Banco de Costa Rica

Unaudited Separate Financial Statements

September 30, 2022, and 2021

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Unaudited separate financial statements

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BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of September 30, 2022
(In colones without cents)

	Note		September 2022	December 2021	September 2021
ASSETS					
Availabilities	**4**	**¢**	**985,728,135,604**	**864,405,461,581**	**761,246,224,718**
Cash			81,819,191,205	99,550,418,210	72,903,530,963
Central Bank of Costa Rica			663,659,876,108	578,167,488,236	623,328,729,704
Financial entities abroad			144,648,126,257	91,692,364,244	45,300,389,680
Demand documents receivable for collection			2,394,213,633	475,541,407	7,517,221,975
Restricted availabilities			93,206,728,401	94,519,649,484	12,196,352,396
Investment in financial instruments	**5**		**1,599,119,550,711**	**1,754,312,982,756**	**1,840,646,178,197**
At fair value through profit or loss			220,913,583,766	292,227,906,832	158,063,881,153
At fair value through other comprehensive income			1,360,285,918,071	1,433,296,430,848	1,506,046,887,210
At amortized cost			2,652,600,786	3,834,335,115	160,039,428,562
Interest receivable			15,267,448,088	24,954,309,961	16,496,984,653
(Allowance for impairment)			0	0	(1,003,381)
Loan portfolio	**6.b**		**3,041,420,584,619**	**3,038,196,017,415**	**2,906,203,019,291**
Current loans			2,937,187,806,062	2,922,314,277,517	2,775,683,889,301
Past due loans			203,010,007,191	219,463,566,540	213,947,631,053
Loans in legal collection			56,508,890,131	52,111,660,667	52,414,995,513
(Deferred income-loan portfolio)			(19,166,091,072)	(19,009,378,028)	(18,742,051,059)
Interest receivable	**6.e**		20,159,597,391	16,243,877,380	19,986,616,932
(Allowance for impairment)	**6.f**		(156,279,625,084)	(152,927,986,661)	(137,088,062,449)
Accounts and commissions receivable			**32,702,205,631**	**15,609,952,548**	**11,633,032,530**
Commissions receivable			1,403,134,652	1,348,615,046	975,182,249
Accounts receivable for transactions with related parties			2,941,755,703	3,257,979,554	74,951,443
Deferred income tax and income tax receivable	**15**		27,671,323,642	9,670,094,125	8,835,136,050
Other accounts receivable			13,787,805,791	13,918,807,842	14,094,372,454
(Allowance for impairment)			(13,101,814,157)	(12,585,544,019)	(12,346,609,666)
Foreclosed assets	**7**		**35,898,288,023**	**42,352,819,264**	**45,297,555,501**
Assets and securities acquired as recovery of loans			101,225,250,940	116,382,688,755	124,325,108,438
Other foreclosed assets			3,483,502,903	3,354,758,800	3,289,271,375
(Allowance for impairment and per legal requirements)			(68,810,465,820)	(77,384,628,291)	(82,316,824,312)
Interest in other companies capital, net	**8**		**120,386,294,664**	**128,725,242,930**	**125,511,370,639**
Property, furniture and equipment, net	**9**		**145,728,127,171**	**131,640,777,150**	**135,062,735,028**
Property investmests			**6,831,625,000**	**6,441,924,521**	**6,441,924,521**
Other assets	**10**		**82,908,895,450**	**73,915,922,393**	**64,337,097,708**
Deferred charges	**10.a**		994,201,746	7,346,980,482	6,288,253,499
Intangible assets, net	**10.b**		21,005,020,261	14,859,851,080	13,549,767,706
Other assets	**10.c**		60,909,673,443	51,709,090,831	44,499,076,503
TOTAL ASSETS		**¢**	**6,050,723,706,873**	**6,055,601,100,558**	**5,896,379,138,133**

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of September 30, 2022
(In colones without cents)

	Note		September 2022	December 2021	September 2021
LIABILITIES AND EQUITY					
LIABILITIES					
Obligations with the public		¢	**4,529,778,292,660**	**4,615,047,205,487**	**4,465,148,485,397**
Demand obligations	11		3,018,757,651,791	3,283,466,617,831	3,019,096,178,129
Term obligations	12		1,496,448,572,989	1,318,752,537,179	1,433,720,793,214
Other obligations with the public			208,106,638	1,106,218,110	504,141,147
Financial charges payable			14,363,961,242	11,721,832,367	11,827,372,907
Obligations with Central Bank of Costa Rica	14		**217,033,494,640**	**128,285,685,643**	**139,691,676,617**
Term obligations			215,749,270,823	127,689,025,829	139,320,785,417
Financial charges payable			1,284,223,817	596,659,814	370,891,200
Obligations with entities			**475,993,415,481**	**422,222,882,801**	**402,601,298,818**
Demand obligations	14		32,285,845,221	35,221,034,718	47,489,365,003
Term obligations	12		442,756,418,881	385,295,377,909	353,770,517,388
Financial charges payable			951,151,379	1,706,470,174	1,341,416,427
Accounts payable and provisions			**162,813,811,791**	**185,153,781,877**	**187,875,764,767**
Provisions	16		41,372,999,667	50,305,344,252	58,352,587,815
Accounts payable for brokerage services			134,415	10,943,620	5,103,745
Deferred income tax	15		31,481,780,164	37,531,110,112	35,655,996,175
Other accounts payable	17		89,958,897,545	97,306,383,893	93,862,077,032
Other liabilities			**25,619,665,013**	**16,232,013,807**	**15,544,029,839**
Deferred income			460,041,460	629,842,899	649,686,166
Other liabilities			25,159,623,553	15,602,170,908	14,894,343,673
Subordinated obligations			**20,072,534,085**	**0**	**0**
Subordinated obligations	14		19,982,245,196	0	0
Financial charges payable	14		90,288,889	0	0
TOTAL LIABILITIES		¢	**5,431,311,213,670**	**5,366,941,569,615**	**5,210,861,255,438**
EQUITY					
Capital stock	18	¢	**181,409,990,601**	**181,409,990,601**	**181,409,990,601**
Paid-in-capital			181,409,990,601	181,409,990,601	181,409,990,601
Equity adjustments - Other comprehensive income			**14,022,114,814**	**96,607,343,411**	**111,631,070,494**
Reserves	1.w		**325,313,265,088**	**296,709,547,031**	**296,709,547,031**
Accrued earnings from previous periods			**23,721,615,916**	**23,286,282,979**	**23,286,282,979**
Profit of current period			**34,468,785,007**	**54,434,355,511**	**36,268,980,180**
Capital contributions in funds or special reserves			**40,476,721,777**	**36,212,011,410**	**36,212,011,410**
TOTAL EQUITY			**619,412,493,203**	**688,659,530,943**	**685,517,882,695**
TOTAL LIABILITIES AND EQUITY		¢	**6,050,723,706,873**	**6,055,601,100,558**	**5,896,379,138,133**
DEBIT CONTINGENT ACCOUNTS	19	¢	**482,934,868,298**	**319,726,692,051**	**309,202,427,037**
TRUST ASSETS	20		**733,558,718,456**	**927,719,265,552**	**929,906,970,734**
TRUST LIABILITIES			**273,839,146,059**	**362,909,505,260**	**356,451,529,182**
TRUST EQUITY			**459,719,572,397**	**564,809,760,292**	**573,455,441,552**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**18,392,098,742,036**	**15,234,563,101,376**	**31,071,518,265,902**
Own debit memoranda accounts			11,111,568,790,526	7,597,110,442,952	23,344,750,450,217
Third party debit memoranda accounts			116,642,239,302	143,742,191,726	91,318,316,314
Own debit memoranda accounts for custodial activities			822,922,411,561	1,017,428,771,091	1,175,314,482,861
Third party debit memoranda accounts for custodial activities			6,340,965,300,647	6,476,281,695,607	6,460,135,016,510

