6,965,665)	0	109,819,828
	<b>¢ (29,576,743,679)</b>	<b>(6,728,135,845)</b>	<b>21,913,838,524</b>	<b>(14,391,041,000)</b>

As of June 30, 2023, the consolidated group presents a balance for income tax receivable of ¢9,334,135,455, (¢115,582,936 and ¢120,047,086, for December and June 2022, respectively), in addition to supported value added tax for ¢1,014,775,364, (¢2,224,254,862 and ¢779,016,148, for December and June 2022, respectively) and deductible value added tax for ¢29,015,146, (¢28,209,555 y ¢45,704,375, for December and June 2022, respectively).

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Banco de Costa Rica	¢ 13,765,703,527	14,186,632,789	14,156,492,492
BCR Valores, S.A.- Puesto de Bolsa	635,236,468	635,236,468	635,236,468
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	164,453,335	164,453,335	249,398,960
BCR Corredora de Seguros, S.A.	152,719,661	152,719,661	187,286,522
	¢ <u>14,873,318,335</u>	¢ <u>15,294,247,597</u>	¢ <u>15,462,399,350</u>

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

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

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



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

As of June 30, 2023, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢5,272,254,932, (¢7,280,460,002 and ¢8,535,995, for December and June 2022, respectively) and assets of ¢6,150,195,977 (for December and June 2022, there were no amounts).

16). Provisions

The movement of provision is as follows:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2022</b>	<b>¢ 10,664,017,296</b>	<b>15,461,556,350</b>	<b>15,294,247,597</b>	<b>41,419,821,242</b>
Currency conversion effect	12,458,049	(176)	0	12,457,873
<b>Adjusted balance</b>	<b>10,676,475,345</b>	<b>15,461,556,174</b>	<b>15,294,247,597</b>	<b>41,432,279,115</b>
Provision made	503,041,055	2,014,052,965	738,681,472	3,255,775,492
Provision used	(284,864,043)	(538,891,761)	(685,650,494)	(1,509,406,298)
Adjustment for exchange rate differences	0	(2,453,814)	0	(2,453,814)
<b>Balance as of June 30, 2023</b>	<b>¢ 10,894,652,357</b>	<b>16,934,263,564</b>	<b>15,347,278,575</b>	<b>43,176,194,495</b>

As of December 31, 2022:

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

As of June 30, 2022:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2021</b>	<b>9,764,254,097</b>	<b>16,159,621,261</b>	<b>26,573,315,795</b>	<b>52,497,191,153</b>
Currency conversion effect	87,795,350	0	0	87,795,350
<b>Adjusted balance</b>	<b>9,852,049,447</b>	<b>16,159,621,261</b>	<b>26,573,315,795</b>	<b>52,584,986,503</b>
Provision made	617,164,604	3,366,881,115	521,836,088	4,505,881,807
Provision used	(606,135,767)	(157,027,826)	(11,632,752,533)	(12,395,916,126)
Adjustment for exchange rate differences	0	63,741,048	0	63,741,048
Provisions reversed	0	(162,621,921)	0	(162,621,921)
<b>Balance as of June 30, 2022</b>	<b>¢ 9,863,078,284</b>	<b>19,270,593,677</b>	<b>15,462,399,350</b>	<b>44,596,071,311</b>

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

- Ordinary suits against the Bank have been estimated for ¢26,127,811,078 and US\$372,822,817 for which the Bank has provisions recorded in the amounts of ¢831,525,302 and US\$47,792, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢476,459,162 and \$5,857, for which the Bank has recorded a provision in the amount of ¢179,801,638.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢6,380,628,684 and \$825,000 for which the Bank has provisions recorded in the amount ¢2,934,418,983, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US\$2,000.
- A provision in the amount of ¢946,229 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of June 30, 2023, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

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

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As of June 30, 2023, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On September 22, 2021, the Court issued a ruling in favor of BCR Valores. On October 11, 2021, the losing plaintiff in the process filed an appeal before the First Chamber of the Supreme Court of Justice, which has not yet been resolved. On August 9, 2022, BCR Valores answered the appeal filed before the First Chamber of the Supreme Court of Justice. Currently, the resolution from the First Chamber is pending.

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

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

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

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

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

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

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

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

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

- Ordinary suits against the Bank have been estimated for ¢23,886,325,479 and US\$334,077,086 for which the Bank has provisions recorded in the amounts of ¢1,707,027,411 and US\$1,396,583, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢1,968,803,039 and \$5,857, for which the Bank has recorded a provision in the amount of ¢270,572,932.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5,457,126,674 and \$825,000, for which the Bank has provisions recorded in the amount of ¢2,315,948,428, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢14,016,914,657 and US\$2,000, for which ¢14,001,818,234.
- A provision in the amount of ¢387,252,133 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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17). Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Fees payable	71,649,148	83,939,092	89,105,021
Due for goods and services	752,156,099	606,770,053	850,160,532
Current income tax	15,549,093,877	21,142,937,266	8,120,525,625
Tax on DU propts	(11,500,134)	(11,447,375)	16,959,548
Value added tax	343,410,046	367,234,741	383,513,770
Employer contributions	3,101,847,414	6,429,908,818	6,057,674,042
Court-ordered withholdings	831,278,473	847,422,981	872,709,106
Tax withholdings payable	4,619,109,368	3,153,820,271	3,347,753,245
Withheld employer contributions payable	1,090,144,402	2,573,583,492	2,106,990,021
Other third-party withholdings payable	15,425,595,461	14,178,395,035	15,594,737,249
Compensations and salaries payable	5,236,130,863	7,880,978,383	4,189,002,529
Interests (distributions) payable on results of the period (see note 33)	3,137,069,025	26,980,949,139	13,569,699,837
Obligations payable on loans with related parties	0	880,828	0
Accrued vacations	7,420,603,934	7,616,009,684	7,345,935,790
Accrued statutory Christmas bonus	4,376,909,269	1,265,061,202	3,843,525,264
Commissions payable from insurance placement	485,301,522	342,200,944	120,310,483
Commissions payable from insurance placement	30,787,447	24,143,806	6,403,244
Contribution to the Superintendence budget	4,825,261	12,938,089	26,034,738
Miscellaneous creditors	22,312,445,369	27,945,771,595	26,637,415,826
	<b>¢ 84,776,856,844</b>	<b>121,441,498,044</b>	<b>93,178,455,870</b>

18). Equity

a) Capital Stock

The Bank's capital stock is as follows:

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

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

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

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

As of June 30, 2023, the revaluation surplus amounts to ₡41,085,212,831, (₡41,085,212,831 and ₡ 31,744,671,803, for December and June 2022, respectively).

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

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

As of June 30, 2023, the balance of the adjustment for valuation of investments at fair value with changes through other comprehensive income corresponds to unrealized net losses in the amount of ₡15,503,758,485, (₡52,858,371,308 and ₡11,543,868,066, for December and June 2022, respectively).

d) Adjustments for valuations of interest in other companies

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

As of June 30, 2023, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ₡12,579,542,525, (₡19,172,809,908 and ₡30,362,282,788, for December and June 2022, respectively).

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e) Equity of the Development Financing Fund (FOFIDE)

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

f) Special reserves of retained earnings from BICSA

As of June 30, 2023, from Banco de Costa Rica's retained earnings resulting from the investment in other companies, it should be considered for any purpose, that there are amounts related to special reserves applied to equity accounts of BICSA for US\$36,463,801, (51% de US\$71,497,649) (US\$36,180,744 and US\$32,333,203 equivalent to 51% for US\$ 70,942,635 and US\$68,351,419, for December and June 2022, respectively) due to changes made to policies concerning the subsidiary.

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

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

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



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

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

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

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Regulatory capital

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

Companies of the Financial Conglomerate	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items	Transferable surplus and individual deficit
<b>Parent Company</b>					
Banco de Costa Rica	¢ 595,750,026,648	417,822,463,451	177,927,563,197	0	177,927,563,197
	<b>595,750,026,648</b>	<b>417,822,463,451</b>	<b>177,927,563,197</b>	<b>0</b>	<b>177,927,563,197</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	139,798,701,600	98,873,431,200	40,925,270,400	20,053,382,496	20,871,887,904
BCR Valores, S. A.- Puesto de Bolsa	18,542,836,580	6,066,558,470	12,476,278,110	0	12,476,278,110
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,124,343,660	2,585,252,680	2,539,090,980	0	2,539,090,980
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,000,408,141	3,523,541,507	476,866,634	0	476,866,634
BCR Comercializadora de Seguros, S.A.	5,673,734,950	1,468,208,080	4,205,526,870	0	4,205,526,870
	¢ <b>173,140,024,931</b>	<b>112,516,991,937</b>	<b>60,623,032,994</b>	<b>20,053,382,496</b>	<b>40,569,650,498</b>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1,123,934,200	286,377,600	837,556,600	0	837,556,600
Depósito Agrícola de Cartago S.A. and subsidiary	1,028,208,200	303,418,900	724,789,300	0	724,789,300
	¢ <b>2,152,142,400</b>	<b>589,796,500</b>	<b>1,562,345,900</b>	<b>0</b>	<b>1,562,345,900</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <b>220,059,559,595</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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June 30, 2023

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

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

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

	<u>Capital base</u>	<u>Minimum individual capital requirement</u>	<u>Individual surplus or deficit</u>	<u>Non-transferable items</u>	<u>Transferable surplus and individual deficit</u>
<b>Companies of the Financial Conglomerate</b>					
<b>Parent Company</b>					
Banco de Costa Rica	¢ 522,256,297,877	422,447,772,622	99,808,525,255	0	99,808,525,255
	<u>522,256,297,877</u>	<u>422,447,772,622</u>	<u>99,808,525,255</u>	<u>0</u>	<u>99,808,525,255</u>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	169,767,390,000	119,073,922,500	50,693,467,500	24,839,799,075	25,853,668,425
BCR Valores, S. A.- Puesto de Bolsa	18,098,959,100	4,850,865,620	13,248,093,480	0	13,248,093,480
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,459,703,660	3,164,360,940	2,295,342,720	0	2,295,342,720
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,000,408,141	3,477,515,642	522,892,498	0	522,892,498
BCR Comercializadora de Seguros, S.A. Insurance broker	4,232,632,140	1,553,721,570	2,678,910,570	0	2,678,910,570
	<u>¢ 201,559,093,041</u>	<u>132,120,386,272</u>	<u>69,438,706,768</u>	<u>24,839,799,075</u>	<u>44,598,907,693</u>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1,218,351,000	339,236,100	879,114,900	0	879,114,900
Depósito Agrícola de Cartago S.A. and subsidiary	684,061,600	255,620,600	428,441,000	0	428,441,000
	<u>¢ 1,902,412,600</u>	<u>594,856,700</u>	<u>1,307,555,900</u>	<u>0</u>	<u>1,307,555,900</u>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <u><u>145,714,988,848</u></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>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Guarantees granted:			
Performance bonds	¢ 73,101,547,380	93,774,550,153	123,991,150,471
Bid bonds	389,496,294	779,929,923	885,410,511
Other guarantees	38,299,671,434	77,966,863,074	110,840,788,345
Issued non-negotiated letters of credit	17,776,493,511	18,199,014,145	11,502,489,555
Confirmed non-negotiated letters of credit	6,845,681,195	4,980,696,065	9,917,168,031
Credit lines to be used automatically	125,807,994,114	118,810,114,853	106,401,033,474
Other contingencies	237,373,438,279	254,313,912,940	264,830,926,275
Credits pending disbursement	49,456,068	49,499,652	123,274,567
	¢ <b><u>499,643,778,275</u></b>	<b><u>568,874,580,805</u></b>	<b><u>628,492,241,229</u></b>

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
With prior deposit	¢ 6,267,762,467	10,243,925,114	7,372,740,802
Without prior deposit	256,002,577,527	304,316,742,751	356,288,574,152
Pending lawsuits and claims	237,373,438,279	254,313,912,940	264,830,926,275
	¢ <b><u>499,643,778,273</u></b>	<b><u>568,874,580,805</u></b>	<b><u>628,492,241,229</u></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 June 30, 2023, letters of credit are backed 100% by guaranteed deposits or credit facilities.

As of June 2023, floating guarantees in custody are for ¢223,954,582,454, (¢248,069,572,706 and ¢197,934,645,547, for December and June 2022, respectively).

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Notes to the consolidated financial statements

June 30, 2023

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 June 30, 2023, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡25,296,285,776 and US\$372,775,026. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In criminal matters there are active ordinary labor processes which were estimated at ₡296,657,524 and US\$5,857
- In labor matters there are active ordinary processes estimated in the amounts of ₡3,446,209,701 y US\$825,000.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡15,096,422 y US\$2,000.

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

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

As of June 30, 2023, there is a process against BCR Valores in the amount of US\$175,000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. To date and in accordance with the criteria of the lawyers, an estimate of the eventual outcome is not feasible. An accounting expert opinion was carried out for which the Court gave a hearing to the parties on the result rendered, which BCR Valores answered on December 6, 2022. The Court must set a time and date for the oral and public trial.

As of June 30, 2023, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA, which has been estimated in an amount of ₡8,441,966.

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

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

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

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

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

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

As of December 31, 2022, BCR SAFI maintains an administrative procedure by SUGEVAL, of which the not diversified Fondo Evolución (current Fondo de Inversión BCR Mediano Plazo) is a part, and of which the oral and private hearing is pending.

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There is also a complaint filed by 10 investors before the superintendence in BCR Real Estate Investment Fund, filed by 10 investors before the superintendence, being in the process of investigation to determine if it dismisses the complaint or, on the contrary, initiates an administrative process.

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢22,179,298,068 and US\$342,680,503. 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 ¢3,141,178,246 and US\$825,000.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ¢1,698,230,106 y US\$5,857.
- In administrative proceedings against the Bank, the amounts of ¢15,096,422 y US\$2,000 have been provisioned. As of June 30, 2022, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

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

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

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



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20). Trusts

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

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

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

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Cash and due from banks	¢ 48,518,576,725	41,018,451,979	44,096,322,606
Investments in financial instruments	197,296,806,508	90,875,843,164	74,131,513,615
Loan portfolio	32,805,789,806	38,092,792,309	53,777,282,906
Allowance for doubtful accounts	(7,617,434,666)	(7,788,596,935)	(8,115,846,358)
Realizable assets	76,261,926,911	77,402,363,626	71,626,628,803
Investments in other companies	795,609,900	980,209,568	5,727,424,266
Other accounts receivable	47,900,495,884	43,277,417,175	53,859,961,732
Property, furniture, and equipment	158,914,587,410	141,968,008,610	226,136,517,786
Other assets	309,806,895,192	347,968,864,834	348,031,277,012
	¢ <b><u>864,683,253,670</u></b>	<b><u>773,795,354,330</u></b>	<b><u>869,347,762,368</u></b>

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Banco de Costa Rica	¢ 817,252,511,519	723,133,806,513	807,126,138,629
Banco Internacional de Costa Rica, S.A.	47,430,742,151	50,661,547,817	62,221,623,739
	¢ <b><u>864,683,253,670</u></b>	<b><u>773,795,354,330</u></b>	<b><u>869,347,762,368</u></b>

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21). Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Own assets and securities held in			
Custody	¢ 8,132,850,384	8,080,187,921	7,824,422,707
Guarantees received and held in custody	4,964,777,797,520	6,936,158,006,564	6,981,969,406,890
Guarantees received and held by third parties	1,723,264,686	1,920,433,624	2,256,274,144
Granted and unused credit lines	509,738,766,314	558,968,883,860	590,400,233,151
Write-offs	249,109,610,351	252,576,020,032	259,451,403,207
Suspense interest receivable	24,969,856,785	25,195,813,599	26,859,117,074
Backup documentation	0	58,711,000	58,711,000
Other memoranda accounts	5,764,724,666,787	5,170,008,762,369	3,997,352,292,404
Assets and securities held in custody			
for third parties	95,934,456,336	110,932,632,446	82,316,819,114
Managed funds assets	2,158,861,887,237	2,174,559,466,773	2,400,142,024,184
Management of individual portfolios			
by the stock market	260,861,525,476	274,324,321,459	278,551,245,665
Marketable securities received			
as collateral (Guarantee Trust)	10,154,117,836	0	0
Own held-for-trading securities	982,938,175,633	906,880,401,900	1,038,283,988,088
Cash and accounts receivable for			
custodial activities	70,541,217,416	107,674,613,997	146,321,954,310
Held-for-trading securities held in custody for			
third parties as guarantee (guarantee trust)	43,915,602,887	85,716,817,533	67,312,477,070
Held-for-trading securities pending receipt	7,419,302,321	6,921,484,223	8,815,700,396
Confirmed spot agreements pending			
settlement	18,741,060,767	17,471,133,239	19,891,375,561
Futures pending settlement	57,467,258,753	48,988,866,408	53,362,249,191
Third parties held-for-trading securities	7,391,223,618,044	6,699,917,358,997	6,937,312,303,481
	¢ <u><u>22,621,235,035,533</u></u>	<u><u>23,386,353,915,944</u></u>	<u><u>22,898,481,997,637</u></u>

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Other memoranda accounts by subsidiaries are detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Banco de Costa Rica	¢ 19,001,644,402,517	18,944,176,688,119	17,996,546,200,112
Banco Internacional de Costa Rica, S.A.	457,259,222,496	1,354,526,507,005	1,555,434,624,561
BCR Valores, S.A.- Puesto de Bolsa (see note 22)	990,315,874,944	898,922,751,080	932,816,752,630
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)	602,938,651,215	718,214,471,106	852,870,530,651
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)	1,564,176,811,965	1,464,497,077,594	1,555,167,470,828
Depósito Agrícola de Cartago S. A.	4,900,072,396	6,016,421,039	5,646,418,855
	¢ <u>22,621,235,035,533</u>	<u>23,386,353,915,943</u>	<u>22,898,481,997,637</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:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b><u>Other own memoranda accounts</u></b>			
Other memoranda accounts	¢ 4,747,400,000	8,010,269,413	8,461,617,305
<b>Total other own memoranda accounts</b>	¢ <u>4,747,400,000</u>	<u>8,010,269,413</u>	<u>8,461,617,305</u>
<b><u>Memoranda accounts for third parties</u></b>			
Portfolio management	¢ 260,861,525,475	274,324,321,460	278,551,245,665
Cash and accounts receivable by custodial activity	2,826,039,324	1,679,496,362	1,263,337,834
Held-for-trading pending receipt	7,419,302,321	6,921,484,223	8,815,700,396
Marketable securities purchased receivable			
Marketable securities received as collateral	25,712,766,950	14,873,654,533	8,831,945,367
Confirmed cash contracts pending settlement	18,741,060,767	17,471,133,239	19,891,375,561
Futures pending settlement-forward buyer (See note 22-a)	39,722,997,186	36,453,277,536	46,483,915,671
Futures pending settlement-forward seller (See note 22-a)	17,744,261,567	12,535,588,872	6,878,333,520
Central de Valores private (local custody)	138,766,678,038	128,092,057,317	147,881,822,681
Central de Valores private (international custody)	69,643,727,673	66,859,848,287	53,694,148,080
Central de Valores public (BCCR)	404,130,115,644	331,701,619,838	351,975,810,551
Vault	-	-	87,500,000
<b>Total memoranda accounts for third parties</b>	<u>985,568,474,944</u>	<u>890,912,481,667</u>	<u>924,355,135,325</u>
<b>Total memoranda accounts (see note 21)</b>	<u>990,315,874,944</u>	<u>898,922,751,080</u>	<u>932,816,752,630</u>
<b>Total memoranda accounts and trusts</b>	¢ <u>990,315,874,944</u>	<u>898,922,751,080</u>	<u>932,816,752,630</u>

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

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

a) Repurchase

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

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

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 13,966,438,549	23,266,429,058	37,232,867,607	3,837,163,763	11,878,241,382	15,715,405,145
31 to 60 days	0	2,490,129,579	2,490,129,579	0	2,028,856,422	2,028,856,422
61 to 90 days	¢ 13,966,438,549	25,756,558,637	39,722,997,186	3,837,163,763	13,907,097,804	17,744,261,567
<b>Total</b>	<b>¢ 13,966,438,549</b>	<b>25,756,558,637</b>	<b>39,722,997,186</b>	<b>3,837,163,763</b>	<b>13,907,097,804</b>	<b>17,744,261,567</b>

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

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

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

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 3,526,083,574	33,197,097,496	36,723,181,070	2,376,741,436	2,301,511,260	4,678,252,696
31 to 60 days	1,321,355,776	9,788,673,417	11,110,029,193	94,017,975	2,106,062,849	2,200,080,824
Third parties	¢ 4,847,439,350	42,985,770,913	47,833,210,263	2,470,759,412	4,407,574,108	6,878,333,520
<b>Total</b>	<b>¢ 4,847,439,350</b>	<b>42,985,770,913</b>	<b>47,833,210,263</b>	<b>2,470,759,412</b>	<b>4,407,574,108</b>	<b>6,878,333,520</b>

b) Guarantees granted

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

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of June 30, 2023, the Brokerage House had made contributions for a total of ¢239,353,259, (¢150,362,379 and ¢126,550,564, for December and June 2022, respectively). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

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

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

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

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d) Customer securities and own securities in custody

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

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 292,149,622,754
Local	Repurchase operations	18,661,457,160
		¢ <u>310,811,079,914</u>
<i>US dollars</i>		
Local	Custody free	¢ 202,572,342,240
Local	Repurchase operations	29,513,371,527
Foreign custodians	Custody available at face value	64,982,629,357
Foreign custodians	Custody of shares at purchase value	4,661,098,316
		¢ <u>301,729,441,440</u>
<b>Total own custody, colones, US dollars and other currencies</b>		¢ <u>612,540,521,354</u>
Total custody, third parties,		
<b>US Dollars and others</b>		¢ <u>612,540,521,354</u>

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

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

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

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

23). Investment fund management agreements

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

<u>Investment Fund</u>	<u>Type of fund</u>		<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
<i>In Colones</i>					
BCR Short-term colones, undiversified	Financial, open	¢	47,805,356,836	53,258,109,421	34,972,971,521
BCR quarterly colones, undiversified	Financial, open, medium-term		600,959,908	743,157,084	888,961,230
BCR mixed colones, undiversified	Open, medium-term		28,666,922,023	43,189,056,031	39,985,753,805
BCR Portfolio Fund colones	Open, medium-term		46,588,263,816	55,298,593,629	67,393,404,116
BCR Real Estate, colones Undiversified	Closed, non-financial and mixed portfolio		16,025,205,313	16,552,698,857	16,696,420,730
		¢	<u>139,686,707,896</u>	<u>169,041,615,022</u>	<u>159,937,511,402</u>
<i>In US dollars</i>					
Investment Funds in US Dollars, equivalent in colones (See note 21)			463,251,943,923	549,172,856,084	692,933,019,249
		¢	<u>602,938,651,819</u>	<u>718,214,471,106</u>	<u>852,870,530,651</u>
<i>Investment Funds in US dollars</i>					
BCR Liquidity Dollars, undiversified	Open	US\$	61,640,145	100,205,900	121,405,712
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		274,313,640	277,663,687	284,852,922
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		196,263,187	197,837,602	201,051,937
BCR Liquidity Fund Dollars international, undiversified	Open, money market		108,918,571	132,924,277	163,585,786
BCR Portfolio Fund, US dollars	Open, medium-term		32,024,488	33,014,085	69,697,098
BCR Evolution	Open, medium-term		499,018	486,438	574,507
BCR Real Estate Progress Fund, undiversified	Real estate, closed		83,572,416	83,075,137	84,105,587
PEL Development Investment Fund	Real estate, closed		85,841,883	87,055,296	75,713,116
		US\$	<u>843,073,348</u>	<u>912,262,422</u>	<u>1,000,986,665</u>