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

DOUGLAS SOTO LEITON (FIRMA)
Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA)
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Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA)
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Fecha: 2022.11.16 19:12:36 -06'00'

Ana Lorena Brenes B.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
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Rafael Mendoza M.
General Auditor

BANCO DE COSTA RICA
SEPARATE STATEMENT OF INCOME
For the period ended September 30, 2022
(In colones without cents)

	Note	September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Financial income					
Cash		¢ 1,144,205,076	551,224,798	675,039,159	172,359,273
Investments in financial instruments	**22**	63,021,040,663	59,961,081,096	21,150,702,712	21,293,221,872
Loan portfolio	**23**	171,982,818,699	173,831,808,679	62,863,933,714	60,029,668,163
For exchange differences and UD	**1-d**	0	1,936,886,304	(1,762,363,197)	1,452,232,322
For profit from financial instruments at fair value through profit or loss		974,783,235	600,397,572	393,966,183	205,216,377
For profit from financial instruments at fair value through other comprehensive income		8,281,024,600	7,520,243,488	325,153,923	5,629,176,122
For profit in property investments		465,995,959	0	465,995,959	0
Other financial income		782,255,072	778,625,977	242,976,986	251,575,294
Total financial income		**246,652,123,304**	**245,180,267,914**	**84,355,405,439**	**89,033,449,423**
Financial expenses					
Obligations with the public	**24**	75,266,541,927	74,612,791,621	31,047,796,995	25,351,535,080
Obligations with the Central Bank of Costa Rica		1,944,055,575	380,070,052	1,214,847,172	248,500,900
Obligations with financial and no-financial entities		6,235,076,029	5,670,416,994	2,901,733,708	1,007,118,700
For Subordinated, Convertible and Preferred Obligations		573,873,229	0	483,533,290	0
For exchange differences and UD	**1-d.ii**	2,071,678,920	0	2,071,678,920	0
For losses from financial instruments at fair value through profit or loss		185,939,438	135,271,024	0	6,893,831
For losses from financial instruments at fair value through other comprehensive income		553,824,837	22,747,536	359,213,307	12,202,339
Total financial expenses		**86,830,989,955**	**80,821,297,227**	**38,078,803,392**	**26,626,250,850**
Allowance for impairment of assets	**25**	13,946,325,408	27,161,307,971	639,556,966	11,860,621,423
Recovery of asset and decrease in allowance and provisions	**26**	9,378,771,474	12,820,268,381	4,181,833,462	4,749,030,557
FINANCIAL INCOME		**155,253,579,415**	**150,017,931,097**	**49,818,878,543**	**55,295,607,707**
Other operating income					
Service fees	**27**	66,375,190,724	57,458,394,937	21,782,796,095	19,438,306,595
Foreclosed assets		23,468,987,417	23,618,388,391	4,533,243,391	8,580,557,001
Profit from capital investmets in other companies	**28**	2,096,912,938	1,228,294,168	651,293,683	490,378,039
Profit from capital investments in entities supervised by SUGEVAL	**28**	2,864,660,405	4,855,991,258	298,475,872	1,664,782,270
Profit from capital investments in entities supervised by SUPEN	**28**	659,309,246	833,932,066	201,019,055	279,530,852
Profit from capital investments in entities supervised by SUGESE	**28**	2,259,844,283	2,484,564,517	599,641,100	772,620,536
Foreign currency exchange and arbitrations		19,101,420,832	15,984,406,556	6,613,922,562	5,256,175,772
Other income from related parties		2,385,296,752	2,444,723,096	871,521,327	918,613,823
Other operating income		14,139,602,156	12,707,659,601	4,703,666,605	3,949,970,290
Total other operating income		**133,351,224,753**	**121,616,354,590**	**40,255,579,690**	**41,350,935,178**
Other operating expenses					
Service fees		21,907,454,647	19,259,847,221	6,422,714,689	6,605,409,437
Foreclosed assets		27,922,317,601	28,721,645,955	7,472,914,120	10,029,800,913
Loss from capital investments in other companies	**28**	520,151,526	1,149,000	137,304,129	0
Loss from capital investments in entities supervised by SUGEVAL	**28**	18,133,030	0	18,133,030	0
Provisions		3,658,143,485	874,341,549	291,262,370	160,708,773
Foreingn currency exchange and arbitration		625,953,644	1,293,519,882	33,534,549	484,631,899
For other expenses with related parties		0	7,970,770	0	4,209,186
Other operating expenses		30,445,003,167	30,063,445,986	8,239,386,290	10,745,454,986
Total other operating expenses		**85,097,157,100**	**80,221,920,363**	**22,615,249,177**	**28,030,215,194**
OPERATING INCOME, GROSS		**203,507,647,068**	**191,412,365,324**	**67,459,209,056**	**68,616,327,691**
Administrative expenses					
Personnel expenses		75,271,678,915	71,741,972,823	26,290,131,960	24,167,042,427
Other administrative expenses		57,577,044,783	51,070,088,856	19,850,583,142	18,005,236,072
Total administrative expenses	**29**	**132,848,723,698**	**122,812,061,679**	**46,140,715,102**	**42,172,278,499**
NET OPERATING INCOME, BEFORE TAXES AND STATUTORY ALLOCATIONS		**70,658,923,370**	**68,600,303,645**	**21,318,493,954**	**26,444,049,192**
Income tax	**15**	13,900,674,443	16,943,733,600	4,431,270,368	6,590,772,079
Deferred income tax	**15**	11,241,063,634	0	2,705,713,639	0
Decrease in income tax	**15**	7,430,402,720	1,107,557,127	551,674,443	152,767,708
Statutory allocations of profit	**30**	18,478,803,006	16,495,146,992	5,611,987,894	6,474,601,203
RESULTS OF THE PERIOD, NET		**34,468,785,007**	**36,268,980,180**	**9,121,196,496**	**13,531,443,618**
Attributed to the controller		**34,468,785,007**	**36,268,980,180**	**9,121,196,496**	**13,531,443,618**
OTHER COMPREHENSIVE INCOME , NET OF TAX					
Real estate revaluation surplus		9,340,541,028	0	9,340,541,028	0
Adjustment for valuation of investments at fair value through other comprehensive income		(52,418,967,904)	40,980,864,548	(14,108,805,694)	11,340,342,612
Reclassification of unrealized profit to the income statement		(5,409,039,834)	(5,248,247,166)	23,841,569	(3,931,881,648)
Adjustment for valuation of restricted finantial instruments, net income tax		(28,016,371,307)	16,414,413,982	(22,459,197,969)	9,103,533,775
Other adjustments		(6,081,390,580)	3,525,666,177	(9,337,350,644)	1,612,385,583
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**31**	**(82,585,228,597)**	**55,672,697,541**	**(36,540,971,710)**	**18,124,380,322**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(48,116,443,590)**	**91,941,677,721**	**(27,419,775,214)**	**31,655,823,940**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2022.12.16 09:02:54 -06'00'
Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA) Firmado digitalmente por ANA LORENA BRENES BRENES (FIRMA) Fecha: 2022.11.16 19:13:02 -06'00'
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Rafael Mendoza M.
General Auditor