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24). Pension fund management agreements

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

	<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
Own assets and securities held in custody	¢ 8,132,850,384	8,080,187,921	7,824,422,707
Assets and securities held in custody by third parties	120,725,560	71,894,004	71,554,587
Mandatory pension fund	1,314,626,871,039	1,227,528,272,419	1,291,392,845,168
Voluntary pension fund	35,031,373,806	34,358,171,927	41,217,471,591
Labor capitalization fund	59,758,357,864	56,003,550,589	58,395,940,078
Supplementary pension funds created by special laws (see note 21)	146,506,633,312	138,455,000,732	156,265,236,697
	<u>¢ 1,564,176,811,965</u>	<u>1,464,497,077,592</u>	<u>1,555,167,470,828</u>

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

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

		<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
<b>Voluntary Pension Fund (colones)</b>	¢	<u>26,405,403,540</u>	<u>25,168,534,522</u>	<u>30,692,901,824</u>
<b>At fair value through other comprehensive income</b>		<u>26,284,952,962</u>	<u>24,799,553,274</u>	<u>29,573,895,892</u>
<b>Entities from the public sector of the country</b>		<u>18,580,292,108</u>	<u>17,509,215,981</u>	<u>19,423,212,204</u>
Ministry of Finance		13,742,140,178	11,981,920,588	13,590,920,792
Central Bank of Costa Rica		1,943,809,865	1,839,046,397	1,875,775,236
Other issuers from the public sector		2,894,342,065	3,688,248,996	3,956,516,176
<b>Entities from the private sector of the country</b>		<u>7,704,660,854</u>	<u>7,290,337,293</u>	<u>10,150,683,688</u>
Financial		5,670,590,499	5,260,395,000	8,291,401,239
Non-financial		2,034,070,355	2,029,942,293	1,859,282,449
<b>At fair value with changes through profit or loss</b>		<u>120,450,578</u>	<u>368,981,248</u>	<u>1,119,005,932</u>
<b>Entities from the private sector of the country Financial</b>		<u>120,450,578</u>	<u>368,981,248</u>	<u>1,119,005,932</u>
<b>Voluntary Pension Fund (US\$)</b>	US\$	<u>7,146,132,473</u>	<u>7,569,301,423</u>	<u>9,024,116,479</u>
<b>At fair value through other comprehensive income</b>		<u>6,906,967,468</u>	<u>7,308,326,598</u>	<u>8,703,760,644</u>
<b>Entities from the public sector of the country</b>		<u>3,861,828,180</u>	<u>4,153,074,795</u>	<u>5,506,177,849</u>
Ministry of Finance		3,606,977,488	3,882,326,253	4,584,304,191
Central Bank of Costa Rica		0	0	0
Other issuers from the public sector		254,850,692	270,748,542	921,873,658
<b>Entities from the private sector of the country</b>		<u>3,045,139,288</u>	<u>3,155,251,803</u>	<u>3,197,582,795</u>
Financial		3,045,139,288	3,155,251,803	3,197,582,795
Non-financial		0	0	0
<b>At fair value through profit or loss</b>		<u>239,165,005</u>	<u>260,974,825</u>	<u>320,355,835</u>
<b>Entities from the private sector of the country Financial</b>		<u>239,165,005</u>	<u>260,974,825</u>	<u>320,355,835</u>



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	June 2023	December 2022	June 2022
<b>Mandatory Regime of Supplementary Pensions (colones)</b>	<b>€ 1,373,604,560,149</b>	<b>1,315,007,625,090</b>	<b>1,398,761,476,774</b>
<b>At fair value through other comprehensive income</b>	<b>1,157,672,264,195</b>	<b>1,069,602,775,948</b>	<b>1,161,542,877,881</b>
<b>Entities from the public sector of the country</b>	<b>939,673,967,035</b>	<b>850,156,466,823</b>	<b>908,508,808,106</b>
Ministry of Finance	798,720,474,329	734,074,446,444	801,618,140,596
Central Bank of Costa Rica	37,104,476,312	23,766,636,300	26,178,373,562
Other issuers from the public sector	103,849,016,394	92,315,384,079	80,712,293,948
<b>Entities from the private sector of the country</b>	<b>217,998,297,160</b>	<b>219,446,309,125</b>	<b>253,034,069,775</b>
Financial	190,678,478,632	192,569,939,326	226,481,025,524
Non-financial	27,319,818,528	26,876,369,799	26,553,044,251
In public entities abroad	51,699,963,551		
<b>At fair value through profit or loss</b>	<b>215,932,295,954</b>	<b>245,404,849,142</b>	<b>237,218,598,893</b>
<b>Entities from the private sector of the country</b>	<b>207,060,661,397</b>	<b>63,275,443,504</b>	<b>38,471,254,857</b>
Financial	17,721,003,721	58,150,376,949	38,471,254,857
Entities from the foreign the public sector	189,339,657,676	5,125,066,555	-
Entities from the public sector of the country	<b>8,871,634,557</b>	<b>182,129,405,638</b>	<b>198,747,344,036</b>
Financial	3,712,592,656	182,129,405,638	198,747,344,036
In public entities abroad	5,159,041,901		
<b>Labor Capitalization Fund (colones)</b>	<b>€ 61,283,121,049</b>	<b>57,813,081,688</b>	<b>56,321,731,175</b>
<b>At fair value through other comprehensive income</b>	<b>60,590,935,086</b>	<b>57,091,686,197</b>	<b>55,740,910,183</b>
<b>Entities from the public sector of the country</b>	<b>44,133,938,897</b>	<b>39,994,473,978</b>	<b>38,234,201,127</b>
Ministry of Finance	35,075,453,261	31,077,138,082	28,755,147,130
Central Bank of Costa Rica	5,603,247,873	3,931,958,236	3,846,569,364
Other issuers from the public sector	3,455,237,763	4,985,377,660	5,632,484,633
<b>Entities from the private sector of the country</b>	<b>16,456,996,189</b>	<b>17,097,212,219</b>	<b>17,506,709,056</b>
Financial	15,568,689,725	16,211,051,561	16,612,785,083
Non-financial	888,306,464	886,160,658	893,923,973
<b>At fair value through profit or loss</b>	<b>692,185,963</b>	<b>721,395,491</b>	<b>580,820,992</b>
<b>Entities from the private sector of the country</b>	<b>692,185,963</b>	<b>721,395,491</b>	<b>580,820,992</b>
Financial	692,185,963	721,395,491	580,820,992

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

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

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

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

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

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

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

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

26). Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

	<u>June 2023</u>	<u>June 2022</u>	<u>Quarter from April 1 to June 30</u>	
			<u>2023</u>	<u>2022</u>
Interest for investments in financial instruments at fair value through profit or loss	¢ 26,651,790	4,105,147	12,149,827	2,409,512
Interests for investments in financial instruments at fair value through comprehensive income	43,291,789,584	42,582,891,985	21,551,281,297	21,341,796,163
Interests for investments at amortized cost	3,704,024,115	923,213,622	2,149,155,632	406,318,044
Income from investments in due and restricted financial instruments	1,407,078,270	957,691,605	805,305,776	513,469,446
	¢ <u>48,429,543,759</u>	<u>44,467,902,359</u>	<u>24,517,892,532</u>	<u>22,263,993,165</u>

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

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

	<b>June 2023</b>	<b>June 2022</b>	<b>Quarter from April 1 to June 30</b>	
			<b>2023</b>	<b>2022</b>
Personal	¢ 73,297,726,949	56,741,250,953	36,303,183,540	28,273,935,785
Development Banking System	2,205,316,600	1,168,459,423	1,111,541,361	578,967,542
Business	8,966,343,187	7,853,069,095	4,523,922,125	3,951,235,840
Corporate	86,764,581,182	64,434,215,590	43,446,739,336	33,665,786,736
Public sector	2,795,919,225	2,014,635,719	1,460,554,569	975,031,200
Financial sector	1,869,227,987	2,551,306,788	744,395,506	1,187,795,699
Amortization of the net commission of the incremental direct costs associated with loans	2,425,820,441	2,382,554,889	1,190,689,061	1,159,944,357
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts	687,299,823	653,864,521	337,618,453	324,367,881
	¢ <u>179,012,235,394</u>	<u>137,799,356,978</u>	<u>89,118,643,951</u>	<u>70,117,065,040</u>

28). Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

	<b>June 2023</b>	<b>June 2022</b>	<b>Quarter from April 1 to June 30</b>	
			<b>2023</b>	<b>2022</b>
Expenses from demand deposits	¢ 47,361,534,006	18,001,667,066	23,349,196,918	8,803,368,358
Expenses from term deposits	75,718,336,937	33,800,052,536	39,335,187,201	17,183,583,809
Expenses from securities in repurchase agreements	326,498,281	95,590,540	160,954,912	59,242,440
	¢ <u>123,406,369,224</u>	<u>51,897,310,142</u>	<u>62,845,339,031</u>	<u>26,046,194,607</u>

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

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

	<u>June 2023</u>	<u>June 2022</u>	<u>Quarter from April 1 to June 30</u>	
			<u>2023</u>	<u>2022</u>
Decrease in specific allowance for loan portfolio (See note 6-f)	¢ 1,891,710,692	13,184,005,651	879,182,325	2,971,916,088
Expense for allowance for impairment and bad debts from other accounts receivable	1,952,019,348	1,915,415,243	654,177,040	980,758,152
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	2,171,664,404	4,912,819	1,256,267,672	3,693,383
Expenses for allowance for impairment of investments at fair value through other comprehensive income	180,873,426	244,574,727	23,608,419	124,742,493
Expense for allowance for impairment of financial instruments at amortized cost	102	0	102	0
Expenses for allowance for impairment of expired and restricted financial instruments	1,739,911	6,825,392	635,614	6,078,223
	<u>¢ 6,198,007,883</u>	<u>15,355,733,832</u>	<u>2,813,871,172</u>	<u>4,087,188,339</u>

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:

	<u>June 2023</u>	<u>June 2022</u>	<u>Quarter from April 1 to June 30</u>	
			<u>2023</u>	<u>2022</u>
Recovery of written-down loans	¢ 7,181,786,367	2,946,935,690	3,150,221,548	1,734,860,874
Recovery of accounts receivable	1,178,245	0	1,178,245	0
Decrease in specific allowance for the loan portfolio (See note 6-f)	467,871,856	319,847,547	125,115,673	65,965,983
Decrease in allowance for other bad receivables	1,878,552,491	823,198,571	863,968,179	463,485,230
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	50,948	244,832,112	11,212	1,659,541
Decrease in generic allowance and counter cycle for contingent loans	0	408	0	0
Decrease in allowance for bad investment securities	1,448,101,987	945,225,211	151,850,668	226,362,457
	<u>¢ 10,977,541,894</u>	<u>5,280,039,539</u>	<u>4,292,345,525</u>	<u>2,492,334,085</u>

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31). Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

	<b>June 2023</b>	<b>June 2022</b>	<b>Quarter from April 1 to June 30</b>	
			<b>2023</b>	<b>2022</b>
Drafts and transfers	¢ 1,332,934,789	1,567,580,310	633,161,317	792,967,385
Foreign trade	388,320,182	387,417,919	195,851,896	204,671,879
Certified checks	2,179,197	2,187,433	1,202,770	1,170,528
Trust management	2,109,074,575	2,163,358,613	1,038,143,220	1,079,011,333
Custodial services	190,842,733	159,500,905	94,720,906	77,854,739
For mandates	1,091,733	354,926	326,232	354,926
Collections	300,526,258	293,218,273	123,343,997	124,417,639
Other trust commissions	0	0	0	0
Credit Cards	20,700,144,900	21,148,844,948	9,571,488,818	9,956,939,715
Administrative services	0	0	0	0
Commissions for stock operations (Subscription of Emissions)	0	3,470,792,738	0	1,768,654,231
Investment Fund management	3,106,568,173	3,397,743,341	1,516,583,341	1,712,047,241
Pension Fund management	3,252,825,111	3,349,692,626	1,667,853,643	1,550,277,476
Insurance underwriting	3,181,998,399		1,541,445,308	0
Brokerage fees				
(by third parties in local market)	665,865,466	530,867,193	400,202,072	259,800,850
Brokerage fees			0	(39,625,800)
(by third parties in other markets)	261,542,521	117,212,282	101,509,722	(75,467,801)
Individual portfolio management fee	503,052,737	350,129,655	336,933,444	188,239,736
Commissions from operations with related parties	199,463,782	269,215,566	135,642,668	269,215,566
Commissions for currency exchange and arbitration	0	0	0	0
Commission from custodial services of authorized securities	380,358,221	379,415,965	130,419,042	138,730,791
Other commissions	19,320,152,380	19,627,765,456	9,211,638,384	10,215,193,661
	¢ <u>55,896,941,157</u>	<u>57,215,298,149</u>	<u>26,700,466,780</u>	<u>28,224,454,095</u>

32). Income from interests in other companies

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

As of June 2023, December and June 2022, there are no amounts for this concept.

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As of June 30, 2023, there are ¢146,270,040,85 in account for participation expenses referring to Banprocesa SRL, ¢181,898,020 in BCR Valores and ¢50,244,094 in BCR SAFI (¢118,330,911 for December 2022, in the account for participation expense referring to BCR Valores and for June 2022 there are no amounts in participation expenses on the National Stock Exchange S.A).

33). Administrative expenses

Administrative expenses are detailed as follows:

	June 2023	June 2022	Quarter from April 1 to June 30	
			2023	2022
Salaries and bonuses, permanent staff	¢ 34,539,204,630	32,828,494,705	17,606,884,627	17,277,711,125
Salaries and bonuses, contractors	443,108,783	648,209,653	212,015,428	251,553,382
Compensation for directors and auditors	114,659,405	109,209,414	58,063,355	49,678,755
Overtime	465,061,102	362,080,862	211,829,447	207,509,787
Per diem	193,635,932	210,402,702	86,835,978	125,425,957
Statutory Christmas Bonus	3,064,991,035	2,821,780,920	1,541,017,855	1,496,808,055
Vacation	3,185,998,797	3,370,365,219	1,608,736,206	1,538,904,503
Incentives	3,482,621	3,289,861	1,680,954	1,646,667
Fixed representation expenses	434,237,748	512,096,787	223,762,752	266,279,711
Other compensation	1,246,173,993	1,136,324,301	586,606,854	579,778,341
Contribution to severance payment	1,490,408,012	1,398,760,425	754,198,531	720,198,599
Social security charges	13,305,683,061	11,338,129,806	6,992,650,447	5,825,323,479
Refreshments	25,352,310	14,990,812	11,740,305	8,987,763
Uniforms	963,224	795,600	21,200	376,320
Training	235,804,987	264,337,837	167,452,419	201,221,146
Employee insurance	269,556,011	413,738,208	196,262,684	139,237,978
Assets for personal use	163,021	217,603	6,097	30,973
School bonus	3,176,417,378	2,897,598,203	1,596,230,976	1,481,879,792
Labor Capitalization Fund	516,546,578	948,511,722	4,491,246	489,792,662
Other personnel expenses	402,220,148	460,801,315	202,094,016	202,514,352
Outsourcing expenses	10,825,195,017	12,850,420,315	5,988,017,563	7,750,280,448
Transportation and communication expenses	1,198,995,349	1,469,920,569	545,449,517	714,714,820
Property insurance	113,083,720	69,720,397	63,647,528	35,825,295
Property maintenance and repair	3,723,052,277	2,891,499,672	2,075,742,656	1,963,289,585
Public utilities	1,061,217,150	1,145,471,370	558,443,477	598,506,169
By right of use-properties	1,742,400,968	1,529,467,877	961,984,458	836,601,193
By right of use-furniture, equipment, and other assets	433,434,290	861,093,648	168,498,635	439,935,657
Depreciation of property. plant and equipment, except vehicles	5,321,429,128	5,042,517,383	2,657,943,009	2,511,348,044
Amortization of leasehold property	189,093,070	241,555,339	87,848,991	119,085,510
Other infrastructure expenses	1,212,454,656	1,872,958,178	732,993,264	923,684,113
Overhead	15,614,188,496	14,577,053,895	7,748,778,668	7,868,617,619
	¢ <b>104,548,212,897</b>	<b>102,291,814,598</b>	<b>53,651,929,143</b>	<b>54,626,747,800</b>

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34). Legal profit allocation

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

		<b>June</b>	<b>June</b>	<b>Quarter from</b>	
		<b>2023</b>	<b>2022</b>	<b>April 1 to June 30</b>	
				<b>2023</b>	<b>2022</b>
Allocation for CONAPE	¢	817,160,481	2,179,648,983	440,078,455	950,760,557
Allocation for Instituto Nacional de Fomento Cooperativo		623,224,314	2,840,429,792	383,981,405	1,002,020,201
Allocation for National Emergency Commission		635,815,383	1,552,383,924	355,648,817	669,981,857
Allocation for Public Pension Fund Operators		410,502,082	458,290,191	230,439,819	231,617,019
Allocation for Invalidity, Old Age and Death Regime		<u>2,451,481,443</u>	<u>6,538,946,948</u>	<u>1,320,235,366</u>	<u>2,852,281,672</u>
	¢	<u><b>4,938,183,703</b></u>	<u><b>13,569,699,838</b></u>	<u><b>2,730,383,862</b></u>	<u><b>5,706,661,306</b></u>

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

35). Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

		<b>June</b>		
		<b>2023</b>		
		<b>Amount before</b>	<b>Tax benefit</b>	<b>Net taxes</b>
		<b>taxes</b>	<b>(expense)</b>	
Adjustment for valuation of investments at fair value through other comprehensive income.	¢	54,965,330,907	(16,501,669,377)	38,463,661,530
Impairment – Investments at fair value through other comprehensive income		(1,186,226,573)	0	(1,186,226,573)
Exchange differences from conversion of financial statements of foreign entities		<u>(12,927,975,260)</u>	<u>0</u>	<u>(12,927,975,260)</u>
	¢	<u><b>40,851,129,074</b></u>	<u><b>(16,501,669,377)</b></u>	<u><b>24,349,459,697</b></u>

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	<b>December 2022</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Surplus from revaluation of buildings	9,340,541,028	0	9,340,541,028
Adjustment for valuation of investments at fair value through other comprehensive income. ¢	(130,557,825,868)	38,978,169,642	(91,579,656,226)
Impairment – Investments at fair value through other comprehensive income	(1,848,050,840)	0	(1,848,050,840)
Exchange differences from conversion of financial statements of foreign entities	(10,490,400,335)	0	(10,490,400,335)
¢	<u><u>(133,555,736,015)</u></u>	<u><u>38,978,169,642</u></u>	<u><u>(94,577,566,373)</u></u>
	<b>June 2022</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Adjustment for valuation of investments at fair value through other comprehensive income. ¢	(73,312,297,982)	21,913,838,524	(51,398,459,458)
Impairment – Investments at fair value through other comprehensive income	(654,028,639)	0	(654,028,639)
Exchange differences from conversion of financial statements of foreign entities	11,449,742,567	0	
¢	<u><u>(62,516,584,054)</u></u>	<u><u>21,913,838,524</u></u>	<u><u>(52,052,488,097)</u></u>

36). Operating leases

Lessee

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



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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:

	June 2023		December 2022		June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and due from banks	¢ 923,744,847,545	923,744,847,545	990,655,695,707	990,655,695,707	944,280,161,446	944,280,161,446
Demand deposits	1,683,364,584,822	1,659,893,228,353	1,737,695,292,043	1,712,615,976,682	1,864,255,980,074	1,837,096,709,043
Term deposits	4,019,163,312,266	4,356,528,960,676	4,237,884,617,587	4,402,473,463,543	4,293,038,048,353	4,115,906,238,772
	<u>6,626,272,744,633</u>	<u>6,940,167,036,574</u>	<u>6,966,235,605,337</u>	<u>7,105,745,135,932</u>	<u>7,101,574,189,873</u>	<u>6,897,283,109,261</u>
Demand deposits	2,979,977,864,962	2,979,977,864,962	3,345,181,249,975	3,345,181,249,975	3,289,178,848,869	3,289,178,848,869
Term deposits	2,012,782,246,315	1,985,260,552,579	1,864,994,210,988	1,875,188,559,443	1,882,573,894,224	1,882,163,030,016
Financial obligations	903,354,060,709	847,602,234,544	1,048,210,586,185	1,003,338,070,303	1,168,154,138,638	1,036,348,563,202
¢	<u>5,896,114,171,986</u>	<u>5,812,840,652,085</u>	<u>6,258,386,047,148</u>	<u>6,223,707,879,721</u>	<u>6,339,906,881,731</u>	<u>6,207,690,442,087</u>

As of June 30, 2023, the financial obligations for subordinated obligations are for ¢50,130,105,559, (¢50,139,855,636 for December 2021, and for June 2022, there are no amounts for this concept).