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended September 30, 2022
(In colones without cents)

	Note		Capital stock	Non-capitalized equity contributions	Adjustments to equity: Surplus for revaluation of property, furniture and equipment	Adjustments to equity: Adjustment for valuation of investments at fair value through other comprehensive income	Adjustments to equity: Ajustment for valuation of capital investments in other companies	Adjustments to equity: Total equity adjustment	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Total equity
Balance as of December 31, 2021		¢	**181,409,990,601**	**0**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**283,820,516,011**	**39,077,596,950**	**33,309,728,460**	**593,576,204,975**
Balance as of January 01, 2022		¢	**181,409,990,601**	**0**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**283,820,516,011**	**39,077,596,950**	**33,309,728,460**	**593,576,204,975**
Allocation of legal reserve			0	0	0	0	0	0	12,889,031,020	(12,889,031,020)	0	0
Allocation to the Development Financing Fund			0	0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	0
Balance as of September 30, 2021			**181,409,990,601**	**31,744,671,803**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**296,709,547,031**	**23,286,282,979**	**36,212,011,410**	**593,576,204,975**
Other comprehensive income												
Total other comprehensive income			0	0		52,147,031,364	3,525,666,177	55,672,697,541	0	36,268,980,180	0	91,941,677,721
Balance as of September 30, 2021			**181,409,990,601**	**31,744,671,803**	**37,774,830,067**	**59,693,697,641**	**14,162,542,786**	**111,631,070,494**	**296,709,547,031**	**59,555,263,159**	**36,212,011,410**	**685,517,882,695**
Attributed to the Financial Conglomerate			181,409,990,601	31,744,671,803	37,774,830,067	59,693,697,641	14,162,542,786	111,631,070,494	296,709,547,031	59,555,263,159	36,212,011,410	685,517,882,695
Balance as of December 31, 2021	18		**181,409,990,601**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**296,709,547,031**	**77,720,638,490**	**36,212,011,410**	**688,659,530,943**
Balance as of January 01, 2022			**181,409,990,601**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**296,709,547,031**	**77,720,638,490**	**36,212,011,410**	**688,659,530,943**
Allocation of legal reserve			0	0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0
Allocation to the Development Financing Fund			0	0	0	0	0	0	0	(4,264,710,367)	4,264,710,367	0
Payment of income tax from previous periods	19		0	0	0	0	0	0	0	(21,130,594,150)	0	(21,130,594,150)
Balance as of September 30, 2021	18		**181,409,990,601**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**325,313,265,088**	**23,721,615,916**	**40,476,721,777 0**	**667,528,936,792**
Other comprehensive income												
Total other comprehensive income			0	0	9,340,541,027	(85,844,379,045)	(6,081,390,580)	(82,585,228,598)	0	34,468,785,007	0	(48,116,443,591)
Balance as of September 30, 2021	18		**181,409,990,601**	**0**	**41,085,212,831**	**(36,353,880,047)**	**9,290,782,030**	**14,022,114,814**	**325,313,265,088**	**58,190,400,923**	**40,476,721,777 0**	**619,412,493,203**
Attributed to the Financial Conglomerate		¢	181,409,990,601	0	41,085,212,831	**(36,353,880,047)**	9,290,782,030	14,022,114,814	325,313,265,088	58,190,400,923	40,476,721,777	619,412,493,203

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General Manager

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Ana Lorena Brenes B.
Accountant

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Rafael Mendoza M.
General Auditor

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BANCO DE COSTA RICA
SEPARATE STATEMENT OF CASH FLOWS
For the period ended September 30, 2022
(In colones without cents)

	Note	September 2022	September 2021
Cash flows from operating activities			
Profit of the year		¢ **34,468,785,007**	**36,268,980,180**
Items applied to results not requiring cash outlays		**(86,408,321,168)**	**(84,492,592,221)**
Increase or (decrease) for			
Allowance for impairment or devaluation of investments		305,834,866	1,730,845,480
Allowance for impairment of loan portfolio		11,246,055,449	22,986,894,412
Allowance for impairment and default of other accounts receivable		2,394,435,093	2,443,568,079
Allowance for impairment of assets in lieu of payment		13,959,179,855	14,388,741,698
Income from reversal of allowance for impairment or devaluation of investments		(1,422,812,661)	(383,128,946)
Income from reversal of allowance for impairment of loan portfolio		(1,373,653,319)	(2,378,091,815)
Income from reversal of allowance for impairment and default of accounts receivable		(1,723,796,169)	(756,217,076)
Income from reversal of allowance for impairment of assets in lieu of payment		(22,528,889,469)	(23,099,702,195)
Profit or loss from the sale of assets received in lieu of payment and of property, furniture and equipment		11,587,283,227	11,115,902,109
Interest in net profit of other companies		(7,342,442,316)	(9,401,633,008)
Depreciation		9,663,043,875	9,608,029,344
Amortization		11,748,855,024	11,192,644,268
Provision for social benefits		288,252,376	0
Provisions for pending lawsuits		3,369,891,109	874,341,549
Income from provisions		(1,384,161,868)	(119,275,616)
Income tax		13,900,674,443	16,943,733,600
Deferred income tax		11,241,063,634	0
Decrease in income tax		(6,711,269,565)	(952,272,464)
Decrease in income tax from previous periods		(719,133,155)	(155,284,663)
Legal allocations on profit		18,478,803,006	16,495,146,992
Interests for obligations with the public		75,266,541,927	74,612,791,621
Interests for obligations with financial entities		8,753,004,833	6,050,487,046
Income from availabilities		(1,144,205,076)	(551,224,798)
Income from investment in financial instruments		(63,021,040,663)	(59,961,081,096)
Income from loan portfolio		(171,982,818,699)	(173,831,808,679)
Gain or loss for exchange rate differences and UD (Development Units), net		742,983,075	(1,345,998,063)
Cash flows from operating activities		**(202,125,412)**	**(249,460,943,072)**
Net change in assets, increase or (decrease) for			
Increase in financial instruments - at fair value through profit or loss		(198,759,275,305)	(950,029,196,603)
Decrease in financial instruments - at fair value through profit or loss		270,073,598,371	920,322,430,628
Increase in financial instruments - at fair value through other comprehensive income		(3,465,520,574,227)	(1,799,991,552,497)
Decrease in financial instruments - at fair value through other comprehesive income		3,373,956,456,866	1,612,377,357,753
Loan portfolio		(37,679,978,706)	(113,580,563,657)
Accounts and commissions receivable		(529,191,788)	(3,296,261,470)
Available-for-sale assets		16,441,322,374	21,333,799,098
Interest receivable from financial instruments		24,954,309,961	16,549,460,349
Interest receivable from loan portfolio		12,173,745,352	29,627,606,980
Other assets		4,687,461,690	17,225,976,347
Net variations in liabilities, increase or (decrease)		**39,822,843,251**	**470,044,013,760**
Obligations with the public		(56,406,943,777)	469,565,869,044
Obligations with the Central Bank of Costa Rica and other entities		145,582,433,757	41,755,750,082
Obligations for accounts and commissions payable and provisions		(44,906,199,083)	(8,078,640,311)
Interest payable for obligations with the public		(11,721,832,367)	(13,312,292,969)
Interest payable for obligations with BCCR and other entities		(2,303,129,988)	(1,081,310,304)
Other liabilities		9,578,514,709	(18,805,361,782)
Interests paid		(67,329,921,433)	(67,123,598,133)
Dividends received		9,400,000,000	9,000,000,000
Collected interest		204,791,150,987	200,835,293,652
Paid income tax		(10,580,051,344)	(5,049,644,840)
Net cash flows provided by operating activities		**123,962,359,888**	**310,021,509,326**
Cash flow from investment activities			
Increase in financial instruments at amortized cost		(3,438,589,439,970)	(14,279,395,679,312)
Decrease in financial instruments at amortized cost		3,439,771,174,299	14,174,217,420,069
Acquisition of property, furniture and equipment		(26,620,359,258)	(6,308,928,750)
Decrease for withdrawal and transfer of property, furniture and equipment		7,177,956,421	573,022,437
Acquisition of intangibles		(9,658,443,243)	(5,573,825,789)
Decrease for withdrawals and transfer of intangibles		(5,286,128,588)	0
Return of capital from subsidiaries		200,000,002	(500,000,001)
Cash flows (used for) provided by investment		**(33,005,240,337)**	**(116,987,991,346)**
Cash flows from financing activities			
Subordinated obligations		19,982,245,196	0
Cash flows provided by financing activities		**19,982,245,196**	**0**
Net increase (decrease) in cash and cash equivalents		**110,939,364,747**	**193,033,517,980**
Cash and cash equivalents at the beginning of the year		906,345,063,539	817,924,074,792
Effect on changes in exchange rates on cash		(8,011,145,251)	6,366,160,063
Cash and cash equivalents at the end of the year	4	¢ 1,009,273,283,035	1,017,323,752,835

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

DOUGLAS SOTO LEITON (FIRMA)
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Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA)
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Ana Lorena Brenes B.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
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Rafael Mendoza M.
General Auditor

(1) Summary of operations and significant accounting policies

a. Operations

Banco de Costa Rica (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 Banks website is www.bancobcr.com

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing certificates of deposit; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of September 30, 2022, the Bank has 162 distributed among the national territory (162 and 166 for December and September 2021, respectively) has in operation 576 automated teller machines (603 and 619 for December and September 2021, respectively) and has 3.916 employees (3.657 and 3.652 for December and September 2021, respectively).

The financial statements and their notes are expressed in colones (¢), the currency unit of the Republic of Costa Rica.