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 June 30, 2023, assets and liabilities for each segment are presented as follows:

	<b>Bank</b>	<b>Pension Fund Operator</b>	<b>Investment Fund Manager</b>	<b>Brokerage House</b>	<b>Foreign Bank</b>	<b>Insurance Broker</b>	<b>Depósito Agrícola</b>	<b>Banprocesa</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>											
Cash and due from banks	€ 893,489,204,517	145,819,406	545,810,795	1,010,534,979	54,239,130,595	306,275,539	21,485,886	9,866,746	949,768,128,463	(26,023,280,918)	923,744,847,545
Investment in financial instruments	1,504,589,751,970	6,628,370,564	6,068,693,611	50,382,716,396	109,984,415,276	6,293,239,477	793,990,992	928,939,643	1,685,670,117,929	(2,401,319,505)	1,683,268,798,424
Loan portfolio	3,037,879,982,112	0	0	0	824,875,209,129	0	0	0	3,862,755,191,241	(3,010,972,223)	3,859,744,219,018
Accounts and fees receivable	31,535,429,802	653,523,162	1,242,283,911	1,533,674,460	6,849,574,458	662,027,180	220,707,801	382,400,173	43,079,620,947	(1,124,484,609)	41,955,136,338
Foreclosed assets	31,615,712,942	0	0	0	16,354,799,829	0	39	0	47,970,512,810	(1)	47,970,512,809
Interest in other companies (net)	113,621,135,664	0	0	65,417,188	0	0	0	0	113,686,552,852	(113,271,135,664)	415,417,188
Property, furniture and equipment, net	139,693,638,193	143,353,991	244,556,210	172,855,141	6,512,822,722	179,482,824	351,322,331	20,771,420	147,318,802,832	(67,403,436)	147,251,399,396
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	106,488,571,148	973,036,422	242,904,445	657,222,157	25,390,492,440	478,298,177	129,587,446	89,910,149	134,450,022,384	(1,670,607,380)	132,779,415,004
<b>TOTAL ASSETS</b>	<b>€ 5,865,745,051,348</b>	<b>8,544,103,545</b>	<b>8,344,248,972</b>	<b>53,822,420,321</b>	<b>1,044,206,444,449</b>	<b>7,919,323,197</b>	<b>1,517,094,495</b>	<b>1,431,888,131</b>	<b>6,991,530,574,458</b>	<b>(147,569,203,736)</b>	<b>6,843,961,370,722</b>
<b>Liabilities and equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4,558,399,257,321	0	0	949,824,173	437,540,997,320	12,903,890	0	0	4,996,902,982,704	(4,142,871,427)	4,992,760,111,277
Obligations with the Central Bank of Costa Rica	106,606,621,756	0	0	0	0	0	0	0	106,606,621,756	1	106,606,621,757
Obligations with entities	288,065,856,133	153,834,816	262,021,115	29,298,077,081	456,425,488,029	188,933,527	253,828,131	17,577,361	774,665,616,193	(28,082,307,947)	746,583,308,246
Accounts payable and provisions	144,984,643,216	1,623,411,661	1,364,424,922	2,519,011,269	6,377,650,686	1,416,887,445	234,224,222	289,630,292	158,809,883,713	(1,102,137,847)	157,707,745,866
Other liabilities	47,774,554,312	0	0	0	4,063,169,339	48,580,588	834,089	746,272	51,887,884,600	(1)	51,887,884,599
Subordinated obligations	50,141,078,357	0	0	0	0	0	0	0	50,141,078,357	(1)	50,141,078,356
<b>Total liabilities</b>	<b>€ 5,195,972,011,095</b>	<b>1,777,246,477</b>	<b>1,626,446,037</b>	<b>32,766,912,523</b>	<b>904,407,305,374</b>	<b>1,667,305,450</b>	<b>488,886,442</b>	<b>307,953,925</b>	<b>6,139,014,067,323</b>	<b>(33,327,317,222)</b>	<b>6,105,686,750,101</b>
<b>Equity</b>											
Capital	181,409,990,601	4,802,991,507	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,553,445,941	(64,143,455,340)	181,409,990,601
Unfunded capital contributions	-	476,866,634	0	0	0	0	0	0	476,866,634	(476,866,634)	0
Equity adjustments	38,160,996,871	(39,589,015)	(129,281,934)	791,495,729	40,598,789,058	(72,207,419)	5,528,247	0	79,315,731,537	(41,154,734,666)	38,160,996,871
Capital reserves	351,152,901,365	255,890,000	967,840,000	1,262,600,000	34,482,759,757	450,000,001	38,747,160	63,489,635	388,674,227,918	(37,521,326,553)	351,152,901,365
Prior periods retained earnings	41,896,492,820	860,195,859	590,959,308	5,925,402,853	22,848,173,058	2,344,806,934	632,695,229	214,497,035	75,313,223,096	(33,416,730,276)	41,896,492,820
Profit for the period	11,386,041,073	410,502,083	449,085,561	450,009,216	3,259,996,131	1,279,418,231	45,394,655	135,947,536	17,416,394,486	(6,030,353,413)	11,386,041,073
Development financing fund	45,766,617,523	0	0	0	0	0	0	0	45,766,617,523	0	45,766,617,523
Minority interest	0	0	0	0	0	0	0	0	0	68,501,580,368	68,501,580,368
<b>Total equity</b>	<b>669,773,040,253</b>	<b>6,766,857,068</b>	<b>6,717,802,935</b>	<b>21,055,507,798</b>	<b>139,799,139,075</b>	<b>6,252,017,747</b>	<b>1,028,208,053</b>	<b>1,123,934,206</b>	<b>852,516,507,135</b>	<b>(114,241,886,514)</b>	<b>738,274,620,621</b>
<b>Total liabilities and equity</b>	<b>5,865,745,051,348</b>	<b>8,544,103,545</b>	<b>8,344,248,972</b>	<b>53,822,420,321</b>	<b>1,044,206,444,449</b>	<b>7,919,323,197</b>	<b>1,517,094,495</b>	<b>1,431,888,131</b>	<b>6,991,530,574,458</b>	<b>(147,569,203,736)</b>	<b>6,843,961,370,722</b>
<b>Debit contingent accounts</b>											
Trust assets	€ 439,607,762,825	0	0	0	60,036,015,450	0	0	0	499,643,778,275	0	499,643,778,275
Trust liabilities	€ 817,252,511,519	0	0	0	47,430,742,152	0	0	0	864,683,253,671	(1)	864,683,253,670
Trust equity	€ 266,761,085,805	0	0	0	0	0	0	0	266,761,085,805	0	266,761,085,805
Other debit memoranda accounts	€ 550,491,425,714	0	0	0	47,430,742,152	0	0	0	597,922,167,866	(1)	597,922,167,865
	€ 19,001,644,402,517	1,564,176,811,965	602,938,651,215	990,315,874,944	457,259,222,495	0	4,900,072,396	0	22,621,235,035,532	1	22,621,235,035,533

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

As of June 30, 2022, 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 de Cartago</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>											
Cash and due from banks	€ 875,002,651,130	74,438,880	720,278,849	1,067,043,625	99,735,922,211	300,740,412	21,292,169	69,745,178	976,992,112,454	(32,711,951,008)	944,280,161,446
Investment in financial instruments	1,713,689,908,291	6,725,279,688	6,422,621,019	50,563,066,636	80,357,252,234	7,023,977,797	795,735,896	1,078,740,871	1,866,656,582,432	(2,400,602,358)	1,864,255,980,074
Loan portfolio	3,126,394,848,257	0	0	0	983,194,305,698	0	0	0	4,109,589,153,955	(1)	4,109,589,153,954
Accounts and fees receivable	24,231,162,742	710,441,497	923,812,203	1,146,220,266	7,368,359,534	818,750,973	110,518,139	414,066,036	35,723,331,390	(3,393,937,532)	32,329,393,858
Foreclosed assets	37,431,204,420	0	0	0	21,764,549,060	0	39	0	59,195,753,519	(1)	59,195,753,518
Interest in other companies (net)	128,128,652,758	0	0	65,417,188	0	0	0	0	128,194,069,946	(127,964,575,302)	229,494,644
Property, furniture and equipment. Net	134,019,863,189	282,521,138	365,615,153	253,484,860	8,577,247,478	261,569,461	242,746,546	30,358,230	144,033,406,055	(80,904,191)	143,952,501,864
Properties investments	6,441,924,521	0	0	0	0	0	0	0	6,441,924,521	0	6,441,924,521
Other assets	73,844,965,026	1,013,756,999	515,760,575	674,039,081	32,245,643,947	530,937,082	111,517,424	103,269,982	109,039,890,116	(1,487,042,572)	107,552,847,544
<b>Total assets</b>	<b>€ 6,119,185,180,334</b>	<b>8,806,438,202</b>	<b>8,948,087,799</b>	<b>53,769,271,656</b>	<b>1,233,243,280,162</b>	<b>8,935,975,725</b>	<b>1,281,810,213</b>	<b>1,696,180,297</b>	<b>7,435,866,224,388</b>	<b>(168,039,012,965)</b>	<b>7,267,827,211,423</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	4,673,302,542,188	0	0	7,098,094,702	496,261,804,711	11,243,172	0	0	5,176,673,684,773	(4,920,941,680)	5,171,752,743,093
Obligations with the Central Bank of Costa Rica	170,286,376,723	0	0	0	0	0	0	0	170,286,376,723	0	170,286,376,723
Obligations with entities	431,284,487,118	345,020,506	481,621,481	24,293,099,697	554,056,670,378	338,054,413	164,589,191	31,318,472	1,010,994,861,256	(33,214,805,364)	977,780,055,892
Accounts payable and provisions	157,609,459,967	2,085,591,774	1,402,533,205	2,222,117,552	7,431,358,438	1,742,968,093	151,358,098	445,764,548	173,091,151,675	(751,648,043)	172,339,503,632
Other liabilities	19,797,785,982	0	0	0	5,726,940,637	51,047,189	1,893,820	746,272	25,578,413,900	(2)	25,578,413,898
Subordinated loans	20,072,259,939	0	0	0	0	0	0	0	20,072,259,939	0	20,072,259,939
<b>Total liabilities</b>	<b>€ 5,472,352,911,917</b>	<b>2,430,612,280</b>	<b>1,884,154,686</b>	<b>33,613,311,951</b>	<b>1,063,476,774,164</b>	<b>2,143,312,867</b>	<b>317,841,109</b>	<b>477,829,292</b>	<b>6,576,696,748,266</b>	<b>(38,887,395,089)</b>	<b>6,537,809,353,177</b>
<b>Equity</b>											
Capital	181,409,990,601	4,756,965,642	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,507,420,076	(64,097,429,475)	181,409,990,601
Unfunded capital contributions	-	522,892,498	0	0	0	0	0	0	522,892,498	(522,892,498)	0
Equity adjustments	50,563,086,524	(52,681,758)	(162,929,766)	253,962,464	74,759,602,735	(97,597,113)	(97,486)	0	125,263,345,600	(74,700,259,075)	50,563,086,525
Capital reserves	325,313,265,088	255,890,001	967,840,000	1,650,142,125	29,806,900,912	450,000,000	36,187,964	35,725,888	358,515,951,978	(33,202,686,890)	325,313,265,088
Prior periods retained earnings	23,721,615,916	434,469,348	374,170,167	4,105,323,295	24,586,630,622	2,530,056,788	584,070,492	86,985,797	56,423,322,425	(32,701,706,509)	23,721,615,916
Profit for the period	25,347,588,511	458,290,191	1,045,652,712	1,520,531,821	2,003,950,658	1,660,203,183	37,965,372	385,639,320	32,459,821,768	(7,112,233,257)	25,347,588,511
Development financing fund	40,476,721,777	0	0	0	0	0	0	0	40,476,721,777	0	40,476,721,777
Minority interest	0	0	0	0	0	0	0	0	0	83,185,589,828	83,185,589,828
<b>Total equity</b>	<b>646,832,268,417</b>	<b>6,375,825,922</b>	<b>7,063,933,113</b>	<b>20,155,959,705</b>	<b>169,766,505,998</b>	<b>6,792,662,858</b>	<b>963,969,104</b>	<b>1,218,351,005</b>	<b>859,169,476,122</b>	<b>(129,151,617,876)</b>	<b>730,017,858,246</b>
<b>Total liabilities and equity</b>	<b>€ 6,119,185,180,334</b>	<b>8,806,438,202</b>	<b>8,948,087,799</b>	<b>53,769,271,656</b>	<b>1,233,243,280,162</b>	<b>8,935,975,725</b>	<b>1,281,810,213</b>	<b>1,696,180,297</b>	<b>7,435,866,224,388</b>	<b>(168,039,012,965)</b>	<b>7,267,827,211,423</b>
<b>Debit contingent accounts</b>											
Trust assets	€ 807,126,138,627	0	0	0	62,221,623,740	0	0	0	869,347,762,367	1	869,347,762,368
Trust liabilities	€ 292,288,545,867	0	0	0	0	0	0	0	292,288,545,867	0	292,288,545,867
Trust equity	€ 514,837,592,760	0	0	0	62,221,623,740	0	0	0	577,059,216,500	1	577,059,216,501
<b>Other debit memoranda accounts</b>	<b>€ 17,996,546,200,111</b>	<b>1,555,167,470,828</b>	<b>852,870,530,651</b>	<b>932,816,752,630</b>	<b>1,555,434,624,562</b>	<b>0</b>	<b>5,646,418,855</b>	<b>0</b>	<b>22,898,481,997,637</b>	<b>0</b>	<b>22,898,481,997,637</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

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

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 199,301,485,633	253,346,315	228,546,293	2,408,807,295	35,710,259,716	246,121,679	35,472,724	36,908,212	238,220,947,867	(911,134,136)	237,309,813,731
Financial expenses	130,322,441,935	49,033,005	373,411,916	1,726,680,746	22,170,429,491	272,955,011	12,556,055	30,480,625	154,957,988,784	(947,996,459)	154,009,992,325
Expenses from allowance for assets impairment	4,459,639,020	13,310,120	1,249,755	87,392,700	1,594,403,006	40,868,051	1,145,127	102	6,198,007,881	2	6,198,007,883
Income from recovery of assets and decrease in allowance	10,780,117,900	36,088,277	2,207,065	85,650,299	-	72,473,521	996,978	7,853	10,977,541,893	1	10,977,541,894
<b>Financial income</b>	<b>75,299,522,578</b>	<b>227,091,467</b>	<b>(143,908,313)</b>	<b>680,384,148</b>	<b>11,945,427,219</b>	<b>4,772,138</b>	<b>22,768,520</b>	<b>6,435,338</b>	<b>88,042,493,095</b>	<b>36,862,322</b>	<b>88,079,355,417</b>
Other operating income	87,488,005,202	3,456,938,192	3,144,682,698	2,006,411,651	2,150,259,332	3,517,012,116	624,645,328	1,403,349,498	103,791,304,017	(8,177,537,642)	95,613,766,375
Other operating expenses	51,726,445,358	771,145,878	546,618,770	355,856,348	2,441,658,398	206,843,679	69,761,624	57,811,427	56,176,141,482	(2,014,917,337)	54,161,224,145
<b>Gross operating income</b>	<b>111,061,082,422</b>	<b>2,912,883,781</b>	<b>2,454,155,615</b>	<b>2,330,939,451</b>	<b>11,654,028,153</b>	<b>3,314,940,575</b>	<b>577,652,224</b>	<b>1,351,973,409</b>	<b>135,657,655,630</b>	<b>(6,125,757,983)</b>	<b>129,531,897,647</b>
Personnel expenses	53,051,144,647	1,392,724,130	1,564,076,764	1,368,584,334	4,156,696,173	1,220,116,426	360,326,299	1,143,379,979	64,257,048,752	(1,143,379,978)	63,113,668,774
Other administrative expenses	37,377,053,020	294,663,373	206,010,702	203,494,880	3,568,698,172	182,905,292	146,246,327	4,895,310	41,983,967,076	(549,422,953)	41,434,544,123
<b>Administrative expenses</b>	<b>90,428,197,667</b>	<b>1,687,387,503</b>	<b>1,770,087,466</b>	<b>1,572,079,214</b>	<b>7,725,394,345</b>	<b>1,403,021,718</b>	<b>506,572,626</b>	<b>1,148,275,289</b>	<b>106,241,015,828</b>	<b>(1,692,802,931)</b>	<b>104,548,212,897</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>20,632,884,755</b>	<b>1,225,496,278</b>	<b>684,068,149</b>	<b>758,860,237</b>	<b>3,928,633,808</b>	<b>1,911,918,857</b>	<b>71,079,598</b>	<b>203,698,120</b>	<b>29,416,639,802</b>	<b>(4,432,955,052)</b>	<b>24,983,684,750</b>
Income tax	13,224,234,570	370,053,196	432,561,638	477,056,324	603,336,363	565,496,419	23,552,160	62,560,092	15,758,850,762	0	15,758,850,762
Deferred income tax	2,822,037,344	10,755,843	177,294,989	36,758,760	65,301,314	21,713,461	0	5,351,397	3,139,213,108	1	3,139,213,109
Decrease in income tax	10,512,975,414	13,081,816	395,396,083	227,729,869	0	12,066,818	0	6,136,914	11,167,386,914	1	11,167,386,915
Profit sharing	4,382,162,526	447,266,972	20,522,044	22,765,806	0	57,357,564	2,132,783	5,976,009	4,938,183,704	(1)	4,938,183,703
<b>Net profit for the year</b>	<b>11,386,041,073</b>	<b>410,502,083</b>	<b>449,085,561</b>	<b>450,009,216</b>	<b>3,259,996,131</b>	<b>1,279,418,231</b>	<b>45,394,655</b>	<b>135,947,536</b>	<b>17,416,394,486</b>	<b>(4,432,955,051)</b>	<b>12,983,439,435</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(1,597,398,362)	1,597,398,362
<b>Results for the period attributable to the comptroller</b>	<b>11,386,041,073</b>	<b>410,502,083</b>	<b>449,085,561</b>	<b>450,009,216</b>	<b>3,259,996,131</b>	<b>1,279,418,231</b>	<b>45,394,655</b>	<b>135,947,536</b>	<b>17,416,394,486</b>	<b>(6,030,353,413)</b>	<b>11,386,041,073</b>
<b>Net income for the periods</b>	<b>€ 11,386,041,073</b>	<b>410,502,083</b>	<b>449,085,561</b>	<b>450,009,216</b>	<b>3,259,996,131</b>	<b>1,279,418,231</b>	<b>45,394,655</b>	<b>135,947,536</b>	<b>17,416,394,486</b>	<b>(6,030,353,413)</b>	<b>11,386,041,073</b>

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

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 162,296,717,866	161,348,076	349,686,192	2,540,798,063	31,185,008,666	330,470,817	8,325,237	50,622,717	196,922,977,634	(361,105,867)	196,561,871,767
Financial expenses	48,752,186,564	15,241,466	15,169,947	302,778,181	16,194,698,539	10,649,370	6,192,987	4,282,514	65,301,199,568	(418,374,512)	64,882,825,056
Expenses from allowance for assets impairment	13,306,768,442	7,881,067	154,277	33,251,291	1,980,562,612	26,882,775	233,367	0	15,355,733,831	1	15,355,733,832
Income from recovery of assets and decrease in allowance	5,196,938,012	12,016,151	1,811,094	59,285,683	0	9,783,780	204,818	0	5,280,039,538	1	5,280,039,539
<b>Financial income</b>	<b>105,434,700,872</b>	<b>150,241,694</b>	<b>336,173,062</b>	<b>2,264,054,274</b>	<b>13,009,747,515</b>	<b>302,722,452</b>	<b>2,103,701</b>	<b>46,340,203</b>	<b>121,546,083,773</b>	<b>57,268,645</b>	<b>121,603,352,418</b>
Other operating income	93,095,645,061	3,588,473,665	3,473,545,026	1,707,240,911	1,230,061,420	3,683,432,340	575,861,086	1,845,153,891	109,199,413,400	(10,058,892,080)	99,140,521,320
Other operating expenses	62,481,907,922	871,114,535	726,780,529	374,647,867	1,947,263,734	202,821,927	70,878,220	65,075,317	66,740,490,051	(2,285,491,151)	64,454,998,900
<b>Gross operating income</b>	<b>136,048,438,011</b>	<b>2,867,600,824</b>	<b>3,082,937,559</b>	<b>3,596,647,318</b>	<b>12,292,545,201</b>	<b>3,783,332,865</b>	<b>507,086,567</b>	<b>1,826,418,777</b>	<b>164,005,007,122</b>	<b>(7,716,132,284)</b>	<b>156,288,874,838</b>
Personnel expenses	48,981,546,955	1,234,981,224	1,376,886,459	1,188,192,901	5,438,441,032	1,163,138,005	356,949,380	1,221,668,333	60,961,804,289	(1,221,668,333)	59,740,135,956
Other administrative expenses	37,726,461,640	260,446,334	162,089,000	189,595,507	4,297,072,669	162,793,497	91,984,940	25,401,846	42,915,845,433	(364,166,791)	42,551,678,642
<b>Administrative expenses</b>	<b>86,708,008,595</b>	<b>1,495,427,558</b>	<b>1,538,975,459</b>	<b>1,377,788,408</b>	<b>9,735,513,701</b>	<b>1,325,931,502</b>	<b>448,934,320</b>	<b>1,247,070,179</b>	<b>103,877,649,722</b>	<b>(1,585,835,124)</b>	<b>102,291,814,598</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>49,340,429,416</b>	<b>1,372,173,266</b>	<b>1,543,962,100</b>	<b>2,218,858,910</b>	<b>2,557,031,500</b>	<b>2,457,401,363</b>	<b>58,152,247</b>	<b>579,348,598</b>	<b>60,127,357,400</b>	<b>(6,130,297,160)</b>	<b>53,997,060,240</b>
Income tax	9,469,404,075	413,637,235	24,708,558	480,784,600	370,223,879	742,795,055	18,442,308	173,512,633	11,693,508,343	0	11,693,508,343
Deferred income tax	8,535,349,995	13,876,845	447,069,166	201,813,126	289,322,616	2,797,624	0	76,745,331	9,566,974,703	(1)	9,566,974,702
Decrease in income tax	6,878,728,277	13,086,395	19,787,198	50,836,403	106,465,653	22,116,539	0	71,626,784	7,162,647,249	1	7,162,647,250
Profit sharing	12,866,815,112	499,455,390	46,318,862	66,565,766	0	73,722,040	1,744,567	15,078,098	13,569,699,835	3	13,569,699,838
Decrease in allocation of profit	0	0	0	0	0	0	0	0	0	0	0
<b>Net profit for the year</b>	<b>25,347,588,511</b>	<b>458,290,191</b>	<b>1,045,652,712</b>	<b>1,520,531,821</b>	<b>2,003,950,658</b>	<b>1,660,203,183</b>	<b>37,965,372</b>	<b>385,639,320</b>	<b>32,459,821,768</b>	<b>(6,130,297,161)</b>	<b>26,329,524,607</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(981,936,096)	981,936,096
<b>Results for the period attributable to the comptroller</b>	<b>25,347,588,511</b>	<b>458,290,191</b>	<b>1,045,652,712</b>	<b>1,520,531,821</b>	<b>2,003,950,658</b>	<b>1,660,203,183</b>	<b>37,965,372</b>	<b>385,639,320</b>	<b>32,459,821,768</b>	<b>(7,112,233,257)</b>	<b>25,347,588,511</b>
<b>Net income for the periods</b>	<b>€ 25,347,588,511</b>	<b>458,290,191</b>	<b>1,045,652,712</b>	<b>1,520,531,821</b>	<b>2,003,950,658</b>	<b>1,660,203,183</b>	<b>37,965,372</b>	<b>385,639,320</b>	<b>32,459,821,768</b>	<b>(7,112,233,257)</b>	<b>25,347,588,511</b>

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39). 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.
- Methodologies and measurement models are available for the valuation of the different types of risk, which are periodically subjected to retrospective and stress tests, to adjust the variables and factors that influence the exposure to risks.



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

Classification of significant risks

The relevant risks to the Bank are classified as follows:

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

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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.

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

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

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

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

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#### Process of comprehensive risk management

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

#### Types of risk assessments

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

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

#### Risk control framework

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

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

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.

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Evaluation of the effectiveness and maturity of the System

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

Information generated by the Comprehensive Risk Management System

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

(a) Credit risk management

Definition

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

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

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

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On the other hand, the National Council for Supervision of the Financial System, in article 9 of the minutes of session 1752-2022, held on August 29, 2022, ordered changes to various regulations in force. Among the changes and effective as of January 2023, it is established, in the SUGEF Agreement 1-05 Regulation for the Qualification of Debtors, to add transitory XXIV, which modifies its article 11 bis and, in the SUGEF Agreement 15- 16, add transitory X, which modifies its article 11. Transitory XXIV For the purposes of Article 11bis, as of January 1, 2023, the term "debtor generating foreign exchange" is homologated to "debtor without exposure to exchange risk" and the term "debtor not generating foreign currency" is homologated to "debtor with exposure to exchange risk". The terms "foreign exchange" or "foreign currency" are used indistinctly. The foregoing does not affect the continuity in the application of the additional generic estimate of 1.5% during the year 2023, indistinctly for a "debtor not generating foreign currency" or a "debtor with exposure to exchange risk".

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

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

Management methodology

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

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

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

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

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

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

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

#### Exposure and risk management

As of June 30, 2023, the percentage of arrears greater than 90 days was 2.90% (3.06% as of June 2022). This last indicator is within the risk appetite according to the Risk Appetite Declaration, with personal banking showing the highest delinquencies.

The dollar portfolio accounts for 22.43% at the closing of June (27.97% as of June 2022) of the total portfolio. It is important to mention that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients with exposure to exchange risk.