The Bank is shareholder owner of a 100% of the following subsidiaries:

BCR Valores, S.A. (brokerage firm) was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading.

BCR Sociedad Administradora de Fondos de Inversión, S.A. (investment fund manager company) was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management.

(Continues)

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (pension fund operator) 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.

BCR Corredora de Seguros, S.A. (insurance broker) was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting.

Banprocesa, 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.

In article 6 of the minutes of session 1676-2021, held on July 27, 2021, the National Financial System Supervisory Board, in article 6 of the minutes of session 1676-2021, held on July 27, 2021, authorizes the incorporation of Banprocesa as part of the BCR Conglomerate.

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

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

Bancrédito Sociedad Agencia de Seguros, S.A., organized in March 2009 under the laws of the Republic of Costa Rica. As of April 30, 2020, this entity was settled.

The Bank 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, 50 floor, Avenida Balboa and Calle Aquilino de la Guardia, and its subsidiary in Miami, Florida, United States of America. The remaining 49% of BICSA's stocks are owned by Banco Nacional de Costa Rica.

b. Accounting policies for financial statement preparation

The Bank's financial statements are prepared in compliance with the accounting regulations applicable to Supervised Entities, 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).

In January 2008, CONASSIF issued the Accounting Regulations Applicable to Entities Supervised by SUGEF, SUGEVAL and SUPEN and to non-financial issuers, and in September 2018 the Financial Information Regulation, SUGEF Agreement 30-18, was issued, in which CONASSIF establishes the accounting policies that must be used when IFRS have alternative treatments and their exceptions, which favors their comparability and the reading of financial information, both for national and foreign users. In addition, it includes the provisions on remission, presentation, and publication of financial statements in a single regulatory body, which provides greater uniformity in the performance of supervisory bodies, as well as avoiding duplication and redundancy.

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

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

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.

(Continues)

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 entirely, which are described as follows:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 - unobservable inputs for asset or liability.

c. Interest 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 actives. 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 conversion adjustments and unrealized gain or loss on valuation of investments, are recognized in the same manner in the Bank's equity. These effects are recorded in the account “adjustment for valuation of shares in other companies”.

The Bank and subsidiaries must analyze and evaluate 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 Administration of each entity; it will transmit the proposal to the Board of Directors and subsequently send it 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.

d. Foreign currency

i. Foreign currency transactions

Assets and liabilities held in foreign currency are converted to colones at the exchange rate ruling at the separate balance sheet date. Transactions in foreign currency during the year are converted at the foreign exchange rate ruling at the date of the transaction. Conversion gains or losses are presented in the 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 September 30, 2022, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢632.72 for US$1.00 (¢645.25 and ¢629.71 for December and September 2021, respectively).

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended September 30, 2022, gave rise to foreign exchange losses of ¢1.133.287.568.499 (¢736.150.970.825 and ¢409.778.259.678, for December and September 2021, respectively) and gains for ¢1.131.215.889.579 (¢738.877.198.547 and ¢411.715.145.982, for December and September 2021, respectively), which are presented net in the income statement.

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Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are recorded in "Other operating income" and "Other operating expenses", respectively. For the period ended September 30, 2022, valuation of other assets gave rise to gains of ¢670.256.836 (¢355.956.097 and ¢717.002.243, for December and September 2021, respectively) and valuation of other liabilities gave rise to losses of ¢710.444.996 (¢462.502.382 and ¢562.794.452, for December and September 2021, respectively).

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

The financial statements of BICSA are presented in U.S. dollars.

Those financial statements were converted to Costa Rican colones as follows:

- Assets and liabilities at the closing exchange rate.
- Income and expenses at the average exchange rates in effect during each year.
- Equity at historical exchange rates, using the exchange rate in effect on the dates of the transactions.

Valuation of the participation in the financial statements of this foreign subsidiary gave rise to net profits in the period ended September 30, 2022, for ¢2.071.678.920 (¢1.204.741.412 and ¢785.736.342 for December and September 2021, respectively).

e. <u>Basis for the preparation of financial statements</u>

The financial statements have been prepared on the fair value basis for available-for-sale assets and trading financial instruments. Other financial and non-financial assets and liabilities are recorded at amortized or historical cost. The accounting policies have been consistently applied.

f. <u>Financial instruments</u>

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

(i) Classification

Financial instruments at fair value through profit or loss are those maintained by the Bank to generate short-term profits.

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 those financial assets that have not been kept at fair value through profit or loss, have not been originated by the Bank and will not be held to maturity. Instruments at fair value through other comprehensive income include some debt securities.

(ii) Recognition

The Bank recognizes assets at fair value through other comprehensive income at the time it becomes an obligated party, according to the contractual clauses of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in equity.

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

(iii) Measurement

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

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

All non-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.

(iv) *Principles for measurement at fair value*

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

(v) Gains and losses on subsequent measurement

Gains and losses produced by a change in the fair value of assets with changes through other comprehensive income are recognized directly in equity, until an investment is considered impaired, at which time the loss is recognized in the 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 income statement.

(Continues)

(vi) Derecognition

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

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 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.

(Continues)

- 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: Disclosure Information.

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 to be cash and cash equivalents.

h. Investments in financial instruments

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

The effect of market price valuation at fair value through other comprehensive income is included in the equity account named "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:

(Continues)

a. Amortized cost. If an entity, according to its business model and current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:

   i. The fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement.

   ii. The profit or loss that should have been recognized in the result for the period, for the financial statements indicated in the previous section.

b. Fair value through changes in other comprehensive income.

c. Fair value through changes in profit or loss: Participations in open investment funds must be recorded in this category.

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 the purposes of defining the business model, these correspond to the main business model that characterizes the management of the investment portfolio in the Bank.

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 provisions of Law 9274, both the Investment Management Policy of the Development Credit Fund and 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 collect 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 investment portfolio of the Fund.

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.

In compliance with the provisions of the Financial Reporting Regulation with respect to IFRS 9, at the meeting of the General Board of Directors of October 29, 2019, the business model for the classification and valuation of own investments in financial assets for the Bank is approved according to the following valuation categories, in accordance with the defined business model:

- <u>Main business model</u>

  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.

- <u>Secondary business model</u>

  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 definition of 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.

i. 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, purchases 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. The Bank follows the policy of suspending interest accruals on loans with principal or interest that is more than 180 days past due.

j. Allowance for loan losses

The loan portfolio is valued in accordance with provisions established in SUGEF Directive 1-05 “Regulation for Qualifying Debtors”, which was approved by CONASSIF on November 24, 2005, published in Official Journal La Gaceta No. 238 on Friday, March 9, 2005, and became effective on October 9, 2006.

Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ¢65.000.000 (Group 1 under SUGEF Directive 1-05). From May 23, 2019, the amount of ¢100.000.000 or its equivalent in foreign currency according to the sales 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 the following:

- Creditworthiness, which includes an analysis of projected cash flows, an analysis of financial position, consideration for 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 calculates the level of historical payment behavior 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 of collateral should be considered and adjusted at least once annually. 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 below:

Risk category	Arrears	Historical payment behavior	Creditworthiness
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 o Level 2	Level 1, Level 2, Level 3 or Level 4

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

From June 2019, according to SUGEF Agreement 15-16, Regulation on Management and Assessment of Credit Risk for the Development Banking System, the 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:

Risk Category	**Classification Criteria**
1	a. Debtors up to date in the attention of 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
3	a. Debtors with delinquency of more than 30 days and up to 60 days with the entity b. Debtors with delinquency less than 60 days with the entity and have presented delinquency with the SBD greater than 90 days in the last 12 months. c. Debtors with delinquency less than 60 days with the entity, that have been subject to at least one restructuration 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 restructuration in any operation with the entity during the last 12 months
5	Debtors with delinquency of more than 120 days and up to 180 days with the entity
6	Debtors with delinquency of more than 180 days with the entity

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

Pursuant to SUGEF Directive 1-05: “Regulation for qualifying 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 the Transitory XII.

The generic allowance will be 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 claims.

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 minus 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.

(Continues)

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 unhedged borrowers, 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 unhedged debtors, 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%).

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

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

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

Arrears	**Specific allowance percentage on the uncovered portion of the loan**	**Specific allowance percentage on the covered portion of the loan**	**Creditworthiness (Borrowers Group 1)**	**Creditworthiness (Borrowers Group 2)**
30 days or less	20%	0,5%	Level 1	Level 1
60 days or less	50%	0,5%	Level 2	Level 2
More than 61 days	100%	0,5%	Level 1, Level 2, Level 3 or Level 4	Level 1 or Level 2

As an exception for risk category E, from December 1, 2020, the minimum amount of allowance for credit operations with a debtor whose level of Historical Payment Behavior is at Level 3, must be calculated as follows:

Delinquency in the entity at the end of the month	**Specific allowance percentage on the uncovered portion of the loan**	**Specific allowance percentage on the covered portion of the loan**	**Creditworthiness (Borrowers Group 1)**	**Creditworthiness (Borrowers Group 2)**
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, Level 2,	Level 1, Level 2,
90 days or less	50%	0.5%	Level 1, Level 2, Level 3, Level 4	Level 1, Level 2, Level 3, Level 4
More than 90 days	100%	0.5%	Level 1, Level 2, Level 3, Level 4	Level 1, Level 2, Level 3, Level 4

From July 2016, pursuant to SUGEF Directive 19-16, Agreement, “Regulation to determine and record 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 dis-accumulate, in accordance with the methodology established in the article and Article 5 “Accounting Registry” of that regulation.

As of the effective date of the amendment to article 12 of this Regulation and until December 31, 2021, according to transitory XXII, the balance of estimates registered 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 estimates for debtors reclassified to risk categories C1, C2, D and E according to articles 10 and 11 of Agreement SUGEF 1-05.

As of September 30, 2022, the total estimate of the loan portfolio in the accounting records amounts to ¢156.279.625.084 (¢152.927.986.661 y ¢137.088.062.449, as of December and September 30, 2021, respectively).

As of September 30, 2022, the increases in the allowance for bad debts resulting from the minimum allowance are included in the accounting records, in compliance with article 17 of SUGEF Agreement 1-05 "Regulation for the qualification of debtors", with prior authorization from the supervising entity, in accordance with article 10 of the Organic Law of the National Banking System.

As of September 30, 2021, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

Accounts and accrued interest receivable

To assess the risk of accounts and accrued interest receivable unrelated to loan operations, the Bank considers the arrears of the accounts based on ranges established for other assets in SUGEF Directive 1-05 adopted by CONASSIF.

Arrears	Percentage of allowance
30 days or less	2%
60 days or less	10%
90 days or less	50%
120 days or less	75%
More than 120 days	100%

Until IFRS 9, Financial Instruments, is implemented for the credit portfolio of financial intermediaries, the provisions established in the Regulation for the qualification of debtors, to quantify the credit risk and constitute the corresponding allowance, will be maintained in force and the entities will continue to calculate those allowances according to the methodology provided.

k. Securities sold under repurchase agreements

The Bank enters sales of securities under repurchase agreements for a certain date in the future at a fixed price. The obligation to repurchase securities sold is reflected as a liability in the separate balance sheet and stated 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 separate income statement, and accrued interest payable in the separate balance sheet.

l. Accounting for accrued 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. Accrued interest receivable on those loans is recorded when collected.

m. Other receivables

The recoverability of these accounts is assessed by applying criteria similar to those established by SUGEF for the loan portfolio. If an account is not recovered within 120 days from the due date or the date recorded, an allowance is created for 100% of the outstanding balance. Accounts with no specified due date are considered payable immediately.

n. Foreclosed assets

Foreclosed assets are assets owned by the Bank for realization or sale. Included in this account are assets acquired in lieu of payment, assets adjudicated in judicial auctions, assets purchased to be leased under finance and operating leases, goods produced for sale, idle property and equipment, and other foreclosed assets.

Foreclosed 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 recorded in the accounting records for a foreclosed 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 expenditures related to foreclosed assets are to be expensed in the period incurred.

As market value, the net realizable value must be used, which must be determined by applying strictly conservative criteria and is calculated by subtracting the expenses to be incurred for the sale of the asset from the estimated sale price of the asset. 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 money invested and use it for its business activities. For all foreclosed assets, the Bank should have reports from the appraisers who made the appraisals, and those reports 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.