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

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

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

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

Expected credit losses are disclosed in the following table:

Value adjustment for losses	Expected losses of the investment portfolio of the BCR Conglomerate		
	By currency		
	December 2022 vs June 2023		
	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of June 30, 2023			
Colones	896,956,672	39,125,275	36,117,468,465
US dollars	488,468	0	11,164,189
UDES	4,158	0	0
Value adjustment for losses			
As of December 31, 2022			
Colones	1,459,728,702	123,857,884	41,008,418,840
US dollars	898,100	0	11,163,146
UDES	0	50,098	1,862,000
Transfer to 12-months expected credit losses			
Colones	(606,305,636)	(148,973,162)	(6,615,049,625)
US dollars	(451,018)	0	(1,043)
UDES	4,159	(50,098)	(1,862,000)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

As of December 31, 2022

Expected losses of the investment portfolio of the BCR Conglomerate

By currency

December 2021 vs December 2022

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of December 31, 2022			
Colones	1,523,716,610	183,544,287	37,028,943,291
US dollars	987,571	7,109	17,234,478
UDES	0	50,098	2,622,000
Value adjustment for losses			
As of December 31, 2021			
Colones	2,200,896,312	202,801,303	41,873,121,770
US dollars	2,098,734	0	11,173,216
UDES	0	92,251	14,024,800
Transfer to 12-months expected credit losses			
Colones	(721,652,934)	(60,512,423)	4,824,178,479
US dollars	(1,189,418)	(7,109)	(6,061,262)
UDES	0	(42,153)	(12,922,800)

As of June 30, 2022

Expected losses of the investment portfolio of the BCR Conglomerate

By currency

December 2022 vs June 2022

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of June 30, 2022			
Colones	1,910,324,139	183,718,611	37,028,943,291
US dollars	1,617,826	7,284	17,234,478
UDES	0	65,363	2,622,000
Value adjustment for losses			
As of December 31, 2021			
Colones	2,214,127,676	211,725,179	6,797,062,167
US dollars	2,127,528	1,894	14,633,026
UDES	0	92,251	14,024,800
Transfer to 12-months expected credit losses			
Colones	(328,590,893)	(54,523,910)	(30,251,881,124)
US dollars	(531,224)	(5,390)	(2,601,451)
UDES	0	(26,889)	(12,922,800)



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

June 30, 2023

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Banco de Costa Rica</b>			
Loan portfolio, gross	¢ 3,189,640,537,989	3,298,222,308,878	3,293,401,660,878
Plus, interest receivable	19,118,419,364	18,955,945,108	17,819,183,874
Less, allowance for impairment	(140,831,421,998)	(145,623,881,422)	(165,485,287,318)
<b>Loan portfolio, net</b>	<b>¢ 3,067,927,535,355</b>	<b>3,171,554,372,564</b>	<b>3,145,735,557,434</b>
<b>Banco Internacional de Costa Rica, S.A. and subsidiary</b>			
Loan portfolio, gross	¢ 832,650,767,151	936,512,018,876	997,212,589,718
Plus, interest receivable	4,829,506,936	4,526,975,726	3,944,792,855
Less, allowance for impairment	(12,365,503,415)	(14,646,810,058)	(17,963,076,875)
<b>Loan portfolio, Net</b>	<b>¢ 825,114,770,672</b>	<b>926,392,184,544</b>	<b>983,194,305,698</b>
<b>Total consolidated loan portfolio, net</b>	<b>¢ 3,893,042,306,027</b>	<b>4,097,946,557,108</b>	<b>4,128,929,863,132</b>
Loan portfolio, net (Note No.6)	¢ 3,859,744,219,018	4,077,413,386,301	4,109,589,153,954
Difference ¢	33,298,087,009	20,533,170,807	19,340,709,178
Difference US\$	60,599,270	34,108,824	39,252,941

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

		<b>Direct Loan Portfolio</b>	<b>Direct Loan Portfolio</b>	<b>Direct Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>	<b>Contingent Loan Portfolio</b>
		June	December	June	June	December	June
	Note	2023	2022	2022	2023	2022	2022
Principal	6a	3,189,640,537,987	3,298,222,308,876	3,293,401,660,876	195,966,562,079	210,215,483,996	225,959,132,882
Interest	¢	19,118,419,364	18,955,945,108	17,819,183,874	0	0	0
		3,208,758,957,351	3,317,178,253,984	3,311,220,844,750	195,966,562,079	210,215,483,996	225,959,132,882
Allowance for bad loans		(140,522,407,111)	(155,945,127,998)	(165,106,982,608)	(309,014,887)	(334,497,086)	(378,304,710)
Carrying amount	¢	<u>3,068,236,550,240</u>	<u>3,161,233,125,986</u>	<u>3,146,113,862,142</u>	<u>195,657,547,192</u>	<u>209,880,986,910</u>	<u>225,580,828,172</u>
Loan portfolio							
Total balances:							
A1	¢	2,545,646,233,659	2,650,156,915,967	2,526,792,343,327	190,114,473,853	202,845,894,980	216,685,879,104
A2		33,399,252,905	32,718,449,769	35,658,503,721	1,273,257,918	1,091,310,182	1,064,936,189
B1		147,727,263,950	246,314,102,283	314,648,462,132	1,808,854,051	2,828,286,619	3,698,508,576
B2		19,053,959,401	26,099,160,500	34,293,295,013	141,366,989	196,280,116	163,415,726
C1		157,995,178,011	33,229,962,730	59,281,209,231	540,196,585	526,437,814	1,279,189,631
C2		6,274,119,578	10,785,532,322	7,910,344,431	63,273,769	122,323,954	99,282,410
D		74,266,934,191	86,127,825,472	82,776,106,684	568,520,806	1,310,532,849	1,353,359,247
E		147,048,495,101	157,646,145,552	181,282,989,337	1,446,441,682	1,281,795,185	1,606,778,559
1		73,531,215,434	69,961,042,387	64,691,284,169	10,176,426	12,622,297	7,783,440
2		936,533,025	323,583,353	1,444,570,352	0	0	0
3		888,766,283	2,117,381,455	1,704,119,174	0	0	0
4		1,005,370,621	674,481,203	523,649,769	0	0	0
5		271,397,378	353,085,467	27,460,899	0	0	0
6		714,237,814	670,585,524	186,506,511	0	0	0
		3,208,758,957,351	3,317,178,253,984	3,311,220,844,750	195,966,562,079	210,215,483,996	225,959,132,882
Allowance for bad loans		(75,104,238,604)	(91,829,613,987)	(113,484,798,076)	(83,735,073)	(217,095,533)	(281,992,566)
<b>Carrying amount, net</b>		<u>3,133,654,718,747</u>	<u>3,225,348,639,997</u>	<u>3,197,736,046,674</u>	<u>195,882,827,006</u>	<u>209,998,388,463</u>	<u>225,677,140,316</u>
Carrying amount		3,208,758,957,351	3,317,178,253,984	3,311,220,844,750	195,966,562,079	210,215,483,996	225,959,132,882
Allowance for bad loans		(75,104,238,604)	(91,829,613,987)	(113,484,798,076)	(83,735,073)	(217,095,533)	(281,992,566)
(Excess) inadequacy of allowance over structural estimate		(65,418,168,507)	(64,115,514,011)	(51,622,184,532)	(225,279,814)	(117,401,553)	(96,312,144)
<b>Carrying amount, net</b>	6a	<u>¢ 3,068,236,550,240</u>	<u>3,161,233,125,986</u>	<u>3,146,113,862,142</u>	<u>195,657,547,192</u>	<u>209,880,986,910</u>	<u>225,580,828,172</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,545,646,233,659	1,683,209,471,763	862,436,761,896	(12,728,231,266)	190,114,473,853	(78,077,191)
A2	33,399,252,905	28,012,601,417	5,386,651,488	(166,996,267)	1,273,257,918	0
1	73,531,215,434	39,148,517,037	34,382,698,397	(184,257,180)	10,176,426	(6,360)
	<u>2,652,576,701,998</u>	<u>1,750,370,590,217</u>	<u>902,206,111,781</u>	<u>(13,079,484,713)</u>	<u>191,397,908,197</u>	<u>(78,083,551)</u>
Direct specific allowance						
A1						
A2						
B1	147,727,263,950	135,838,273,099	11,888,990,851	(1,273,640,909)	1,808,854,051	(1,886,020)
B2	19,053,959,401	17,600,338,686	1,453,620,715	(233,363,766)	141,366,989	(274,791)
C1	157,995,178,011	155,822,205,650	2,172,972,361	(1,322,354,120)	540,196,585	(3,135,375)
C2	6,274,119,578	5,355,415,637	918,703,941	(486,129,050)	63,273,769	0
D	74,266,934,191	66,180,889,291	8,086,044,900	(6,301,519,575)	568,520,806	(322,820)
E	147,048,495,101	86,736,746,987	60,311,748,114	(52,234,267,760)	1,446,441,682	(32,516)
2	936,533,025	837,070,558	99,462,467	(9,158,476)	0	0
3	888,766,283	741,309,770	147,456,513	(40,570,677)	0	0
4	1,005,370,621	860,439,138	144,931,483	(76,767,937)	0	0
5	271,397,378	261,442,537	9,954,841	(8,275,601)	0	0
6	714,237,814	678,926,426	35,311,388	(38,706,020)	0	0
	<u>¢ 556,182,255,353</u>	<u>470,913,057,779</u>	<u>85,269,197,574</u>	<u>(62,024,753,891)</u>	<u>4,568,653,882</u>	<u>(5,651,522)</u>
	<u>¢ 3,208,758,957,351</u>	<u>2,221,283,647,996</u>	<u>987,475,309,355</u>	<u>(75,104,238,604)</u>	<u>195,966,562,079</u>	<u>(83,735,073)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

Loan portfolio

Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢ 2,506,416,180,222	1,651,624,817,818	854,791,362,404	(12,710,021,133)	191,387,731,771	(78,083,551)
Equal or less than 30 days	72,132,524,151	59,241,786,992	12,890,737,159	(366,924,528)	0	0
Equal or less than 60 days	496,782,192	355,468,371	141,313,821	(2,539,052)	0	0
	<u>2,579,045,486,565</u>	<u>1,711,222,073,181</u>	<u>867,823,413,384</u>	<u>(13,079,484,713)</u>	<u>191,387,731,771</u>	<u>(78,083,551)</u>
Direct specific allowance						
Up to date	450,674,356,363	390,382,338,716	60,292,017,647	(13,792,689,368)	4,578,830,308	(5,651,522)
Equal or less than 30 days	24,891,984,121	19,430,613,946	5,461,370,175	(1,717,000,359)	0	0
Equal or less than 60 days	40,200,754,658	33,210,360,276	6,990,394,382	(1,911,645,431)	0	0
Equal or less than 90 days	15,651,834,855	12,288,552,483	3,363,282,372	(1,595,804,043)	0	0
Equal or less than 180 days	12,798,376,416	7,916,935,540	4,881,440,876	(4,438,477,102)	0	0
More than 180 days	85,496,164,373	46,832,773,854	38,663,390,519	(38,569,137,588)	0	0
	<u>¢ 629,713,470,786</u>	<u>510,061,574,815</u>	<u>119,651,895,971</u>	<u>(62,024,753,891)</u>	<u>4,578,830,308</u>	<u>(5,651,522)</u>
	<u>¢ 3,208,758,957,351</u>	<u>2,221,283,647,996</u>	<u>987,475,309,355</u>	<u>(75,104,238,604)</u>	<u>195,966,562,079</u>	<u>(83,735,073)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of December 31, 2022

	Note	Direct Loan Portfolio		Contingent Loan	Contingent Loan
		December		Portfolio	Portfolio
		2022	2021	December	December
Principal	6a	¢ 3,298,222,308,876	3,193,889,504,724	2,022	238,184,976,382
Interest		18,955,945,108	16,243,877,380	0	0
		3,317,178,253,984	3,210,133,382,104	2,022	238,184,976,382
Allowance for bad loans		(155,945,127,998)	(152,572,595,665)	(334,497,086)	(355,390,996)
Carrying amount	¢	<u>3,161,233,125,986</u>	<u>3,057,560,786,439</u>	<u>(334,495,064)</u>	<u>237,829,585,386</u>
Loan portfolio					
Total balances					
A1	¢	2,650,156,915,967	2,531,988,166,648	202,845,894,980	226,452,306,640
A2		32,718,449,769	38,737,755,756	1,091,310,182	1,118,547,763
B1		246,314,102,283	193,827,062,547	2,828,286,619	3,942,754,364
B2		26,099,160,500	24,632,906,602	196,280,116	147,721,241
C1		33,229,962,730	71,479,256,554	526,437,814	3,900,594,358
C2		10,785,532,322	20,872,474,608	122,323,954	106,060,267
D		86,127,825,472	116,733,956,940	1,310,532,849	764,642,908
E		157,646,145,552	148,102,200,136	1,281,795,185	1,736,026,639
1		69,961,042,387	61,556,122,926	12,622,297	16,322,202
2		323,583,353	830,276,955	0	0
3		2,117,381,455	1,218,141,671	0	0
4		674,481,203	88,715,637	0	0
5		353,085,467	14,610,311	0	0
6		670,585,524	51,734,813	0	0
		3,317,178,253,984	3,210,133,382,104	210,215,483,996	238,184,976,382
Allowance for bad loans		(91,829,613,987)	(100,038,430,338)	(217,095,533)	(206,640,140)
Carrying amount, net		<u>3,225,348,639,997</u>	<u>3,110,094,951,766</u>	<u>209,998,388,463</u>	<u>237,978,336,242</u>
Carrying amount		3,317,178,253,984	3,210,133,382,104	210,215,483,996	238,184,976,382
Allowance for bad loans		(91,829,613,987)	(100,038,430,338)	(217,095,533)	(206,640,140)
Excess) inadequacy of allowance					
over structural estimate		(64,115,514,011)	(52,534,165,327)	(117,401,553)	(148,750,856)
Carrying amount, net	6a	<u>¢ 3,161,233,125,986</u>	<u>3,057,560,786,439</u>	<u>209,880,986,910</u>	<u>237,829,585,386</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

As of December 31, 2022

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

Loan portfolio

Aging loan portfolio

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of June 30, 2022

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,526,792,343,327	1,743,879,218,839	782,913,124,488	(12,633,961,810)	216,685,879,104	(137,127,324)
A2	35,658,503,721	31,421,547,735	4,236,955,986	(178,292,523)	1,064,936,189	(36,920)
1	64,691,284,169	29,830,624,014	34,860,660,155	(162,513,564)	7,783,440	(4,865)
	<u>2,627,142,131,217</u>	<u>1,805,131,390,588</u>	<u>822,010,740,629</u>	<u>(12,974,767,897)</u>	<u>217,758,598,733</u>	<u>(137,169,109)</u>
Direct specific allowance						
A1						
A2						
B1	314,648,462,132	285,871,387,098	28,777,075,034	(2,868,210,690)	3,698,508,576	(8,159,344)
B2	34,293,295,013	27,857,372,112	6,435,922,901	(782,879,152)	163,415,726	0
C1	59,281,209,231	53,248,833,156	6,032,376,075	(1,774,338,186)	1,279,189,631	(324,301)
C2	7,910,344,431	6,721,246,055	1,189,098,376	(628,155,420)	99,282,410	0
D	82,776,106,684	65,370,027,380	17,406,079,304	(13,147,048,859)	1,353,359,247	(136,057,029)
E	181,282,989,337	95,760,092,917	85,522,896,420	(81,140,993,836)	1,606,778,559	(282,783)
2	1,444,570,352	1,282,411,267	162,159,085	(14,520,011)	0	0
3	1,704,119,174	1,357,881,109	346,238,065	(93,348,922)	0	0
4	523,649,769	467,584,986	56,064,783	(30,370,317)	0	0
5	27,460,899	26,094,894	1,366,005	(1,086,678)	0	0
6	186,506,511	158,219,501	28,287,010	(29,078,108)	0	0
	<u>¢ 684,078,713,533</u>	<u>538,121,150,475</u>	<u>145,957,563,058</u>	<u>(100,510,030,179)</u>	<u>8,200,534,149</u>	<u>(144,823,457)</u>
	<u>¢ 3,311,220,844,750</u>	<u>2,343,252,541,063</u>	<u>967,968,303,687</u>	<u>(113,484,798,076)</u>	<u>225,959,132,882</u>	<u>(281,992,566)</u>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

Loan portfolio

Aging loan portfolio

	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢ 2,502,354,661,724	1,726,312,822,535	776,041,839,189	(12,671,366,782)	217,750,815,292	(137,169,110)
Equal or less than 30 days	59,666,862,468	48,615,791,481	11,051,070,987	(301,254,502)	0	0
More than 180 days	0	0	0	0	0	0
	<u>2,562,450,847,049</u>	<u>1,775,300,766,575</u>	<u>787,150,080,474</u>	<u>(12,974,767,898)</u>	<u>217,750,815,292</u>	<u>(137,169,110)</u>
Direct specific allowance						
Equal or less than 30 days	543,820,694,384	441,943,888,781	101,876,805,603	(30,331,763,226)	8,208,317,590	(144,823,456)
Equal or less than 60 days	31,741,307,870	23,965,249,389	7,776,058,481	(5,380,323,015)	0	0
Equal or less than 90 days	38,655,235,734	30,607,279,214	8,047,956,520	(3,967,363,874)	0	0
Equal or less than 180 days	27,691,467,530	20,831,508,781	6,859,958,749	(5,574,289,163)	0	0
More than 180 days	12,835,652,899	6,635,998,589	6,199,654,310	(5,466,538,201)	0	0
Equal or less than 30 days	94,025,639,284	43,967,849,734	50,057,789,550	(49,789,752,699)	0	0
	<u>¢ 748,769,997,701</u>	<u>567,951,774,488</u>	<u>180,818,223,213</u>	<u>(100,510,030,178)</u>	<u>8,208,317,590</u>	<u>(144,823,456)</u>
	<u>¢ 3,311,220,844,750</u>	<u>2,343,252,541,063</u>	<u>967,968,303,687</u>	<u>(113,484,798,076)</u>	<u>225,959,132,882</u>	<u>(281,992,566)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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 June 30, 2023	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2,545,646,233,661	2,532,918,002,393
A2	33,399,252,905	33,232,256,638
B1	147,727,263,950	146,453,623,041
B2	19,053,959,401	18,820,595,635
C1	157,995,178,011	156,672,823,891
C2	6,274,119,578	5,787,990,529
D	74,266,934,191	67,965,414,616
E	147,048,495,101	94,814,227,341
1	73,531,215,434	73,346,958,255
2	936,533,023	927,374,547
3	888,766,283	848,195,606
4	1,005,370,621	928,602,684
5	271,397,378	263,121,777
6	714,237,814	675,531,794
	¢ <u>3,208,758,957,351</u>	<u>3,133,654,718,747</u>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of June 30, 2022		Loans receivable	
		Gross	Net
Risk category:			
A1	¢	2,526,792,343,327	2,514,158,381,516
A2		35,658,503,721	35,480,211,198
B1		314,648,462,132	311,780,251,442
B2		34,293,295,013	33,510,415,861
C1		59,281,209,231	57,506,871,045
C2		7,910,344,431	7,282,189,011
D		82,776,106,684	69,629,057,825
E		181,282,989,337	100,141,995,501
1		64,691,284,169	64,528,770,605
2		1,444,570,352	1,430,050,341
3		1,704,119,174	1,610,770,252
4		523,649,769	493,279,452
5		27,460,899	26,374,221
6		186,506,511	157,428,404
	¢	<u>3,311,220,844,750</u>	<u>3,197,736,046,674</u>

In compliance with SUGEF Directive 1-05, as of June 30, 2023, the Bank must maintain a minimum allowance in the amount of ¢75,187,973,677, (¢92,046,079,520 and ¢113,766,790,642, for December and June 2022, respectively) of which ¢75,104,238,604, (¢91,829,613,987 and ¢113,484,798,076, for December and June 2022, respectively) is allocated to the valuation of the direct loan portfolio and ¢83,735,073, (¢217,095,533 and ¢281,992,566, for December and June 2022, respectively) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢6,950,280,513, (¢4,779,400,343 and ¢4,779,400,343, for December and June 2022, respectively).

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2023		
	June 2023	December 2022	June 2022
<b>Banco Internacional de Costa Rica, S.A. and subsidiaries</b>			
Principal	¢ 832,650,767,250	936,512,018,786	997,212,589,718
Interest	4,829,507,200	4,526,975,727	3,944,792,856
	<b>837,480,274,450</b>	<b>941,038,994,513</b>	<b>1,001,157,382,574</b>
Allowance for doubtful accounts	(12,365,503,415)	(14,646,808,792)	(17,963,076,875)
Carrying amount	¢ <b>825,114,771,035</b>	<b>926,392,185,721</b>	<b>983,194,305,699</b>
<b>Loan portfolio, net of allowance</b>	¢ <b>818,668,177,714</b>	<b>915,394,072,438</b>	<b>973,310,164,984</b>
<b>At amortized cost</b>			
Level 1: Normal or low risk	782,486,738,492	867,343,534,901	917,796,590,500
Level 2: Special mention	24,814,334,922	31,131,176,055	44,010,418,852
Level 3: Subnormal	7,585,529,090	18,411,628,935	20,976,965,851
Level 4: Doubtful	2,160,541,623	2,661,749,762	9,002,162,296
Level 5: Uncollectable	15,603,623,124	16,963,929,135	5,426,452,221
	832,650,767,251	936,512,018,788	997,212,589,720
Allowance for impairment	(12,365,503,415)	(14,646,808,792)	(17,963,076,875)
Carrying amount	<b>820,285,263,836</b>	<b>921,865,209,996</b>	<b>979,249,512,845</b>
<b>Impaired renegotiated loans</b>			
Gross amount	3,392,871,409	5,123,722,965	8,453,797,151
Impaired amount	<b>3,392,871,409</b>	<b>5,123,722,965</b>	<b>8,453,797,151</b>
Allowance for impairment	1,119,342,412	1,159,126,139	3,175,804,867
<b>Total, net</b>	<b>2,273,528,997</b>	<b>3,964,596,826</b>	<b>5,277,992,284</b>
<b>Not in arrears or impaired:</b>			
Level 1: Normal or low risk	782,486,738,492	867,343,534,901	917,796,590,500
Level 2: Special mention	24,814,334,922	31,131,176,055	44,010,418,852
<b>Sub-total</b>	<b>807,301,073,414</b>	<b>898,474,710,956</b>	<b>961,807,009,352</b>
<b>Individually impaired</b>			
Level 3: Subnormal	7,585,529,090	18,411,628,935	20,976,965,851
Level 4: Doubtful	2,160,541,623	2,661,749,762	9,002,162,296
Level 5: Uncollectable	15,603,623,123	16,963,929,134	5,426,452,220
<b>Sub-total</b>	<b>25,349,693,836</b>	<b>38,037,307,831</b>	<b>35,405,580,367</b>
<b>Allowance for impairment</b>			
Specific	12,365,503,415	14,646,808,792	17,642,991,551
Collective	0	0	320,085,324
Total allowance for impairment	<b>12,365,503,415</b>	<b>14,646,808,792</b>	<b>17,963,076,875</b>
<b>Clients' obligations for acceptances</b>			
Carrying amount	¢ <b>1,617,086,122</b>	<b>6,471,137,557</b>	<b>5,939,347,859</b>
Interest receivable	¢ <b>4,829,507,199</b>	<b>4,526,975,726</b>	<b>3,944,792,856</b>
Net loan portfolio (carrying amount)	¢ <b>825,114,771,035</b>	<b>926,392,185,721</b>	<b>983,194,305,699</b>

As of June 30, 2023, the allowance for impairment of BICSA's loan portfolio is of ¢12,365,503,415, (¢14,646,808,792 and ¢17,963,076,875, for December and June 2022, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

	<u>June 2023</u>		<u>December 2022</u>		<u>June 2022</u>	
	<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	¢ 419,836,894,025	26,995,644,269	468,339,740,242	31,217,267,872	568,378,663,850	40,042,774,469
Manufacturing	364,302,691,500	2,040,187,444	409,400,956,418	3,996,749,218	465,182,261,304	3,014,496,315
Construction, purchase, and repair of real estate	1,492,072,400,683	10,054,862,378	1,499,484,435,274	10,620,139,574	1,388,810,827,185	33,965,935,629
Agriculture, livestock, hunting, and related services	157,379,442,455	489,181,713	183,941,629,442	25,977,674	214,228,787,607	162,064,032
Fishing and aquaculture	42,986,799	0	43,712,963	0	44,887,819	0
Retail	445,339,507,478	125,813,450,183	270,850,551,147	121,390,465,394	274,316,102,872	107,567,960,527
Education	697,640,310	0	740,142,594	0	780,825,853	0
Transportation	35,076,365,813	563,989,505	33,732,957,042	46,601,692	51,942,155,829	66,339,117
Stock market financial activity	147,159,118	0	3,385,299,600	0	3,565,001,637	0
Electricity, telecom, gas, and water Services	242,164,436,170	0	234,561,181,309	0	236,781,622,543	0
Services	706,720,083,267	94,262,553,921	959,174,202,303	141,890,034,615	665,575,806,189	176,489,894,022
Hospitality	109,359,263,053	140,944,203	119,607,586,829	0	114,398,325,956	0
Mining and quarries	25,448,807	0	28,843,116	0	32,154,147	0
Real estate, business, and leasing activities	24,436,335,465	0	26,519,811,034	0	36,543,636,426	0
Public Administration	21,215,643,157	1,892,043,033	24,395,604,351	5,354,277,708	269,291,993,293	2,329,824,853
Other activities from the non-financial private sector	475,007,038	17,483,347	528,204,294	19,154,118	741,728,290	22,025,990
See notes 6 and 19	¢ <b><u>4,019,291,305,138</u></b>	<b><u>262,270,339,996</u></b>	<b><u>4,234,734,857,958</u></b>	<b><u>314,560,667,865</u></b>	<b><u>4,290,614,780,800</u></b>	<b><u>363,661,314,954</u></b>
Other contingencies	0	237,373,438,279	0	254,313,912,940	0	264,830,926,275
	¢ <b><u>4,019,291,305,138</u></b>	<b><u>499,643,778,275</u></b>	<b><u>4,234,734,857,958</u></b>	<b><u>568,874,580,805</u></b>	<b><u>4,290,614,780,800</u></b>	<b><u>628,492,241,229</u></b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Germany	205,505,520	0	0
Brazil	137,370,000	300,995,000	6,222,566,025
Chile	7,084,502,594	7,064,800,079	0
China	715,434,054	1,660,215,338	4,346,495,839
Colombia	4,628,393,349	256,851,790	2,818,999,833
Costa Rica	248,654,637,262	285,856,021,951	335,482,759,697
Denmark	1,971,348,345	2,111,636,442	851,497,959
Ecuador	72,315,037,669	75,277,715,929	90,931,033,167
El Salvador	80,989,329,834	90,445,311,961	101,907,970,115
Spain	13,053,486,322	14,858,360,884	7,271,915,264
United States of America	9,791,387,911	9,938,438,413	13,357,190,116
Guatemala	39,381,621,066	43,252,919,399	59,409,498,642
Netherlands	5,151,375,000	6,019,900,000	0
Honduras	14,870,455,294	16,838,156,930	2,769,000,000
Luxembourg	2,747,400,000	0	0
México	40,126,303,622	50,138,264,760	46,426,119,373
Nicaragua	9,338,012,584	15,937,961,148	18,489,087,884
Panamá	255,500,317,812	284,146,546,629	281,156,549,027
Perú	4,320,442,893	7,427,429,091	14,330,935,964
Dominican Republic	9,659,296,831	12,039,800,000	3,976,939,561
Switzerland	8,962,652,054	9,450,146,228	0
Uruguay	0	0	132,354,047
Others *	3,046,457,135	3,490,546,905	7,331,677,205
	<b>¢ 832,650,767,151</b>	<b>936,512,018,877</b>	<b>997,212,589,718</b>

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Costa Rica	¢ 3,189,640,537,987	3,298,222,308,876	3,298,222,308,876
	<b>¢ 3,189,640,537,987</b>	<b>3,298,222,308,876</b>	<b>3,298,222,308,876</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of June 30, 2023, the Bank keeps trust commissions in the amount of ¢946,229, (¢166,500 and ¢798,750, for December and June 2022, respectively).

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Properties	¢	111,325,026,668	115,127,502,923	124,635,465,077
Others		681,106,352	658,544,163	543,593,937
	¢	<b><u>112,006,133,020</u></b>	<b><u>115,786,047,086</u></b>	<b><u>125,179,059,014</u></b>

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

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

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Guarantee</b>				
Pledged assets	¢	39,015,934,549	41,620,675,381	39,564,301,316
Collections		0	0	113,758,666,398
Fiduciary		438,003,289,832	418,584,082,182	1,057,669,939,669
Mortgage		1,698,321,705,859	1,871,410,732,355	1,609,963,980,289
Chattel		187,829,771,214	201,876,369,632	171,376,538,095
Others		1,656,120,603,684	1,701,242,998,408	1,298,281,355,033
	¢	<b><u>4,019,291,305,138</u></b>	<b><u>4,234,734,857,958</u></b>	<b><u>4,290,614,780,800</u></b>

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

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

As of June 30, 2023:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	26,628,144,598	¢ 253,276,037,968	3,089
2	5-9,99%	53,256,289,197	173,288,252,972	269
3	10-14,99%	79,884,433,795	338,346,118,995	276
4	15-20%	106,512,578,393	214,158,509,600	41
<b>Total</b>			¢ <b>979,068,919,535</b>	<b>3,675</b>

As of December 31, 2022:

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

As of June 30, 2022:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	25,336,162,784	¢ 122,568,960,508	365
2	5-9,99%	50,672,325,569	202,901,882,303	69
3	10-14,99%	76,008,488,353	499,331,048,765	0
4	15-20%	101,344,651,138	430,364,687,210	23
<b>Total</b>			¢ <b>1,255,166,578,786</b>	<b>457</b>



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

(b) Management of market and liquidity risk

Definitions

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

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

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

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

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

Management methodology of market and liquidity risk

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

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

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

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

Tolerance limits and risk indicators

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

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

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

Exposure and risk management

(c) Liquidity risk

Cash and cash equivalents show a year-on-year increase of 35.50%, mainly due to increases in investments in held-for-trading financial instruments and deposits in the BCCR (see cash and cash equivalents table in note 2).

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Demand deposits decreased by 9.54% on a year-on-year basis, due to the decrease in current account balances, demand savings deposits and other demand obligations with the public (see chart of demand obligations with the public in note 4).

Wholesale funding decreased on a year-on-year basis by 28.45%, mainly in term deposits from financial entities in the country, loans from financial entities abroad, obligations for assets for-the-right of use received under lease and obligations for deferred liquidity operations. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Liquidity coverage indicator (colones)	1.30	1.07	1.17
Liquidity coverage indicator (US Dollars)	1.63	1.44	1.50
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results as of June 30, 2023:

Regulatory liquidity matches by currency and term		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>	<b>Approved levels</b>	
Indicator	Interpretation	<b>Observation</b>	<b>Observation</b>	<b>Observation</b>		
1-month term matching US dollars	Ratio between	2.12	2.18	2.46	Limit:	1.10
1-month term matching colones	assets and	2.47	1.89	1.85	Limit:	1.00
3-months term matching US dollars	liabilities with	1.39	1.50	1.96	Limit:	0.94
3-months term matching colones	account's volatility	1.71	1.56	1.21	Limit:	0.85

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

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

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

As of June 30, 2023

		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Items overdue for more than thirty days	Total
<b>Assets</b>										
Availabilities	¢	313,582,881,802	0	0	0	0	0	250,353,259	0	313,833,235,061
Legal cash requirement BCCR		389,459,714,872	29,208,612,811	21,553,528,068	16,447,820,473	77,770,235,231	46,595,626,043	28,876,074,985	0	609,911,612,483
Investment in securities		1,004,181,026	394,991,548,186	28,731,041,688	68,122,742,494	114,903,328,619	247,338,315,149	804,802,071,192	0	1,659,893,228,354
Interest on investments		2,814,854	11,914,956,820	6,031,772,562	1,784,534,076	1,929,489,448	418,994,244	1,388,794,465	0	23,471,356,469
Loan portfolio		0	152,858,038,268	107,958,523,331	98,390,542,326	253,271,044,793	206,467,236,122	3,024,167,473,343	146,091,555,562	3,989,204,413,745
Interest on loan portfolio		0	9,719,086,380	1,173,286,237	409,622,022	1,725,622,096	606,926,829	7,718,090,770	2,584,319,743	23,936,954,077
	¢	<u>704,049,592,554</u>	<u>598,692,242,465</u>	<u>165,448,151,886</u>	<u>185,155,261,391</u>	<u>449,599,720,187</u>	<u>501,427,098,387</u>	<u>3,867,202,858,014</u>	<u>148,675,875,305</u>	<u>6,620,250,800,189</u>
<b>Liabilities</b>										
Obligations with the public	¢	2,937,652,592,723	240,305,295,325	197,394,135,340	133,281,072,135	625,467,557,481	458,481,359,328	362,131,786,871	0	4,954,713,799,203
Obligations with BCCR		0	0	0	0	0	0	104,832,832,189	0	104,832,832,189
Obligations with financial										
Entities		107,798,612,344	204,566,915,749	40,037,430,954	30,461,123,721	56,469,299,911	133,943,543,483	166,685,330,765	0	739,962,256,927
Charges payable on obligations		2,302,061,565	8,058,449,413	4,746,631,066	2,833,415,705	15,388,663,870	8,646,844,818	4,488,138,874	0	46,464,205,311
		<u>3,047,753,266,632</u>	<u>452,930,660,487</u>	<u>242,178,197,360</u>	<u>166,575,611,561</u>	<u>697,325,521,262</u>	<u>601,071,747,629</u>	<u>638,138,088,699</u>	<u>0</u>	<u>5,845,973,093,630</u>
<b>Asset-liability gap</b>	¢	<u>(2,343,703,674,078)</u>	<u>145,761,581,978</u>	<u>(76,730,045,474)</u>	<u>18,579,649,830</u>	<u>(247,725,801,075)</u>	<u>(99,644,649,242)</u>	<u>3,229,064,769,315</u>	<u>148,675,875,305</u>	<u>774,277,706,559</u>

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As of December 31, 2022

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

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As of June 30, 2022

<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 than 365 days</b>	<b>Items overdue for more than thirty days</b>	<b>Total</b>	
Availabilities	¢ 413,490,054,965	0	0	0	0	0	137,550,564	0	413,627,605,529	
Legal cash requirement BCCR	362,886,815,273	23,511,807,626	15,060,267,782	19,753,169,461	49,619,498,729	42,578,411,213	17,242,585,833	0	530,652,555,917	
Investment in securities	466,074,166	297,517,746,984	17,068,606,812	9,012,780,624	40,677,615,040	224,552,003,091	1,247,801,882,326	0	1,837,096,709,043	
Interest on investments	414,219	13,889,975,826	8,542,377,976	1,842,801,589	1,746,338,298	51,458,557	1,085,904,566	0	27,159,271,031	
Loan portfolio	23,106,701,279	130,806,783,813	128,803,085,525	107,077,363,800	293,549,605,915	260,198,207,137	618,286,611,533	2,709,445,712,622	4,271,274,071,624	
Interest on loan portfolio	65,385,481	7,644,197,901	1,027,391,215	569,672,219	2,089,496,608	496,862,103	9,863,082,226	7,888,976	21,763,976,729	
	¢ <b>800,015,445,383</b>	<b>473,370,512,150</b>	<b>170,501,729,310</b>	<b>138,255,787,693</b>	<b>387,682,554,590</b>	<b>527,876,942,101</b>	<b>1,894,417,617,048</b>	<b>2,709,453,601,598</b>	<b>7,101,574,189,873</b>	
<b>Liabilities</b>										
Obligations with the public	¢ 3,262,034,349,946	253,796,404,047	177,898,881,053	204,480,732,793	510,965,943,451	460,449,182,287	287,326,065,666	0	5,156,951,559,243	
Obligations with BCCR	0	52,009,027,778	0	0	0	0	117,212,739,184	0	169,221,766,962	
Obligations with financial Entities	303,112,860,097	183,843,041,958	55,706,271,485	44,828,160,103	155,475,982,681	100,434,351,901	128,999,681,249	0	972,400,349,474	
Charges payable on obligations	1,004,490,713	3,794,504,489	2,486,300,504	2,287,987,182	3,810,054,231	3,718,162,219	4,159,446,776	0	21,260,946,114	
	<b>3,566,151,700,756</b>	<b>493,442,978,272</b>	<b>236,091,453,042</b>	<b>251,596,880,078</b>	<b>670,251,980,363</b>	<b>564,601,696,407</b>	<b>537,697,932,875</b>	<b>0</b>	<b>6,319,834,621,793</b>	
<b>Asset-liability gap</b>	¢ <b>(2,766,136,255,373)</b>	<b>(20,072,466,122)</b>	<b>(65,589,723,732)</b>	<b>(113,341,092,385)</b>	<b>(282,569,425,773)</b>	<b>(36,724,754,306)</b>	<b>1,356,719,684,173</b>	<b>2,709,453,601,598</b>	<b>781,739,568,080</b>	

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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 59.02% 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>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
VaR	¢ <u>19,096,849,538</u>	<u>23,585,525,696</u>	<u>10,851,654,756</u>

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

(e) Interest rate risk

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

Sensitivity to an increase in the interest rate of investments

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Investment in financial instruments	¢ 1,380,955,086,135	1,405,067,101,407	1,521,462,604,599
Increase in rates by 1%	476,348,280	352,390,708	375,994,875
Increase in rates by 2%	¢ <u>952,696,561</u>	<u>704,781,417</u>	<u>751,989,750</u>

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Sensitivity to a decrease in the interest rate of investments

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Investment in financial instruments	¢ 1,380,955,086,135	1,405,067,101,407	1,521,462,604,599
Decrease in rates by 1%	476,348,280	352,390,708	375,994,875
Decrease in rates by 2%	¢ 952,696,561	704,781,417	751,989,750

Sensitivity to an increase in the interest rate of loan portfolio

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Loan portfolio	¢ 3,097,078,113,457	3,207,999,876,911	3,293,401,660,906
Increase in rates by 1%	1,532,062,029	1,723,044,843	1,636,172,846
Increase in rates by 2%	¢ 3,070,608,734	3,454,768,324	3,292,454,346

Sensitivity to a decrease in the interest rate of loan portfolio

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Loan portfolio	¢ 3,097,078,113,457	3,207,999,876,911	3,293,401,660,906
Decrease in rates by 1%	1,522,297,330	1,707,440,473	1,632,943,570
Decrease in rates by 2%	¢ 3,039,760,722	3,399,901,305	3,250,232,725

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Obligations with the public	¢ 4,516,435,480,337	4,691,855,488,958	4,649,852,215,940
Increase in rates by 1%	2,920,648,987	3,264,320,199	2,854,439,588
Increase in rates by 2%	¢ 5,841,297,974	6,528,640,398	5,708,879,177

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Obligations with the public	¢ 4,516,435,480,337	4,691,855,488,958	4,649,852,215,940
Decrease in rates by 1%	2,920,648,987	3,264,320,199	2,806,039,194
Decrease in rates by 2%	¢ 5,185,098,171	6,528,640,398	5,273,916,174



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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Financial term obligations	¢ 4,550,000	3,130,348,000	15,815,876,489
Increase in rates by 1%	2,083,445	2,608,623	13,179,897
Increase in rates by 2%	¢ 4,166,890	5,217,247	26,359,794

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Financial term obligations	¢ 4,550,000	3,130,348,000	15,815,876,489
Decrease in rates by 1%	2,083,445	2,608,623	13,179,897
Decrease in rates by 2%	¢ 4,166,890	5,217,247	26,359,794

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

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<i>Colones:</i>								
<b>Assets</b>								
Investment in securities	8.00%	¢ 39,895,872,778	20,679,613,823	109,243,716,891	178,572,153,452	420,514,004,670	534,284,459,529	1,303,189,821,143
Loan portfolio	9.46%	1,465,413,440,434	240,567,924,320	42,715,694,631	57,432,535,980	80,928,113,498	1,336,261,554,034	3,223,319,262,897
<b>Total recovery of assets (*)</b>		<b>1,505,309,313,212</b>	<b>261,247,538,143</b>	<b>151,959,411,522</b>	<b>236,004,689,432</b>	<b>501,442,118,168</b>	<b>1,870,546,013,563</b>	<b>4,526,509,084,040</b>
<b>Liabilities</b>								
Obligations with the public		152,199,736,730	300,943,002,339	223,030,375,899	514,953,543,060	67,081,176,693	73,036,626,248	1,331,244,460,969
Obligations with Central Bank of Costa Rica		0	0	0	0	0	0	0
Obligations with financial entities	4.01%	34,985,499,112	17,116,192,690	20,552,813,058	11,576,191,099	103,587,979,968	2,712,643	187,821,388,570
<b>Total matured liabilities (*)</b>		<b>187,185,235,842</b>	<b>318,059,195,029</b>	<b>243,583,188,957</b>	<b>526,529,734,159</b>	<b>170,669,156,661</b>	<b>73,039,338,891</b>	<b>1,519,065,849,539</b>
<b>Asset and liability gap</b>		<b>1,318,124,077,370</b>	<b>(56,811,656,886)</b>	<b>(91,623,777,435)</b>	<b>(290,525,044,727)</b>	<b>330,772,961,507</b>	<b>1,797,506,674,672</b>	<b>3,007,443,234,501</b>
<i>US dollars:</i>								
<b>Assets</b>								
Investment in securities	4.60%	¢ 170,017,649,650	110,432,190,796	110,421,702,241	26,198,050,652	42,073,203,962	151,557,940,604	610,700,737,905
Loan portfolio	7.57%	333,921,530,096	49,246,082,889	18,680,117,740	30,388,341,631	88,700,448,435	298,172,269,212	819,108,790,003
<b>Total recovery of assets (*)</b>		<b>503,939,179,746</b>	<b>159,678,273,685</b>	<b>129,101,819,981</b>	<b>56,586,392,283</b>	<b>130,773,652,397</b>	<b>449,730,209,816</b>	<b>1,429,809,527,908</b>
<b>Liabilities</b>								
Obligations with the public		75,905,847,690	84,843,909,799	97,168,486,209	84,886,558,192	22,079,108,271	14,701,935,360	379,585,845,521
Demand obligations	0.47%	166,953,088,426	49,483,895,453	64,211,625,647	110,957,326,604	0	143,412,715,680	
Obligations with financial entities	4.23%	(21,978,510,633)	2,975,750,182	9,051,827,963	1,494,494,320	2,667,278,388	10,189,740,876	4,400,581,096
<b>Total matured liabilities (*)</b>		<b>53,927,337,057</b>	<b>87,819,659,981</b>	<b>106,220,314,172</b>	<b>86,381,052,512</b>	<b>24,746,386,659</b>	<b>24,891,676,236</b>	<b>383,986,426,617</b>
<b>Asset and liability gap</b>		<b>450,011,842,689</b>	<b>71,858,613,704</b>	<b>22,881,505,809</b>	<b>(29,794,660,229)</b>	<b>106,027,265,738</b>	<b>424,838,533,580</b>	<b>1,045,823,101,291</b>
(*) Interest rate sensitive								

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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As of June 30, 2022

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Assets</b>								
Investment in securities	6.12%	¢ 147,504,053,562	26,780,195,964	38,555,934,116	81,722,781,750	243,176,071,935	835,288,732,789	1,373,027,770,116
Loan portfolio	6.94%	1,584,649,820,190	195,609,044,519	120,121,473,416	53,344,294,199	53,672,771,648	676,513,981,033	2,683,911,385,005
<b>Total recovery of assets (*)</b>		<b>1,732,153,873,752</b>	<b>222,389,240,483</b>	<b>158,677,407,532</b>	<b>135,067,075,949</b>	<b>296,848,843,583</b>	<b>1,511,802,713,822</b>	<b>4,056,939,155,121</b>
<b>Liabilities</b>								
Obligations with the public		122,669,124,587	211,802,085,233	184,542,700,463	44,558,273,252	321,083,863,015	48,604,058,963	933,260,105,513
Demand obligations	1.32%	0	0	0	0	0	0	0
Term obligations	3.46%	0	0	0	0	0	0	0
Obligations with Central Bank of Costa Rica		67,662,027,778	0	0	0	0	0	67,662,027,778
Obligations with financial entities	2.66%	85,154,286,076	30,965,725,920	8,548,743,708	6,674	143,546,094,954	19,330	268,214,876,662
<b>Total matured liabilities (*)</b>		<b>275,485,438,441</b>	<b>242,767,811,153</b>	<b>193,091,444,171</b>	<b>44,558,279,926</b>	<b>464,629,957,969</b>	<b>48,604,078,293</b>	<b>1,269,137,009,953</b>
<b>Asset and liability gap</b>		<b>¢ 1,456,668,435,311</b>	<b>(20,378,570,670)</b>	<b>(34,414,036,639)</b>	<b>90,508,796,023</b>	<b>(167,781,114,386)</b>	<b>1,463,198,635,529</b>	<b>2,787,802,145,168</b>
<b>Assets</b>								
Investment in securities	3.64%	¢ 288,041,182,866	30,077,753,181	29,240,448,745	142,872,966,920	123,878,492,892	200,130,119,810	814,240,964,414
Loan portfolio	12.49%	675,262,262,085	35,308,432,941	30,114,023,224	10,447,804,934	10,895,685,555	134,787,655,462	896,815,864,201
<b>Total recovery of assets (*)</b>		<b>963,303,444,951</b>	<b>65,386,186,122</b>	<b>59,354,471,969</b>	<b>153,320,771,854</b>	<b>134,774,178,447</b>	<b>334,917,775,272</b>	<b>1,711,056,828,615</b>
<b>Liabilities</b>								
Obligations with the public		14,480,920,814	7,597,014,747	8,675,455,283	10,381,254,775	8,157,943,347	14,052,025,967	63,344,614,933
Demand obligations	0.21%	214,540,859,413	67,918,295,055	64,400,765,130	103,802,727,590	100,625,027,344	29,823,082,536	0
Term obligations	1.13%	0	0	0	0	0	0	0
Obligations with financial entities	1.19%	10,091,358,689	10,169,965,568	984,962,514	7,531,748,505	2,421,158,677	(12,888,942,478)	18,310,251,475
<b>Total matured liabilities (*)</b>		<b>24,572,279,503</b>	<b>17,766,980,315</b>	<b>9,660,417,797</b>	<b>17,913,003,280</b>	<b>10,579,102,024</b>	<b>1,163,083,489</b>	<b>81,654,866,408</b>
<b>Asset and liability gap</b>		<b>¢ 938,731,165,448</b>	<b>47,619,205,807</b>	<b>49,694,054,172</b>	<b>135,407,768,574</b>	<b>124,195,076,423</b>	<b>333,754,691,783</b>	<b>1,629,401,962,207</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

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Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of June 30, 2023, for ₡3,007,443,234,501, (₡3,163,433,114,53 and ₡ 2,787,802,145,168, for December and June 2022, respectively) while in foreign currency the same difference is of ₡1,045,823,101,291, (₡1,207,258,352,504 and ₡1,629,399,947,203, for December and June 2022, respectively) being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities), as of June 31, 2023, the total amount in local currency was of ₡774,277,706,559, (₡757,989,413,761 and ₡781,739,568,079, for December and June 2022, respectively) while in foreign currency, the collected data for the compliance of obligations was of ₡434,787,266, (₡384,363,194 and ₡354,450,604, for December and June 2022, respectively) which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

During the first quarter of 2023, the exchange rate had a downward trend while for the second quarter it was located on average at 544.44, with a minimum of 536.64 and a maximum of 550.52.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US\$244 million as of June 2023 (US\$158 million as of June 2022).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Assets:</b>				
Cash and due from banks	US\$	570,955,204	733,977,310	751,708,026
Investment in financial instruments		927,671,287	1,202,978,958	1,101,814,556
Loan portfolio		2,711,039,330	2,818,987,742	2,662,002,579
Accounts and interest receivable		5,496,481	6,403,060	14,914,932
Property, plant, and equipment		0	0	0
Other assets		38,812,366	27,093,843	13,782,598
<b>Total assets</b>		<b>4,253,974,668</b>	<b>4,789,440,913</b>	<b>4,544,222,691</b>
<b>Liabilities:</b>				
Obligations with the public		2,878,990,329	3,372,710,790	3,262,031,099
Other financial obligations		1,016,114,676	1,115,872,368	1,020,086,028
Other accounts payable and provisions		35,153,209	34,179,984	36,792,192
Other liabilities		46,590,951	43,052,610	20,265,923
<b>Total liabilities</b>		<b>3,976,849,165</b>	<b>4,565,815,752</b>	<b>4,339,175,242</b>
<b>Net position</b>	US\$	<b>277,125,503</b>	<b>223,625,161</b>	<b>205,047,449</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 June 30, 2023, the exchange rate of ¢549.48 for US \$1.00 (¢692.25 as of June 2022) was used.