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Supervised entities must record an estimate 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 leasing, within a period of two years, counted from the date of its acquisition or production. Pursuant to article 20-b of SUGEF Directive 1-05, the Regulated Entities are required to book an allowance for retired assets and for foreclosed 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-twenty-fourth of the value of such assets each month until the allowance is equivalent to 100% of the carrying amount of the assets, without exception. The recording of the allowance shall begin at month-end of the month in which the asset was i) acquired, ii) produced for sale or lease, or iii) retired from use.

In SUGEF Directive 30-18, in its article 16, it also indicates that 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 separate financial statements when the Bank has a legal right to set off the recognized amounts and intends to settle on a net basis.

p. Property, furniture and equipment

(i) Own assets

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

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

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(ii) Leased assets

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases.

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 using 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 operating leases using IAS 17.

(iii) Subsequent cost

Costs incurred to replace a component of an item of property and equipment are capitalized and accounted for separately. Subsequent costs are only capitalized when they increase the future economic benefits. All other costs are recognized in the separate income statement when incurred.

(iv) Depreciation

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

	Useful lives
Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
Computer hardware	5 years
Improvements	5 years

(v) Revaluation

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

If the realizable value of the assets is different than the one included in the accounting records, the Bank must adjust the book value 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 done on 2022 and the accounting record on September 30, 2022.

q. Deferred charges

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

r. Intangible assets

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

Amortization of IT systems is charged to profit or loss on a straight-line basis over the estimated useful lives of the related assets. The estimated useful life is five years.

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

s. Impairment of assets

The carrying amount of an asset is reviewed at each separate 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 separate 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 equivalent to the value obtained in an arm's length transaction. Value in use is the present value of future cash flows and disbursements derived from 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 through the separate income statement or separate statement of changes in equity, as appropriate.

SUGEF establishes, 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 taken against account "331 – Adjustments for revaluation of assets".

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 book the applicable adjustments in the accounting records.

t. <u>Obligations with the public</u>

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. <u>Accounts payable and other payables</u>

Accounts payable and other payables are recognized at cost.

v. <u>Legal benefits (severance)</u>

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

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

Pursuant to the Employee 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 employees.

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

The amount of severance benefits not transferred to the Association is provisioned in accordance with the employer's legal obligation.

w. Legal reserve

According to Article 12 of the Organic Law of the National Banking System the Bank sets aside 50% of net earnings after income tax to increase its Legal Reserve.

x. Revaluation surplus

Revaluation surplus included in equity may be transferred directly to undistributed profits when the surplus is realized. The whole surplus is realized on the retirement, disposal, or use of the asset corresponding. The transfer of revaluation surplus to prior period retained earnings should not be made through the separate income statement. The Bank was authorized by SUGEF to capitalize revaluation surplus by increasing share capital.

y. Use of estimates

Management has made several estimates and assumptions relating to the reporting of assets, liabilities, profit or loss, and the disclosure of contingent liabilities in preparing these separate financial statements. Actual results may differ from those estimates. Material 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 revenue and expenses

(i) Financial income

Financial income and expense are recognized in the separate income statement as it accrues considering the effective yield or interest rate. Financial income and expense include 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) Fees and commissions income

When loan originated fees are generated, they are taken against effective yield, and they are deferred over the loan term. Service fees and commissions are recognized when the services are rendered. In the case of other commissions related to the provision of services, these are recognized when the service is provided.

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(iii) Net income on trading securities

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

(iv) Operating lease expenses

Payments for operating lease agreements are recognized in the separate 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 enacted at the separate balance sheet date, and any adjustment to tax payable in respect of 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. A deferred tax asset is recognized only to the extent there is a reasonable probability that it will be realized.

bb. Pension, retirement, and outgoing personnel

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

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

cc. Statutory 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 (prescribed by article 20 of the Law for the creation of the National Commission for Educational Loans (CONAPE) will be allocated as follows: two percent (2%) to CONAPE and three percent (3%) to the capital of the Development Financing Fund (FINADE). On January 2013 transitory III is removed and will continue calculating a 5% for CONAPE, in accordance with law 9092, Return of Income of the National Commissions for Educational Loans.

In accordance with article 46 of the "National Emergency and Risk Prevention Act", 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 statutory allocations and of their accumulated budget surplus to 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 appropriations.

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

dd. Development Financing Fund

In accordance with article 32 of Law No. 8634 "Development Banking System", all State-owned banks, except Banco Hipotecario para la Vivienda (BANHVI), shall appropriate each year at least five percent (5%) of their net earnings after income taxes to the creation and strengthening of its own development funds. The objective of that appropriation is to provide financing to individuals and legal entities that present viable and feasible projects in conformity with the provisions of the law (See note 35).

ee. 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 administrators’ 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.

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

a) Administrators’ 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 Banks can perform services for other financial entities, except for private banks provided they meet the objectives and obligations under Law 8634 and that are duly accredited by the Board.

c) The Banks may proceed or carry on in accordance with Article 35 Law 8634 the resources of the Development Credit Fund through: associations, cooperatives, foundations, NGO, producers’ organizations, or other entities if they have credit operations in programs that meet the objectives established in the Law 8634 and are duly accredited by the 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 the Law 8634 and its executive regulations, if the Banks Administrators demonstrate proven lack of capacity and expertise. (See note 36).

ff. Economic period

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

(2) Collateralized or restricted assets

The collateralized or restricted assets are as follows:

		September 2022	December 2021	September 2021
Cash due from banks (see note 4))	¢	746.693.609.133	642.658.686.723	599.821.042.371
Investment in financial instruments (see note 5)		455.083.161.009	184.673.105.382	177.175.186.300
	¢	1.201.776.770.142	827.331.792.105	776.996.228.671