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

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

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

Sensibility to an increase in the exchange rate

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Net position	US\$	277,125,502	223,625,160	205,047,450
Closing exchange rate		549.48	601.99	692.25
5% increase in the exchange rate		27.47	30.10	34.61
Profit	¢	<u>7,612,637,540</u>	<u>6,731,117,316</u>	<u>7,096,692,245</u>

Sensibility to a decrease in the exchange rate

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Net position	US\$	277,125,502	223,625,160	205,047,450
Closing exchange rate		549.48	601.99	692.25
5% decrease in the exchange rate		(27.47)	(30.10)	(34.61)
Loss	¢	<u>(7,612,637,540)</u>	<u>(6,731,117,316)</u>	<u>(7,096,692,245)</u>

Assets and liabilities in Euros are detailed as follows:

		<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Assets</b>				
Cash and due from banks	EUR€	7,648,206	9,266,142	8,119,290
Other assets		239,149	118	6,714
<b>Total assets</b>		<u>7,887,355</u>	<u>9,266,260</u>	<u>8,126,004</u>
<b>Liabilities</b>				
Obligations with the public			7,043,687	7,107,552
Other financial obligations			997,385	753,785
Other accounts payable and provisions		60,638	31,904	19,729
Other liabilities		8,544	3,392	0
<b>Total liabilities</b>		<u>7,825,036</u>	<u>8,076,368</u>	<u>7,881,066</u>
<b>Net position (surplus assets on monetary liabilities)</b>	EUR€	<u><b>62,319</b></u>	<u><b>1,189,892</b></u>	<u><b>244,938</b></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

<b>Assets</b>		<b><u>Demand</u></b>	<b><u>1 to 30 days</u></b>	<b><u>31 to 60 days</u></b>	<b><u>61 to 90 days</u></b>	<b><u>91 to 180 days</u></b>	<b><u>181 to 365 days</u></b>	<b><u>More than 365 days</u></b>	<b><u>Past due for over 30 days</u></b>	<b><u>Total</u></b>
Cash and due from banks	US\$	274,091,569	0	0	0	0	0	435,600	0	274,527,169
Legal reserve account-BCCR		203,052,500	16,185,827	13,454,311	9,215,483	23,247,620	22,008,510	9,338,534	0	296,502,785
Investments in securities		877,008	316,756,190	47,024,918	44,155,451	50,999,265	136,085,912	325,664,063	0	921,562,807
Interest on investments		1,771	2,432,785	1,351,007	35,505	824,401	683,235	1,002,278	0	6,330,982
Loan portfolio		0	202,528,886	147,612,740	126,910,549	341,687,856	215,800,536	1,685,004,268	94,369,878	2,813,914,713
Interest on loans		0	4,009,887	826,314	639,380	1,367,152	1,085,466	4,133,270	4,703,210	16,764,679
	US\$	<b><u>478,022,848</u></b>	<b><u>541,913,575</u></b>	<b><u>210,269,290</u></b>	<b><u>180,956,368</u></b>	<b><u>418,126,294</u></b>	<b><u>375,663,659</u></b>	<b><u>2,025,578,013</u></b>	<b><u>99,073,088</u></b>	<b><u>4,329,603,135</u></b>
<b>Liabilities</b>										
Obligations with the public	US\$	1,522,618,536	155,972,665	164,284,917	85,830,920	243,472,381	363,660,402	332,144,959	0	2,867,984,780
Obligations with financial Entities		109,559,004	201,967,146	70,361,245	37,195,201	82,009,033	212,169,091	293,330,581	0	1,006,591,301
Charges payable on obligations		210,134	3,159,145	1,731,269	1,667,699	6,240,582	3,346,698	3,884,261	0	20,239,788
		<b><u>1,632,387,674</u></b>	<b><u>361,098,956</u></b>	<b><u>236,377,431</u></b>	<b><u>124,693,820</u></b>	<b><u>331,721,996</u></b>	<b><u>579,176,191</u></b>	<b><u>629,359,801</u></b>	<b><u>0</u></b>	<b><u>3,894,815,869</u></b>
<b>Asset and liability gaps</b>	US\$	<b><u>(1,154,364,826)</u></b>	<b><u>180,814,619</u></b>	<b><u>(26,108,141)</u></b>	<b><u>56,262,548</u></b>	<b><u>86,404,298</u></b>	<b><u>(203,512,532)</u></b>	<b><u>1,396,218,212</u></b>	<b><u>99,073,088</u></b>	<b><u>434,787,266</u></b>



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June 30, 2023

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	411,016,596	0	0	0	0	0	182,810	0	411,199,406
Legal reserve account-BCCR		232,340,765	16,293,508	8,648,342	12,050,050	25,656,780	34,421,499	11,095,717	0	340,506,661
Investments in securities		212,302	414,686,873	16,958,748	40,084	14,885,625	193,491,651	452,298,923	0	1,092,574,206
Interest on investments		0	3,888,107	3,571,035	6,874	1,149,912	20,226	604,195	0	9,240,349
Loan portfolio		33,379,128	127,297,011	143,292,173	106,853,890	325,662,005	224,976,034	765,183,613	1,041,244,375	2,767,888,229
Interest on loans		94,454	3,287,418	450,864	682,767	1,653,597	691,288	7,487,947	0	14,348,335
	US\$	<u>677,043,245</u>	<u>565,452,917</u>	<u>172,921,162</u>	<u>119,633,665</u>	<u>369,007,919</u>	<u>453,600,698</u>	<u>1,236,853,205</u>	<u>1,041,244,375</u>	<u>4,635,757,186</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1,841,006,906	191,254,470	121,460,254	133,110,852	285,085,934	401,170,077	279,093,031	0	3,252,181,524
Obligations with financial Entities		294,074,810	120,934,237	57,472,457	44,053,261	187,262,450	132,722,566	177,006,432	0	1,013,526,213
Charges payable on obligations		300,436	2,538,669	1,465,559	1,404,839	2,845,110	3,271,837	3,772,395	0	15,598,845
		<u>2,135,382,152</u>	<u>314,727,376</u>	<u>180,398,270</u>	<u>178,568,952</u>	<u>475,193,494</u>	<u>537,164,480</u>	<u>459,871,858</u>	<u>0</u>	<u>4,281,306,582</u>
<b>Asset and liability gaps</b>	US\$	<u>(1,458,338,907)</u>	<u>250,725,541</u>	<u>(7,477,108)</u>	<u>(58,935,287)</u>	<u>(106,185,575)</u>	<u>(83,563,782)</u>	<u>776,981,347</u>	<u>1,041,244,375</u>	<u>354,450,604</u>

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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 June 30, 2023, the financial statements show a net foreign exchange loss of ¢7,332,655,860, (¢3,894,495,823 and ¢2,359,157,699 of net profit for December and June 2022, respectively).

(g) Capital Management

During 2022, the last Capital Management Process in the BCR Financial Conglomerate has been monitored and followed up, and by 2023 the update of this process is being carried out, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

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

The capital requirement for price risk has maintained a downward trend since April, while the exchange risk has shown significant variations during the first half of 2023, explained by the volatility that has occurred in this macro price, due to elements that focus on external and internal factors such as the price of raw materials, the government's indebtedness abroad, the recomposition of the premium for investing in colones.

The behavior of both international and domestic interest rates has generated volatility in the prices of investment instruments and therefore affect the capital adequacy index.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of June 2023 of 15.63% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

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

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The systemic risk analysis is carried out considering 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

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

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

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

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

The results are obtained from the compilation of the losses by type of operational risk, to which the BCR has been exposed in the evaluated period, which allows studying the effectiveness of the implemented measures; external fraud with debit and credit cards, the main factor for operational losses. The implementation of different mitigators such as the Safe Environment (3DS) project and the use of the electronic wallet has made it possible to reduce the incidence of fraud in electronic media in the months of January to June 2023.

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<b>Gross operating losses</b>				
<b>- Percentage distribution by type of risk</b>				
<b>Type of operational risk</b>	<b>Accumulated gross losses</b>	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Clients, products, and business practices	¢ 280,000,513	0.53%	0.97%	0.62%
Execution, delivery, and management of processes	136,854,025	2.60%	3.46%	2.65%
External fraud	4,008,320,769	76.05%	61.86%	72.97%
Internal fraud	661,503,289	12.55%	24.01%	15.19%
Business interruption and system failures	398,032,456	7.55%	9.34%	8.33%
Labor relations and safety in the workplace	38,166,994	0.72%	0.36%	0.23%
<b>Total</b>	<b>¢ 5,522,878,046</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

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

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

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

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

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

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(j) Business Continuity

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

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

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

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

<b>Code</b>	<b>Process</b>
ACD	Management of Digital Channels
ADI	Incident attention
AGD	Management of State Service
AIN	Management of Investments
CAC	Administrative collection Personal Banking
CBC	Connectivity with BCCR and service attention
CCL	BCR Direct- Placement
CDC	Setting up and updating clients
CES	Chamber Exchange, incoming and outgoing
CGT	Tucán service management
CIC	Accounting closings of connectivity's
CON	Creation and maintenance of connectivity's
COV	BCR Direct- Deposits
EAM	Cash management in ATM's and multi functionals
FCA	Management of commercial trusts and trust commissions
FCL	Management of liquidity
FCN	Negotiation and formalization of trusts and trust commissions

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<b>Code</b>	<b>Process</b>
ICA	Investigations
MAT	Monitoring of dispensing and multifunctional ATMs
MCD	Services related to Term Certificate of Deposit (TCD)
MEC	Exchange market
MIT	Monitoring of infrastructure and IT services
MSI	Monitoring of Information Security
MTA	Monitoring and attention of offices
MTJ	Monitoring and analysis of means of payment and banking
NFC	Credit formalization notary
OMP	Operation of means of payment
OPO	Operation of offices
OTC	Commercial transactional operations

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

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

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

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

(l) Regulatory risk management and regulatory compliance

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

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

The applicability of the provisions of the General Public Procurement Law was also carried out, in terms of public procurement processes (article 37 of the appointment law), this through self-evaluations to reduced and minor tenders and evaluations to larger tenders or of inestimable amount. As of the cut-off date of this note, a total of 31 risk identification exercises have been carried out, of which 8 correspond to assessments and 23 to self-assessments.



BANCO DE COSTA RICA AND SUBSIDIARIES

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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 June 30, 2023  
Financial Information  
(In colones without cents)

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Assets</b>			
<b>Cash and due from banks</b>	<b>¢ 4,816,538</b>	<b>0</b>	<b>0</b>
Central Bank of Costa Rica	4,816,538		
<b>Loan portfolio</b>	<b>¢ 46,750,458,816</b>	<b>46,399,647,681</b>	<b>42,368,431,302</b>
Current loans	42,901,620,597	43,099,794,086	39,939,268,721
Past due loans	3,709,466,531	2,854,564,730	2,888,402,727
Loans in legal collection	704,889,599	949,313,288	141,467,088
(Deferred income – loan portfolio)	(436,745,777)	(387,798,164)	(370,261,495)
Interest receivable	182,898,407	196,788,486	84,131,189
(Allowance for impairment)	(311,670,541)	(313,014,745)	(314,576,928)
<b>Accounts and commissions receivable</b>	<b>0</b>	<b>322,984</b>	<b>176,255</b>
Other accounts receivable	0	1,900,715	1,353,750
(Allowance for impairment)	0	(1,577,731)	(1,177,495)
<b>Other assets</b>	<b>23,494,155</b>	<b>9,559,394</b>	<b>4,245,710</b>
Intangible assets	1,870,937	0	0
Other assets	21,623,218	9,559,394	4,245,710
<b>Total assets</b>	<b>¢ 46,778,769,509</b>	<b>46,409,530,059</b>	<b>42,372,853,267</b>
<b>Liabilities</b>			
<b>Obligations with entities</b>	<b>¢ 0</b>	<b>4,184,417,953</b>	<b>1,389,962,649</b>
Other Obligations with entities	0	4,184,417,953	1,389,962,649
<b>Accounts payable and provisions</b>	<b>¢ 114,681,388</b>	<b>61,392,925</b>	<b>55,970,793</b>
Other miscellaneous accounts payable	114,681,388	61,392,925	55,970,793
<b>Other liabilities</b>	<b>10,875,752</b>	<b>10,792,037</b>	<b>1,025,370</b>
Other liabilities	10,875,752	10,792,037	1,025,370
<b>Total liabilities</b>	<b>¢ 125,557,140</b>	<b>4,256,602,915</b>	<b>1,446,958,812</b>
<b>Equity</b>			
<b>Contributions from Banco de Costa Rica</b>	<b>¢ 0</b>	<b>29,330,665,472</b>	<b>29,330,665,472</b>
<b>Adjustments to equity - Other comprehensive income</b>	<b>45,766,617,523</b>	<b>0</b>	<b>0</b>
<b>Accumulated results from previous periods</b>	<b>0</b>	<b>11,146,056,305</b>	<b>11,146,056,305</b>
<b>Result of the current period</b>	<b>886,594,846</b>	<b>1,676,205,367</b>	<b>449,172,678</b>
<b>Total equity</b>	<b>¢ 46,653,212,369</b>	<b>42,152,927,144</b>	<b>40,925,894,455</b>
<b>Total equity and liabilities</b>	<b>¢ 46,778,769,509</b>	<b>46,409,530,059</b>	<b>42,372,853,267</b>
<b>Contingent debit memoranda accounts</b>	<b>¢ 10,176,426</b>	<b>12,622,297</b>	<b>7,783,440</b>
<b>Other debit memoranda accounts</b>	<b>¢ 3,789,263,466</b>	<b>7,168,010,637</b>	<b>7,362,509,555</b>

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**DEVELOPMENT FINANCING FUND  
STATEMENT OF INCOME**

As of June 30, 2023

Financial Information

(In colones without cents)

	<b>June 2023</b>	<b>June 2022</b>	<b>Quarter from April 1 to June 30</b>	
			<b>2023</b>	<b>2022</b>
<b>Financial income</b>				
For loan portfolio	1,607,542,638	766,696,280	268,140,412	(31,702,219)
For income from exchange differences	0	7,359,598	(1,596,391)	7,359,598
<b>Total financial income</b>	<b>1,607,542,638</b>	<b>774,055,878</b>	<b>266,544,021</b>	<b>(24,342,621)</b>
<b>Financial expenses</b>				
For losses in Exchange differences	4,761,650	0	4,761,650	(4,883,058)
<b>Total financial expenses</b>	<b>4,761,650</b>	<b>0</b>	<b>4,761,650</b>	<b>(4,883,058)</b>
For allowance of asset impairment	1,266,818	121,199,705	(120,323,622)	121,096,291
For recovery of assets and decrease in allowance	1,157,545	177,254	935,476	(979,189)
<b>Financial income</b>	<b>1,602,671,715</b>	<b>653,033,427</b>	<b>383,041,469</b>	<b>(141,535,043)</b>
<b>Other operating income</b>				
For other operating income	6,796,701	137,515	6,659,111	(136,005)
For commissions for services	13,013,678	9,465,347	(1,336,272)	826,231
<b>Total other operating income</b>	<b>19,810,379</b>	<b>9,602,862</b>	<b>5,322,839</b>	<b>690,226</b>
<b>Other operating expenses</b>				
For other operating expenses	735,887,248	213,463,611	418,097,271	(354,937,466)
<b>Total other operating expenses</b>	<b>735,887,248</b>	<b>213,463,611</b>	<b>418,097,271</b>	<b>(354,937,466)</b>
<b>Operating result, gross</b>	<b>886,594,846</b>	<b>449,172,678</b>	<b>(29,732,963)</b>	<b>214,092,649</b>
<b>Income of the period</b>	<b>¢ 886,594,846</b>	<b>449,172,678</b>	<b>(29,732,963)</b>	<b>214,092,649</b>

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Notes to the Consolidated Financial Statements

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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>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Agriculture, livestock, hunting and related services	¢ 9,713,075,779	13,555,793,433	12,224,349,692
Public administration	19,787,840	80,655,030	287,718,625
Fishing and aquaculture	42,986,799	43,712,963	44,887,819
Manufacturing	1,162,257,458	1,240,205,614	6,791,099,648
Trade	23,486,018,587	20,730,783,572	12,531,533,707
Services	9,471,774,415	7,799,465,538	8,264,540,781
Transportation	1,084,064,055	934,489,821	924,432,293
Financial activity and stock exchange	419,134,563	577,925,284	732,693,361
Real estate, business, and lease activities	138,560,194	165,159,122	235,927,747
Building, purchase, and repair of real estate	683,955,593	657,256,633	583,217,947
Retail	0	10,371,351	0
Hotels and restaurants	1,094,361,444	1,107,853,743	348,736,916
	<u>47,315,976,727</u>	<u>46,903,672,104</u>	<u>42,969,138,536</u>
Plus: interest receivable	182,898,407	196,788,486	84,131,189
Less: Deferred income – loan portfolio	(436,745,777)	(387,798,164)	(370,261,495)
Allowance for impairment	(311,670,541)	(313,014,745)	(314,576,928)
	<u>¢ 46,750,458,816</u>	<u>46,399,647,681</u>	<u>42,368,431,302</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Up to date	¢ 42,901,620,597	43,099,794,086	39,939,268,721
1 to 30 days	2,378,197,909	1,996,268,803	1,424,781,632
31 to 60 days	1,009,555,964	237,828,072	1,148,129,812
61 to 90 days	130,388,681	524,840,646	106,466,802
91 to 120 days	25,652,959	44,053,040	140,640,079
121 to 180 days	121,781,582	5,129,667	33,003,034
Over 180 days	43,889,436	46,444,502	35,381,368
Legal collection	704,889,599	949,313,288	141,467,088
	<u>¢ 47,315,976,727</u>	<u>46,903,672,104</u>	<u>42,969,138,536</u>

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c) Past due loans

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Number of operations	17	20	13
Past due loans in non-accrual status of interest	¢ <u>748,779,035</u>	<u>995,757,790</u>	<u>176,848,456</u>
Past due loans for which interest is recognized	¢ 3,665,577,095	2,808,120,228	2,853,021,359
Total unearned interest	¢ 1,250,024	1,250,024	1,250,024

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

<b># Of operations</b>	<b>Percentage</b>	<b>Balance</b>
9	0.30%	¢ <u>141,467,088</u>

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

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

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

<b># Of operations</b>	<b>Percentage</b>	<b>Balance</b>
4	0.33%	¢ <u>141,467,088</u>

d) Interest receivable on loan portfolio

Interest receivable is as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Current loans	¢ 132,559,729	145,886,232	66,394,359
Past due loans	35,442,163	30,273,797	15,871,207
Loans in legal collection	14,896,515	20,628,457	1,865,623
	¢ <u>182,898,407</u>	<u>196,788,486</u>	<u>84,131,189</u>

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e) Allowance for bad loans

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

<b>Opening balance 2023</b>	¢	<b>313,014,745</b>
Plus:		
Adjustment for exchange rate differences		34,473
Less:		
Adjustment for exchange rate differences		(547,264)
Transfer of balances		(831,413)
<b>Balance as of June 30, 2023</b>	¢	<b><u><u>311,670,541</u></u></b>

<b>Opening balance 2022</b>	¢	<b>193,756,485</b>
Plus:		
Allowance charged to profit or loss		121,108,490
Transfer of balances		70,416,927
Adjustment for exchange rate differences		458,983
Less:		
Adjustment for exchange rate differences		(881,443)
Reversal of allowance against income		(123,591)
Transfer of balances		(71,721,106)
<b>Balance as of December 31, 2022</b>	¢	<b><u><u>313,014,745</u></u></b>

<b>Opening balance 2022</b>	¢	<b>193,756,485</b>
Plus:		
Allowance charged to profit or loss		121,108,490
Adjustment for exchange rate differences		458,983
Less:		
Reversal of allowance against income		(123,592)
Transfer of balances		(623,438)
<b>Balance as of June 30, 2022</b>	¢	<b><u><u>314,576,928</u></u></b>

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f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>Guarantee</b>			
Fiduciary	¢ 513,291,169	594,397,403	674,466,476
Mortgage	26,112,669,518	27,823,325,592	28,687,848,221
Chattel	929,600,752	991,014,906	917,618,196
Others	19,760,415,288	17,494,934,203	12,689,205,643
	<b>¢ 47,315,976,727</b>	<b>46,903,672,104</b>	<b>42,969,138,536</b>

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

	<b>Direct Loan Portfolio</b>		
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Principal	¢ 47,315,976,727	46,903,672,104	42,969,138,536
Interest receivable	182,898,407	196,788,486	84,131,189
	47,498,875,134	47,100,460,590	43,053,269,725
Allowance for bad loans	(311,670,541)	(193,756,485)	(314,576,928)
Carrying amount	¢ 47,187,204,593	46,906,704,105	42,738,692,797
<b>Loan portfolio</b>			
Total balances:			
A1	¢ 420,484,105	579,810,321	735,117,945
1	44,020,081,030	42,774,047,931	38,602,181,414
2	915,179,334	230,097,335	1,444,570,352
3	488,956,933	1,818,352,809	1,533,782,835
4	763,861,822	674,481,203	523,649,769
5	271,397,378	353,085,467	27,460,899
6	618,914,532	670,585,524	186,506,511
	47,498,875,134	47,100,460,590	43,053,269,725
Minimum allowance	(265,625,252)	(283,346,310)	(253,368,116)
Carrying amount, net	¢ 47,233,249,882	46,817,114,280	42,799,901,609
Carrying amount	47,498,875,134	47,100,460,590	43,053,269,725
Allowance for bad loans	(265,625,252)	(283,346,310)	(253,368,116)
Allowance (surplus) deficit on minimum allowance	(46,045,289)	(29,668,435)	(61,208,812)
Carrying amount, net	6a ¢ 47,187,204,593	46,787,445,845	42,738,692,797

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

As of June 30, 2023

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 44,020,081,030	28,781,816,243	15,238,264,787	(110,050,203)
A1	420,484,105	0	420,484,105	(2,102,421)
	<u>44,440,565,135</u>	<u>28,781,816,243</u>	<u>15,658,748,892</u>	<u>(112,152,624)</u>
Direct specific allowance				
2	915,179,334	815,716,869	99,462,465	(9,051,708)
3	488,956,933	346,718,461	142,238,472	(37,293,210)
4	763,861,822	649,107,483	114,754,339	(60,622,707)
5	271,397,378	261,442,537	9,954,841	(8,275,601)
6	618,914,532	583,603,145	35,311,387	(38,229,402)
	<u>3,058,309,999</u>	<u>2,656,588,495</u>	<u>401,721,504</u>	<u>(153,472,628)</u>
	¢ <u>47,498,875,134</u>	<u>31,438,404,738</u>	<u>16,060,470,396</u>	<u>(265,625,252)</u>

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 43,034,180,326	27,508,237,100	15,525,943,226	(106,290,742)
Equal or less than 30 days	2,373,099,188	2,025,128,327	347,970,861	(5,806,739)
Equal or less than 60 days				(55,141)
	<u>45,407,279,514</u>	<u>29,533,365,427</u>	<u>15,873,914,087</u>	<u>(112,152,622)</u>
Direct specific allowance				
Equal or less than 30 days	1,042,405,917	921,449,079	120,956,838	(97,488,387)
Equal or less than 60 days	133,234,976	128,162,658	5,072,318	(1,908,893)
Equal or less than 90 days	297,040,195	271,824,429	25,215,766	(15,845,946)
Equal or less than 180 days	618,914,532	583,603,145	35,311,387	(38,229,404)
	<u>2,091,595,620</u>	<u>1,905,039,311</u>	<u>186,556,309</u>	<u>(153,472,630)</u>
	¢ <u>47,498,875,134</u>	<u>31,438,404,738</u>	<u>16,060,470,396</u>	<u>(265,625,252)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of December 31, 2022

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

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



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of June 30, 2022

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 38,602,181,414	26,755,515,532	11,846,665,882	96,719,005
A1	735,117,945	0	735,117,945	3,675,590
	<u>39,337,299,359</u>	<u>26,755,515,532</u>	<u>12,581,783,827</u>	<u>100,394,595</u>
Direct specific allowance				
2	1,444,570,352	1,282,411,267	162,159,085	14,520,011
3	1,533,782,835	1,247,050,211	286,732,624	77,918,407
4	523,649,769	467,584,986	56,064,783	30,370,317
5	27,460,899	26,094,894	1,366,005	1,086,678
6	186,506,511	158,219,501	28,287,010	29,078,108
	<u>3,715,970,366</u>	<u>3,181,360,859</u>	<u>534,609,507</u>	<u>152,973,521</u>
	¢ <u>43,053,269,725</u>	<u>29,936,876,391</u>	<u>13,116,393,334</u>	<u>253,368,116</u>

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 40,005,663,081	27,134,875,263	12,870,787,818	97,714,331
Equal or less than 30 days	1,430,003,857	1,367,139,096	62,864,761	2,680,265
	<u>41,435,666,938</u>	<u>28,502,014,359</u>	<u>12,933,652,579</u>	<u>100,394,596</u>
Direct specific allowance				
Equal or less than 60 days	1,096,424,105	967,525,863	128,898,242	109,298,876
Equal or less than 90 days	166,520,371	164,655,624	1,864,747	1,755,652
Equal or less than 180 days	175,515,032	144,461,044	31,053,988	20,204,116
Over 180 days	179,143,279	158,219,501	20,923,778	21,714,876
	¢ <u>1,617,602,787</u>	<u>1,434,862,032</u>	<u>182,740,755</u>	<u>152,973,520</u>
	¢ <u>43,053,269,725</u>	<u>29,936,876,391</u>	<u>13,116,393,334</u>	<u>253,368,116</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

As of June 30, 2023	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 44,020,081,030	43,910,030,828
2	915,179,334	906,127,626
3	488,956,933	451,663,722
4	763,861,822	703,239,115
5	271,397,378	263,121,777
6	618,914,532	580,685,129
A1	420,484,105	418,381,685
	¢ <u>47,498,875,134</u>	<u>47,233,249,882</u>

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

As of June 30, 2022	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 38,602,181,414	38,505,462,408
2	1,444,570,352	1,430,050,341
3	1,533,782,835	1,455,864,428
4	523,649,769	493,279,452
5	27,460,899	26,374,221
6	186,506,511	157,428,404
A1	735,117,945	731,442,355
	¢ <u>43,053,269,725</u>	<u>42,799,901,609</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

41). Situation of the Development Credit Fund

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

<b>DEVELOPMENT CREDIT FUND</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>			
As of June 30, 2023			
Financial Information			
<i>(In colones without cents)</i>			
	<u>June</u>	<u>December</u>	<u>June</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
<b>Assets</b>			
<b>Cash and due from banks</b>	€ 1,721,714,348	810,456,884	5,050,235,062
Central Bank of Costa Rica	1,721,714,348	810,456,884	5,050,235,062
<b>Investments in financial instruments</b>	<b>101,989,847,254</b>	<b>160,172,908,416</b>	<b>168,527,943,762</b>
At fair value through profit or loss	949,476,614	1,271,137,156	1,696,527,299
At fair value through other comprehensive income	91,707,713,726	145,206,450,032	164,726,167,291
At amortized cost	8,886,560,147	12,468,166,624	0
Interest receivable	446,096,767	1,227,154,604	2,105,249,172
<b>Loan portfolio</b>	<b>30,003,955,135</b>	<b>27,275,134,211</b>	<b>26,040,849,602</b>
Current loans	29,582,337,329	27,143,284,667	25,878,448,070
Past due loans	485,674,542	360,875,877	259,928,380
Loans in legal collection	92,402,727	0	0
(Deferred income – loan portfolio)	(173,929,586)	(209,340,642)	(115,024,866)
Interest receivable	108,714,927	75,348,575	121,062,644
(Allowance for impairment)	(91,244,804)	(95,034,266)	(103,564,626)
<b>Accounts and commissions receivable</b>	<b>222,953,716</b>	<b>827,577,117</b>	<b>516,078,852</b>
Tax and deferred income tax	222,953,716	827,577,117	516,078,852
<b>Other assets</b>	<b>6,026,230,988</b>	<b>2,002,095,388</b>	<b>1,579,606,091</b>
Other assets	6,026,230,988	2,002,095,388	1,579,606,091
<b>Total assets</b>	<b>€ 139,964,701,441</b>	<b>191,088,172,016</b>	<b>201,714,713,369</b>
<b>Liabilities</b>			
<b>Obligations with entities</b>	€ 144,092,212,647	192,026,399,855	197,324,452,029
Term	143,560,873,838	192,026,399,851	197,324,452,029
Charges payable to financial entities	531,338,805	0	0
Interest payable	4	4	0
<b>Accounts payable and provisions</b>	<b>24,908,821</b>	<b>164,237,148</b>	<b>575,619,177</b>
Accounts payable	1,619,000	0	0
Deferred income tax	23,289,821	164,237,148	575,619,177
<b>Other liabilities</b>	<b>455,373,472</b>	<b>159,353,005</b>	<b>557,507,096</b>
Other liabilities	455,373,472	159,353,005	557,507,096
<b>Other liabilities</b>	<b>€ 144,572,494,940</b>	<b>192,349,990,008</b>	<b>198,457,578,302</b>
<b>EQUITY</b>			
<b>Adjustments to equity – Other comprehensive income</b>	€ (375,257,632)	0	0
<b>Result of the previous period</b>	€ 0	(1,299,622,220)	672,257,035
<b>Income of the current period</b>	<b>(4,232,535,867)</b>	<b>37,804,228</b>	<b>2,584,878,032</b>
<b>Total equity</b>	<b>€ (4,607,793,499)</b>	<b>(1,261,817,992)</b>	<b>3,257,135,067</b>
<b>Total liabilities and equity</b>	<b>€ 139,964,701,441</b>	<b>191,088,172,016</b>	<b>201,714,713,369</b>
<b>Other debit memoranda accounts</b>			
Own debit memoranda accounts	€ 11,351,487,151	23,755,283,621	16,623,962,212
Interest receivable memoranda accounts	€ 14,873,317	5,409,472	11,300,993

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

**DEVELOPMENT CREDIT FUND  
STATEMENT OF INCOME**

As of June 30, 2023

Financial Information

(In colones without cents)

	<b>June 2023</b>	<b>June 2022</b>	<b>Quarter from April 1 to June 30</b>	
			<b>2023</b>	<b>2022</b>
<b>Financial income</b>				
For investments in financial instruments	¢ 2,677,418,680	3,914,825,867	1,264,385,517	2,024,121,450
For loan portfolio	908,009,098	629,743,039	460,726,678	288,689,489
For exchange rate differences	0	2,683,250,358	0	1,438,227,051
Other financial income	648,338,075	95,089,036	435,208,940	5,597,488
<b>Total financial income</b>	<b>4,233,765,853</b>	<b>7,322,908,300</b>	<b>2,160,321,135</b>	<b>3,756,635,478</b>
<b>Financial expenses</b>				
For obligations with the public	2,014,584,002	758,310,882	1,017,908,938	434,682,542
For losses of exchange rate differences	4,223,422,675	0	837,980,469	0
Other financial expenses	1,312,465,567	5,042,978	271,588,534	1,288,011
<b>Total financial expenses</b>	<b>7,550,472,244</b>	<b>763,353,860</b>	<b>2,127,477,941</b>	<b>435,970,553</b>
For allowance of assets impairment	(157,546,251)	105,491,642	(194,545,003)	97,953,907
For recovery of assets and decrease in allowance	0	113,955,660	(170,011,690)	5,569,327
<b>Financial income</b>	<b>¢ (3,159,160,140)</b>	<b>6,568,018,458</b>	<b>57,376,507</b>	<b>3,228,280,345</b>
<b>Other operating income</b>				
For service commissions and fees	15,093	2,066	8,253	2,066
For exchange and arbitration, foreign currency	225,806,622	126,453,637	76,425,884	63,065,156
For other operating income	65,257,347	431,162,325	35,027,794	321,836,122
<b>Total other operating income</b>	<b>¢ 291,079,062</b>	<b>557,618,028</b>	<b>111,461,931</b>	<b>384,903,344</b>
<b>Other operating expenses</b>				
For exchange and arbitration, foreign currency	64,822,380	36,439,095	40,762,342	13,235,201
For other operating expenses	136,889,337	457,699,679	123,228,828	324,363,688
<b>Total other operating expenses</b>	<b>¢ 201,711,717</b>	<b>494,138,774</b>	<b>163,991,170</b>	<b>337,598,889</b>
<b>Gross operating</b>	<b>¢ (3,069,792,795)</b>	<b>6,631,497,712</b>	<b>4,847,268</b>	<b>3,275,584,800</b>
Profit transferred to the National Development Trust	1,162,743,072	4,046,619,680	648,621,267	2,112,336,741
<b>Total comprehensive income of the period</b>	<b>¢ (4,232,535,867)</b>	<b>2,584,878,032</b>	<b>(643,773,999)</b>	<b>1,163,248,059</b>
<b>Profit allocation</b>				
Transfer to the National Development Trust Commission for managing the Development Credit Fund and the utilities	¢ 1,162,743,072	4,046,619,680	648,621,267	2,112,336,741
	(4,232,535,867)	2,584,878,032	(643,773,999)	1,163,248,059
	<b>¢ (3,069,792,795)</b>	<b>6,631,497,712</b>	<b>4,847,268</b>	<b>3,275,584,800</b>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

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

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
At fair value through profit or loss	¢ 949,476,614	1,271,137,156	1,696,527,299
At fair value through other comprehensive income	91,707,713,726	145,206,450,032	164,726,167,291
At amortized cost	8,886,560,147	12,468,166,624	0
Interest receivable for investments at fair value through other comprehensive income	446,096,767	1,227,154,604	2,105,249,172
	<b>¢ 101,989,847,254</b>	<b>160,172,908,416</b>	<b>168,527,943,762</b>
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers</u>			
State-owned Banks	¢ 949,476,614	1,271,137,156	1,696,527,299
	<b>¢ 949,476,614</b>	<b>1,271,137,156</b>	<b>1,696,527,299</b>
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At fair value through other otro resultado integral</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	¢ 0	0	24,826,703,766
State-owned Banks	91,707,713,726	145,206,450,032	139,899,463,525
	<b>¢ 91,707,713,726</b>	<b>145,206,450,032</b>	<b>164,726,167,291</b>
	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
<b>At amortized cost</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	¢ 8,886,560,147	0	0
	<b>8,886,560,147</b>	<b>0</b>	<b>0</b>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023

Loan Portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

<b>Sector</b>	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Agriculture, livestock, hunting and related services	¢ 13,880,331,414	11,546,560,131	24,114,127,328
Manufacturing	11,380,682,203	13,368,732,554	1,762,168,309
Public administration	0	0	18,000,000
Trade	2,346,536,992	1,042,995,091	0
Services	1,963,031,121	1,094,082,029	244,080,813
Transportation	269,427,861	190,188,779	0
Construction, purchase and repair of real estate	116,467,240	82,204,817	0
Hotels and restaurants	203,937,767	179,397,143	0
	<u>30,160,414,598</u>	<u>27,504,160,544</u>	<u>26,138,376,450</u>
Plus Interest receivable	108,714,927	75,348,575	121,062,644
Less deferred income loan portfolio	(173,929,586)	(209,340,642)	(115,024,866)
Allowance for impairment	(91,244,804)	(95,034,266)	(103,564,626)
	<u>¢ 30,003,955,135</u>	<u>27,275,134,211</u>	<u>26,040,849,602</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Up to date	¢ 29,582,337,329	27,143,284,667	25,878,448,070
1 to 30 days	311,922,581	268,305,416	259,928,380
31 to 60 days	21,090,180	92,570,461	0
61 to 90 days	152,661,781	0	0
Legal collection	92,402,727	0	0
	<u>¢ 30,160,414,598</u>	<u>27,504,160,544</u>	<u>26,138,376,450</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

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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>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Number of operations	1	0	0
Delinquent and past due loans with no interest recognition	¢ <u>92,402,727</u>	<u>0</u>	<u>0</u>
Delinquent and past due loans recognizing interest	¢ 485,674,542	360,875,877	259,928,380
Total of not received interest	¢ 14,873,317	5,409,472	11,300,993

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>June 2023</b>	<b>December 2022</b>	<b>June 2022</b>
Current loans	¢ 100,244,298	72,557,757	120,339,828
Past due loans	5,550,075	2,790,818	722,816
Loans in legal collection	2,920,554	0	0
	¢ <u>108,714,927</u>	<u>75,348,575</u>	<u>121,062,644</u>

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e) Allowance for impairment of loan portfolio

<b>Balance at the beginning of 2023</b>	¢	<b>95,034,266</b>
Plus:		
Adjustment for exchange differences		254,748
Less:		
Adjustment for exchange differences		<u>(4,044,210)</u>
<b>Balance as of June 30, 2023</b>	¢	<b><u>91,244,804</u></b>
<b>Balance at the beginning of 2022</b>	¢	<b>99,122,714</b>
Plus:		
Transfer of balances		13,449,837
Adjustment for exchange differences		4,441,912
Less:		
Adjustment for exchange differences		<u>(21,980,197)</u>
<b>Balance as of December 31, 2022</b>	¢	<b><u>95,034,266</u></b>
<b>Balance at the beginning of 2022</b>	¢	<b>99,122,714</b>
Plus:		
Adjustment for exchange differences		<u>4,441,912</u>
<b>Balance as of June 30,</b>	¢	<b><u>103,564,626</u></b>

f) Loan portfolio by kind of guarantee:

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

	<u>June 2023</u>	<u>December 2022</u>	<u>June 2022</u>
<b>Guarantee</b>			
Fiduciary	214,374,269	250,823,118	228,320,768
Mortgage	¢ style="text-align: right;">4,546,457,458	2,265,318,557	392,059,122
Chattel	597,464,755	222,995,792	281,652,233
Other	<u>24,802,118,116</u>	<u>24,765,023,077</u>	<u>25,236,344,327</u>
	¢ style="text-align: right;"> <b><u>30,160,414,598</u></b>	<b><u>27,504,160,544</u></b>	<b><u>26,138,376,450</u></b>



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

		<b><u>Direct Loan Portfolio</u></b>		
		<b><u>June</u></b>	<b><u>December</u></b>	<b><u>June</u></b>
		<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2022</u></b>
Principal	¢	30,160,414,598	27,504,160,544	26,138,376,450
Interest receivable		108,714,927	75,348,575	121,062,644
		<u>30,269,129,525</u>	<u>27,579,509,119</u>	<u>26,259,439,094</u>
Allowance for bad loans		(91,244,804)	(95,034,266)	(103,564,626)
Carrying amount	¢	<u>30,177,884,721</u>	<u>27,484,474,853</u>	<u>26,155,874,468</u>
Loan portfolio				
Total balances:				
1	¢	29,511,134,404	27,186,994,456	26,089,102,755
2		21,353,689	93,486,017	0
3		399,809,351	299,028,646	170,336,339
4		241,508,800	0	0
6		95,323,281	0	0
		<u>30,269,129,525</u>	<u>27,579,509,119</u>	<u>26,259,439,094</u>
Minimum allowance		(94,213,059)	(71,711,266)	(81,225,072)
Carrying amount, net	¢	<u>30,174,916,466</u>	<u>27,507,797,853</u>	<u>26,178,214,022</u>
Carrying amount		30,269,129,525	27,579,509,119	26,259,439,094
Allowance for bad loans		(94,213,059)	(71,711,266)	(81,225,072)
Allowance (surplus) deficit				
on minimum allowance		2,968,255	(23,323,000)	(22,339,554)
Carrying amount, net	6a ¢	<u>30,177,884,721</u>	<u>27,484,474,853</u>	<u>26,155,874,468</u>

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The assessed loan portfolio including allowance is detailed as follows:

As of June 30, 2023

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 29,511,134,404	10,366,700,795	19,144,433,609	(74,206,977)
	<u>29,511,134,404</u>	<u>10,366,700,795</u>	<u>19,144,433,609</u>	<u>(74,206,977)</u>
Direct specific allowance				
2	21,353,689	21,353,689	0	(106,768)
3	399,809,351	394,591,309	5,218,042	(3,277,467)
4	241,508,800	211,331,655	30,177,145	(16,145,230)
6	95,323,281	95,323,281	0	(476,617)
	<u>757,995,121</u>	<u>722,599,934</u>	<u>35,395,187</u>	<u>(20,006,082)</u>
	¢ <u>30,269,129,525</u>	<u>11,089,300,729</u>	<u>19,179,828,796</u>	<u>(94,213,059)</u>

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 29,682,581,628	10,507,448,174	19,175,133,454	(73,751,810)
Equal to or less than 30 days	0	0	0	(455,167)
Equal to or less than 180 days	155,145,649	155,145,649	0	0
Over 180 days	95,323,281	95,323,281	0	0
	<u>29,933,050,558</u>	<u>10,757,917,104</u>	<u>19,175,133,454</u>	<u>(74,206,977)</u>
Direct specific allowance				
Equal to or less than 30 days	314,725,278	310,029,936	4,695,342	(18,646,969)
Equal to or less than 60 days	21,353,689	21,353,689	0	(106,768)
Equal to or less than 180 days	0	0	0	(775,728)
Over 180 days	0	0	0	(476,617)
	<u>336,078,967</u>	<u>331,383,625</u>	<u>4,695,342</u>	<u>(20,006,082)</u>
	¢ <u>30,269,129,525</u>	<u>11,089,300,729</u>	<u>19,179,828,796</u>	<u>(94,213,059)</u>

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As of December 31, 2022

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
	27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
Direct specific allowance				
2	93,486,017	93,486,017	0	(467,431)
3	299,028,646	293,592,335	5,436,311	(2,827,039)
	392,514,663	387,078,352	5,436,311	(3,294,470)
¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 27,215,842,424	13,888,757,509	13,327,084,915	(68,138,095)
Equal to or less than 30 days	270,180,678	270,180,678	0	(278,701)
	27,486,023,102	14,158,938,187	13,327,084,915	(68,416,796)
Direct specific allowance				
Equal to or less than 60 days	Principal	Covered balance	Overdraft	Allowance
	93,486,017	93,486,017	0	(3,294,470)
	93,486,017	93,486,017	0	(3,294,470)
¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)

As of June 30, 2022

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 26,089,102,755	3,075,108,482	23,013,994,273	65,794,557
	26,089,102,755	3,075,108,482	23,013,994,273	65,794,557
Direct specific allowance				
3	170,336,339	110,830,898	59,505,441	15,430,515
	170,336,339	110,830,898	59,505,441	15,430,515
¢	26,259,439,094	3,185,939,380	23,073,499,714	81,225,072

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 25,998,787,898	2,979,138,703	23,019,649,195	65,794,557
	25,998,787,898	2,979,138,703	23,019,649,195	65,794,557
Direct specific allowance				
Equal to or less than 30 days	Principal	Covered balance	Overdraft	Allowance
	260,651,196	206,800,677	53,850,519	15,430,515
	260,651,196	206,800,677	53,850,519	15,430,515
¢	26,259,439,094	3,185,939,380	23,073,499,714	81,225,072

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As of June 30, 2023	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 29,511,134,404	29,436,927,427
2	21,353,689	21,246,921
3	399,809,351	396,531,884
4	241,508,800	225,363,569
6	95,323,281	94,846,665
	¢ <u>30,269,129,525</u>	<u>30,174,916,466</u>

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

As of June 30, 2022	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 26,089,102,755	26,023,308,198
3	170,336,339	154,905,824
	¢ <u>26,259,439,094</u>	<u>26,178,214,022</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 June 30, 2023, resources have been transferred from the Development Credit Fund.

	June 2023	December 2022	June 2022
Banco Promerica	¢ <u>723,697,173</u>	<u>7,768,261,881</u>	<u>5,004,555,048</u>
	¢ <u>723,697,173</u>	<u>7,768,261,881</u>	<u>5,004,555,048</u>

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Notes to the Consolidated Financial Statements

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

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

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c) IAS 7: Statements of Cash Flows

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

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

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

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

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

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

e) IAS 12: Income tax

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

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

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

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

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

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

The revaluation must be supported by an appraisal made by an independent professional, authorized by the respective college.

Furthermore, SUGEF permits the conversion (capitalize) of the surplus revaluation directly in equity (only for state banks), without having to relocate previously to retained earnings, as required by IAS 16.

Moreover, under IAS 16, depreciation continues on property, plant and equipment, even if the asset is idle. The Standard issued by the Board allows entities to suspend the depreciation of idle assets and reclassify them as held-for-sale.

- g) IAS 21: The Effects of Changes in Foreign Exchange Rates

The supervised entities must keep their records and present their financial statements in Costa Rican colones.

The supervised entities must use the reference sale exchange rate of the Central Bank of Costa Rica that prevails at the time the operation is carried out for the accounting record of the conversion of foreign currency to the official currency 'colón', except for pension funds and labor capitalization funds, which must use the reference purchase exchange rate of the Central Bank of Costa Rica. Pension funds created by special or basic law managed by non-banking public sector institutions may use the purchase exchange rate referred to in article 89 of the Organic Law of the Central Bank of Costa Rica.

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At the end of each month, the corresponding reference exchange rate will be used as indicated in the previous paragraph, in force on the last day of each month for the recognition of the adjustments for exchange rate differences in monetary items in foreign currency.

The provisions of this article do not prevent entities from generating information on a currency other than the Costa Rican colón, in the terms described in IAS 21 on functional currency. However, this information may not be used for the purposes of calculating prudential indicators, for presentation to the respective Superintendencia or for publication to the public as required in the legal provisions that regulate the Financial System.

#### h) IAS 27: Consolidated and Separate Financial Statements

The Board requires that the financial statements of a parent entity to be presented separately, measuring its investments by the equity method. Under IAS 27, a parent is required to present consolidated financial statements. A parent company needs not to present consolidated financial statements when the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use, provided certain other requirements are also met. However, in this case, IAS 27 requires that investments be accounted for at cost.

In the case of financial groups, the holding company must consolidate the financial statements of all of the companies of the group in which it holds an ownership interest of twenty five percent (25%) or more, irrespective of control. For such purposes, proportionate consolidation should not be used, except in the consolidation of investments in joint ventures.

Amended IAS 27 (2008) requires accounting for changes in ownership interests by the Bank in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Bank loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27 became mandatory for the Bank's 2010 consolidated financial statements. These amendments have not been adopted by the Board.

The objective of this standard is to describe accounting treatment and disclosures required by subsidiaries, joint ventures and associates when the entity presents separate financial statements.



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i) IAS 28: Investments in Associates and Joint Ventures

In application of IAS 28 *Investments in associates and joint ventures*, the entity with legal power to participate in the equity of other companies or special purpose entity, such as joint Ventures, associated, Trusts, must use the equity method, from the date it acquires the investment or from the date it becomes an associate, joint ventures, or special purpose entity.

Supervised entities must present their separate financial statements.

j) Amendments to IAS 32: Financial Instruments 0 Presentation and IAS 1: Presentation of Financial Statements 0 Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments to the standards require puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if certain conditions are met. These changes have not been adopted by the Board.

k) IAS 37: Provisions, Contingent Liabilities and Contingent Assets

SUGEF requires that a provision for possible losses must be booked for contingent assets. IAS 37 does not allow this type of provision.

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight-line method over a maximum of five years. Similar procedure and term must be used for the amortization of goodwill acquired.

Automatic applications should be amortized systematically by the straight-line method during the term which produces economic benefits; such term could not exceed five years. Similar proceeding applies to obtained goodwill.

IAS 38 allows different methods to distribute an asset amortizable amount during useful life. Useful life of automatic applications could be longer than five years as stated by CONASIF standards.

On the other hand, IFRS do not require annual goodwill amortization, only yearly assessment for impairment is required.

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After initial recognition, intangible assets with a defined useful life must be accounted for at their acquisition cost less accumulated amortization and accumulated impairment losses that may have affected them.

The supervised entity's senior management must establish the appropriate mechanisms and procedures to determine whether an intangible asset with an indefinite useful life has deteriorated. For the respective verification, it will compare its recoverable amount with its carrying amount. This comparison must be carried out when there is any indication that the value of the asset could have deteriorated or, at least, on an annual basis.

This provision also applies to goodwill acquired in a business combination.

The automated applications in use must be systematically amortized by the straight-line method, in the course of the period in which it is expected to produce economic benefits for the entity, which must be based on its accounting policy.

In the case of commercial banks, indicated in article 1 of the Organic Law of the National Banking System, Law 1644, organization and installation expenses can be presented in the statement of financial position as an asset, but must be fully amortized by the straight-line method within a maximum period of five years.

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

For leased investment properties in which the fair value cannot be reliably measured on a continuous basis, its value will be measured by applying the cost model indicated in IAS 16 Property, Plant and Equipment. The residual value of the investment property should be assumed to be zero.

n) IFRS 3: Business combinations (revised)

In the application of IFRS 3, non-controlling interests in the acquiree, which are interests in current ownership and which grant the right to a proportional participation in the net assets of the entity, in the event of settlement must be measured, by the acquirer, at fair value on the acquisition date.

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The combination that involves entities or businesses under common control or that the acquiree is a subsidiary of an investment entity, must be carried out by integrating its assets and liabilities measured at carrying value using even accounting policies, for which adjustments in the financial statements of the acquiree will be previously carried out, to ensure that the accounting policies correspond to those used by the acquirer.

o) IFRS 5: Non-current Held-for-Sale Assets and Discontinued Operations

In the case of entities supervised by SUGEF, assets awarded in judicial auctions or received in payment of obligations must be valued at the lower of:

- a) its carrying amount; and
- b) its fair value less selling costs.

The entity must implement a sales plan and a program to negotiate the assets at a reasonable price that allows the plan to be completed in the shortest possible time.

Within a 24-months period from the date of award or receipt of the asset, the entity must request the Superintendent, by the means provided by the latter, an extension for an equal period for the sale of the asset. By means of duly reasoned criteria, the Superintendent may deny the request for an extension, in which case he will demand the constitution of an allowance of the property for 100% of its carrying amount

Also, an allowance for 100% of the carrying amount of the asset will be required when at the end of the indicated term, the entity did not request the extension. However, it will be a necessary condition that within 24 months from the date of award or receipt of the asset, it is estimated to be at least 50% of its carrying amount.

To determine the carrying amount of the assets awarded in judicial auctions or received in payment of obligations, the entity must record an allowance at the rate of one-forty-eighth per month until completing one hundred percent of the carrying amount of the asset. This accounting record will begin from the closing date of the month in which the asset was awarded or received in payment.

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p) IFRS 9: Financial Instruments

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

Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity should classify its own investments or pooled portfolios in financial assets according to the following valuation categories:

- a. At amortized cost. If an entity, in accordance with its business model and the current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
  - i. the fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement; and
  - ii. the gain or loss that should have been recognized in profit or loss for the financial statements indicated in the previous section.
- b. At fair value through other comprehensive income.
- c. At fair value through profit or loss: Participations in open investment funds must be registered in this category.

Regulated entities must have policies and procedures to determine when to suspend the accrual of commissions and interest on loan operations.

However, the period of suspension of accrual should not be more than one hundred and eighty days.

q) IFRS 13: Fair Value Measurement

Valuation at fair value of the portfolios of financial assets and financial liabilities exposed to market risk and credit risk will be done individually. Measurement based on the net risk exposure of the entity is not admissible.

Expenses or losses from equity reserves created by law or voluntarily by regulated entities cannot be directly recorded, without having previously gone through profit or loss of the period.

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43). Figures for 2023

As of June 30, 2023, financial statement figures have not been reclassified for comparison with those of 2022, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

44). Relevant and subsequent events

As of June 2023, there are relevant and subsequent events to disclose as follows:

a) Transfer of charges and observations

As of July 3, 2020, the BCCR publishes Law 9859 "Law to fight Usury" defining a maximum on interest rates on loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, in force for the second quarter of 2020. BCR credit cards offer an interest rate of 32% per year, one of the lowest in the market at the time of the entry into force of Law 9859, therefore it did not generate a financial impact on the income for credit card interest.

On the other hand, the law establishes a minimum non-sizable wage amount that cannot be considered in the analysis of the ability to pay, which implied the incorporation of this concept into the current credit regulations.

As of December 31, 2022, an adjustment for ₡11,124,931,039 (₡1,734,981,794.69 for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2017, for December 31, 2020, corresponding to 2015 and ₡8,487,028,342, for December, 2021, corresponding to 2016).

As of December 31, 2022, BCR Operadora de Pensiones Complementarias does not make a provision reversal adjustment corresponding to 2017 for ₡84,945,625, (₡51,013,093 for December 31, 2020, corresponding to 2015. By prescription, for December 2021, the entity did not perform a reversal adjustment of the IFRIC23 provision).

As of December 31, 2022, BCR Corredora de Seguros carried out the reversal of the respective contingency for ₡34,566,861 corresponding to the 2017 period (₡40,880,144, for December 31, 2020, and ₡54,313,692 for December 2021. Corresponding to the 2015 period).

As of December 2022, BCR Valores S.A. did not perform an adjustment for reversal of provision CINIIF23 (₡194,676,459, for December 31, 2020, and ₡264,905,511 as of December 31, 2021, corresponding to 2015).

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As of December 31, 2022, BCR Sociedad Administradora de Fondos de Inversión S.A. performed the reversion corresponding to 2017 for ₡78,779,564, (₡42,457,128, for December 31, 2020, and ₡36,435,373 as of December 2021, corresponding to 2015.)

On March 21, 2022, the Regularization Provision Proposal No. DGCN-SFPD-28-2021-4-321-03 is notified, informing the Bank of the differences found in the tax bases and tax quotas, as well as the facts and legal bases supporting it. The total debt is of ₡16,755,470,468 and interest of ₡8,042,094,675, corresponding to the 2017 fiscal period.

The Bank of Costa Rica expressed partial disagreement with the regulation proposal and is awaiting notification of the administrative act of settlement, with concrete expression of the facts and the legal bases that motivate the differences in the taxable bases and the tax quotas.

As of April 5, 2022, the Bank paid ₡32,663,336,583 to the Treasury.

<u>Period</u>		<u>Income tax</u>		<u>Penalties</u>		<u>Interest</u>		<u>Total</u>
2017	₡	16,755,470,469	₡	7,865,771,439	₡	8,042,094,675	₡	32,663,336,583

b) Value added tax

With the enactment of Law No. 9635, Law on Strengthening Public Finances of December 3, 2018, the sales tax system is comprehensively reformed, derogating entirely the General Sales Tax Law, Law No. 6826 of November 8, 1982, and its reforms, migrating its Title I to a new regulatory framework, called the Value Added Tax Law. This tax is regulated in Article 1 of the Law. In this new regulatory framework, all goods and services are taxed generally, presupposing an improvement in the control and oversight of the tax, since the list of exempt goods and services is considerably reduced, according to what is established in Article 8 of the Law. Likewise, the essential elements of the tax, being the taxable event, the accrual, the taxable persons, and the taxable base, were modified with Article 1 of the Law for Strengthening Public Finances.

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c) New administration of the Notarial Guarantee Fund

On October 8, 2019, BCR Pensiones started managing the Notarial Guarantee Fund; this fund was created with the enactment of the Notarial Code started ruling in 1998.

The National Directorate of Notaries carried out a comprehensive market study to determine the existence of options to manage its fund, thus transferring the Fund to BCR Pensiones.

In official letter BCROPC-048-20 dated February 11, 2020, the deadline for delivery of the audited financial statements of the Individual Capitalization Fund of Notarial Guarantee is extended once the National Directorate of Notaries delivers the corresponding audited financial statements to the period from January 1 to October 7, 2020, which was administered by another Complementary Pension Operator.

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the decree of Fiscal Relief for COVID-19 is approved, establishing moratorium measures in the payment of income tax (VAT, selective consumption, and duties, from April to June 2020 they be declared and may be paid free of charge for interest or penalties until December 2020, a postponement of the payment term is granted, there is no forgiveness or amnesty).

In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and the VAT exemption on commercial rentals in the months of April to June 2020.

On March 18, 2020, directive 075-H was signed to instruct the State commercial banks, in exercise of their constitutional autonomy, to carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation.

The guideline urges banks to assess measures such as the following:

1. Decrease in interest rates according to the terms of each loan.
2. Extension of the term of loans.
3. Extension in the payment of the principal and/or interest for the time that is necessary.
4. Extraordinary payments to the principal amount without penalty.

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Financial Information Regulation

As of March 2020, multiple regulations have been issued with the aim of mitigating the impact of COVID-19 related to the banking and financial sector, as follows:

**Approved by CONASSIFF**

- a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).
- b. This measure covers loans of more than ₡100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.
- c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending June 30, 2021, without qualifying as a special operation.
- d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.
- e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.
- f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This particular measure aims to facilitate the readjustments and / or refinancing of the credits. This measure is temporary; it is in force until March 31, 2021.



## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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- g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.
- h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.
- i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

#### **General Superintendence of Financial Entities**

- a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the "M" factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.
- b. It was agreed to establish the value of the "M" factor referred to in Article 6 of the SUGEF 19-16 Agreement.
- c. This minimum required percentage level of countercyclical allowance ("M") will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.
- d. This measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

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**Central Bank of Costa Rica**

The Board of Directors of the Central Bank of Costa Rica approved the following reforms:

- a. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020,
- b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and
- c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: “during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights”. This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).
- d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones with one-day and up to thirty-days terms.
- e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in an one-day term.
- f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.
- g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.
- h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

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Measures adopted by the Bank in the face of the health emergency due to COVID-19. Measures were generated in three areas:

- 1) Direct loan: A total grace period of 6 or 12 months will be provided, in which the client will pay only what corresponds to credit-related policies, that is, the principal and interest will not be charged during that period; the collection will be carried out after the total grace period and will be treated according to the needs of each client.

The unpaid interest will be charged through a new loan that will take effect at the end of the grace period.

For this new operation, the interest rate will be, in colones basic passive rate (TBP) + 1 colones and in US dollars PRIME rate, depending on the currency, and for the remaining term of the main operation.

In the cases necessary, the maturity of the main operation may be extended by up to 11 months.

This facility applies to customers with less than 60 days past due, for which no additional payment capacity analysis will be made.

- 2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest.

During the months of the full grace period, no late fees nor default interests will be charged.

- 3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution.

As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

In this first stage, facilities will be given with emphasis on Tourism and Commerce, which will allow a medium-term solution, ranging between 6 or 12 months in both currencies.

In a second stage, the Transportation and Commercial sector with real estate activity will be addressed with greater emphasis, also covering other economic activities.

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As of June 31, 2023, Loans are detailed by activity in operations readjusted by Covid-19:

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1,727,067,351	18,727,085,427
Trade	54,744,628,911	25,721,609,049
Construction	5,305,205,615	6,476,507,183
Retail	58,375,410,729	1,650,595,879
Livestock	2,713,313,034	0
Industry	28,815,016,305	1,860,806,745
Services	25,984,815,754	9,408,981,261
Transportation	17,748,426,014	41,831,467
Tourism	5,719,892,481	38,801,840,986
Housing	168,495,932,326	38,720,698,115
<b>Total by currency</b>	<b>¢ 369,629,708,520</b>	<b>141,409,956,112</b>
<b>Total</b>	<b>¢ 511,039,664,632</b>	

<b>Activity</b>	<b>Colones</b>	<b>Activity US dollars</b>	<b>Total</b>
Agriculture	77	4	81
Trade	624	46	670
Construction	19	11	30
Retail	6,724	270	6,994
Livestock	61	0	61
Industry	79	1	80
Services	378	22	400
Transportation	132	2	134
Tourism	37	35	72
Housing	7,799	1,004	8,803
<b>Total</b>	<b>15,930</b>	<b>1,395</b>	<b>17,325</b>

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As of December 31, 2022

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1,869,154,251	29,396,612,154
Trade	59,588,289,374	29,403,105,392
Construction	5,429,447,377	9,029,425,826
Retail	64,241,759,419	2,531,696,450
Livestock	3,146,799,788	0
Industry	30,279,656,003	2,118,138,910
Services	27,901,602,062	11,811,450,962
Transportation	20,224,288,897	55,138,491
Tourism	6,174,538,898	42,976,318,039
Housing	174,526,727,621	46,041,845,375
<b>Total by currency</b>	<b>¢ 393,382,263,690</b>	<b>173,363,731,599</b>
<b>Total</b>	<b>¢ 566,745,995,289</b>	

<b>Activity</b>	<b>Colones</b>	<b>Amount in US Dollars</b>	<b>Total</b>
Agriculture	77	5	82
Trade	704	52	756
Construction	19	14	33
Retail	7,217	357	7,574
Livestock	78		78
Industry	83	2	85
Services	401	28	429
Transportation	146	2	148
Tourism	38	36	74
Housing	8,033	1,084	9,117
<b>Total</b>	<b>16,796</b>	<b>1,580</b>	<b>18,376</b>

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As of June 31, 2022

<b>Loans – Balances converted to colones</b>		
<b>Activity</b>	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	2,032,229,939	36,450,989,554
Trade	81,837,138,150	35,430,660,770
Construction	5,489,535,611	11,398,289,919
Retail	70,556,732,291	3,848,084,209
Livestock	3,525,686,623	0
Industry	31,805,205,185	2,627,982,805
Services	29,558,643,986	20,293,582,694
Transportation	22,076,826,611	70,860,538
Tourism	6,647,019,823	49,777,818,962
Housing	182,612,545,571	58,463,789,682
<b>Total by currency</b>	<b>¢ 436,141,563,790</b>	<b>218,362,059,133</b>
<b>Total</b>	<b>¢ 654,503,622,923</b>	

<b>Activity</b>	<b>Colones</b>	<b>Amount in</b>	
		<b>US Dollars</b>	<b>Total</b>
Agriculture	84	10	94
Trade	805	57	862
Construction	18	14	32
Retail	7,783	459	8,242
Livestock	90		90
Industry	88	4	92
Services	423	34	457
Transportation	186	2	188
Tourism	41	38	79
Housing	8,347	1,168	9,515
<b>Total</b>	<b>17,865</b>	<b>1,786</b>	<b>19,651</b>

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Effects of the pandemic on BICSA

As of December 31, 2020, the number of moratoriums granted by BICSA Group reaches an amount of 184.7 million dollars, which represents 12% of the total portfolio and provisions were made to cover the potential effect of macroeconomic impairment of the loan portfolio according to the entity's expected loss models (see note 26 - Modified special mention category loans).

Faced with the pandemic, Grupo BICSA was forced to respond quickly to critical questions in the operational and financial areas. In particular, the recalibration and updating of IFRS 9 models is of particular importance as a fundamental task in the current context because of various factors that in turn have an impact on provisions. These reviews considered adjustments to conventional methodological aspects such as the probability of default (PD), the loss given default (LGD) and the forward-looking adjustment (prospective economic effect of the IFRS 9 model). The classification criteria in Stages have also been revised to incorporate the effects that the COVID-19 environment could bring to customers, in this case it is necessary to define criteria for a significant increase in credit risk (ISRC) based on the risk of the economic sector, the activity within the economic sector and the particular characteristics of each client. Finally, based on the methodology defined taking as reference the international regulations and the local regulatory context, the Bank defined the Post Model Adjustments (Overlays) with general guidelines for the classification process of modified loans in the different stages established by IFRS 9. After applying the adjustments, the bank resulted in an increase in its IFRS 9 reserve estimate of \$1.3 million.

Management and impacts of the pandemic for COVID-19 at BICSA

As of the second quarter of 2020, the Group increased its volume of current assets to an average greater than 63.65% of the Legal Liquidity indicator, doubling the minimum 30% required (see Note 5 - Liquidity Risk). Finally, the Group's solvency level has improved compared to the previous closing ended on December 31, 2019 and remains well above the requirements of the SBP in 12.76% of weighted equity/assets based on risk (see Note 5 - Capital Management). The final magnitude of the impact of the pandemic for COVID-19 on the Group's business, financial situation and results will depend on future and uncertain events, including the intensity and persistence over time of the consequences derived from the pandemic in the different geographies in which the Group operates.

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Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018, held on September 11, 2018, CONASSIF approved the Financial Information Regulation, in effect from January 1, 2020.

The purpose of the Regulations is to moderate the application of the International Financial Reporting Standards (IFRS) and their interpretations (SIC and IFRIC), issued by the International Accounting Standards Board (IASB), considering prudential or regulatory accounting treatments. As well as the definition of a specific treatment or methodology when IFRS propose two or more application alternatives.

Distribution of dividends

As of April 14, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A, distributed dividends in the amount of ¢500,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 21, 2023, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢1,400,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 24, 2023, BANPROCESA, S.R.L., distributed dividends in the amount of ¢400,000,000, in compliance with resolution of the Extraordinary General Quota Holders Meeting No. 07-23 of March 20, 2023.

As of May 31, 2023, BCR Corredora de Seguros S.A., distributed dividends in the amount of ¢3,000,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 08-23 of April 24, 2023.

As of April 26, 2022, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3,100,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-22, April 19, 2022.

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢2,750,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BCR Valores, S.A., distributes dividends in the amount of ¢3,000,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.



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As of April 26, 2022, BANPROCESA, S.A., distributes dividends in the amount of ¢300,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

Incorporation of Banprocesa S.R.L. to the BCR Financial Conglomerate

Banprocesa, S.R.L. will provide exclusive services to the BCR Financial Conglomerate, in the development of software related to information technology. Significant improvements are expected in the management of this process, with an impact on reducing costs for reprocessing, timely attention, custom development and in general, greater efficiency in management as well as supporting the strategic objective of turning Banco de Costa Rica into a digital bank. Due to the nature of the company's services, its impact is seen mainly in the bank's operational risk management, and to a lesser extent, with an impact on its solvency. Therefore, no technical aspects or risk exposure are identified that constitute a disability to its incorporation into the Financial Conglomerate.

By means of official letter GG-04-276-2020, of April 24, 2020, a request for formal authorization it is sent to the General Superintendency of Financial Entities (SUGEF) on April 27, 2020, to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate and Subsidiaries, clarifying that, currently Banco de Costa Rica owns 100% of the shares of the entity.

By means of official letter SGF-2069-2021 SGF-CONFIDENCIAL-202103143, dated July 23, 2021, a favorable opinion is rendered on the request for authorization to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate.

Gradual increase of the Minimum Legal Reserve

The Board of Directors of the Central Bank of Costa Rica, in article 8 of the minutes of session 6066-2022, held on June 15, 2022, ordered to gradually increase the percentage of minimum legal reserve and liquidity reserve, both in national currency, from 12.0% to 15.0%.

As of the first fortnight of July 2022, 13.5% is applied and as of the second fortnight of July 2022, 15.0% is applied, through the modification to Title VI of the Monetary Policy Regulations.

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Maximum annual interest rates for credits and microcredits

In accordance with the provisions of article 36 bis of Law No. 9859 of June 11, 2020, the calculation of the maximum annual interest rates and their publication is carried out by the Central Bank of Costa Rica in the first week of January and July of each year.

As of July 8, 2022, the publication of the new maximum annual interest rates for credit operations in colones and US dollars and other currencies is made.

	<b>Semiannual</b>	<b>Semiannual</b>	<b>Semiannual</b>
	<b>1/2022</b>	<b>2/2022</b>	<b>1/2023</b>
<b>Every type of credit (except microcredits)</b>			
Colones	33.44	33.41	35.51
US dollars	27.98	27.72	28.71
<b>Microcredits</b>			
Colones	47.27	47.23	50.16
US dollars	39.69	39.32	40.70
Credits in other currencies	5.86	5.68	6.34

For the purposes of this law, microcredit is understood to be any credit that does not exceed a maximum amount of 1.5 times the base salary of clerk 1 of the Judiciary, according to Law 7337, of May 5, 1993. Credit cards are excluded from microcredits.

Asset appraisal

As of September 2022, a net appraisal was recorded in buildings for ¢11,447,128,295 and in property for ¢456,051,531.