(3) Balances and transactions with related parties

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

		September 2022	December 2021	September 2021
Assets:				
Availabilities	¢	32.142.176.000	31.656.768.349	28.986.741.962
Loan portfolio		20.158.730	197.687.717	196.962.611
Accounts receivable		3.327.508.620	3.793.619.122	515.210.587
Interest in other companies		120 386 294 664	128.725.242.930	125.511.370.639
Total assets	¢	**155.876.138.014**	**164.373.318.118**	**155.210.285.799**
Liabilities:				
Obligations with the public	¢	5.992.664.979	6.213.938.434	6.487.064.897
Total liabilities	¢	**5.992.664.979**	**6.213.938.434**	**6.487.064.897**
Income:				
Financial income	¢	550.919.627	646.694.969	474.091.897
Income from investments in other companies		7 880 726 872	12.217.142.197	9.402.782.009
Sundry operating income		2 444 889 210	3.863.921.014	2.635.666.565
Total income	¢	**10.876.535.709**	**16.727.758.180**	**12.512.540.471**
Expenses:				
Finance expense	¢	64.682.008	71.879.539	39.071.980
Expense from investments in other companies		538 284 556	941.266.721	1.149.000
Sundry operating expenses		132 963 285	16.273.212	478.458.748
Total expenses	¢	**735.929.849**	**1.029.419.472**	**518.679.728**
Equity:				
Adjustment for valuation of investments in other companies	¢	**(4.536.115.157)**	**1.114.508.511**	**1.863.877.261**

As of September 30, 2022, there are no amounts in investments for participations in funds managed by BCR Sociedad Administradora de Fondos de Inversión, S. A. (subsidiary company). In December and September 2021 there were no such investments).

The amount paid for remunerations to key personnel is detailed as follows:

		September 2022	December 2021	September 2021
Short-term benefits	¢	731.999.834	951.320.781	712.641.130
Board per-diem		40.455.695	116.809.534	95.761.669
	¢	**772.455.529**	**1.068.130.315**	**808.402.799**

(4) Availabilities

Cash and cash equivalents are as follows for purposes of reconciliation with the separate statement of cash flows:

		September 2022	December 2021	September 2021
Cash	¢	81.819.191.205	99.550.418.210	72.903.530.963
Demand deposits BCCR		663.659.876.108	578.167.488.236	623.328.729.704
Checking accounts and demand deposits in local financial entities		144.648.126.257	91.692.364.244	45.300.389.680
Notes payable on demand		2.394.213.633	475.541.407	7.517.221.975
Restricted availabilities		93.206.728.401	94.519.649.484	12.196.352.396
Total cash and due from Banks		**985.728.135.604**	**864.405.461.581**	**761.246.224.718**
Investment in financial instruments to be traded		23.545.147.431	41.939.601.958	256.077.528.117
Total cash and cash equivalents	¢	**1.009.273.283.035**	**906.345.063.539**	**1.017.323.752.835**

As of September 30, 2022, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢746.693.609.133 (¢642.658.686.723 and ¢599.821.042.371, for December and September 2021, respectively).

As of September 30, 2022, there is a liability called "checks receivable" for an amount of ¢1.606.558.381which are cleared with the account of immediate collection documents. in the clearinghouse the next day (¢1.185.956.937 and ¢1.185.956.937 for December and September 2021, respectively).

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		September 2022	December 2021	September 2021
At fair value through profit or loss	¢	220.913.583.766	292.227.906.832	158.063.881.153
At fair value through other comprehensive income		1.360.285.918.071	1.433.296.430.848	1.506.046.887.210
At amortized cost		2.652.600.786	3.834.335.115	160.039.428.562
Interest receivable for investments at fair value through profit or loss		3.008.552.266	3.707.798.210	2.289.503.389
Interest receivable for investments at fair value through other comprehensive income		12.258.895.822	21.246.511.751	14.207.481.264
Allowance for investments in default		0	0	(1.003.381)
	¢	**1.599.119.550.711**	**1.754.312.982.756**	**1.840.646.178.197**

		September 2022	December 2021	September 2021
At fair value through profit or loss		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Open investment funds	¢	25.759.098.460	176.082.906.832	110.835.631.153
		25.759.098.460	**176.082.906.832**	**110.835.631.153**
Issuers abroad:				
Private banks		195.154.485.306	116.145.000.000	47.228.250.000
	¢	**220.913.583.766**	**292.227.906.832**	**158.063.881.153**

		September 2022	December 2021	September 2021
At fair value through other comprehensive income		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Government	¢	1.176.383.387.943	1.296.769.933.999	1.344.125.210.700
State-owned Banks		105 752 584 675	106.948.003.417	127.306.420.288
Private Banks		3 218 422 524	5.290.013.400	23.299.304.950
Private issuers		5 464 976 475	11.817.373.282	11.315.951.272
		1.290.819.371.617	**1.420.825.324.098**	**1.506.046.887.210**
Issuers abroad:				
Private Banks		11.336.837.750	0	0
Private issuers		58.129.708.704	12.471.106.750	0
	¢	**1.360.285.918.071**	**1.433.296.430.848**	**1.506.046.887.210**

		September 2022	December 2021	September 2021
At amortized cost		**Fair Value**	**Fair Value**	**Fair Value**
Local issuers:				
Government	¢	2.652.600.786	3.834.335.115	160.039.428.562
		2.652.600.786	3.834.335.115	160.039.428.562
		2.652.600.786	3.834.335.115	160.039.428.562

As of September 30, 2022, the investment portfolio amounts to ¢171.184.746.336 (¢166.232.001.552 y ¢161.915.591.401, for December and September 2021, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from July 01, 2022, to November 24, 2027.

Purchased financial instruments earn annual yield rates as follows:

	September 2022	**December 2021**	**September 2021**
Colones	0.51% to 18.06%	0.42500% to 11.50%	0.45000% to 11.50%
US dollars	0.010% to 9.96%	0.0124% to 9.20%	0.003062% to 9.20%

As of September 30, 2022, there are no collateral investments, to ¢455.083.161.009 (¢184.673.105.382 y ¢177.175.186.300, as of December and September 2021, respectively) (see note 2).

Repurchase operations

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

As of September 30, 2022, purchased financial instruments remain under resale agreements.

Issuer		**Asset´s balance**	**Guarantee´s fair value**	**Repurchase date**	**Repurchase Price**
Banco Central de Costa Rica		925.199.089	925.199.089	1/7/2022 to 30/9/2022	100.00%
	¢	**925.199.089**	**925.199.089**		

As of December 31, 2021, purchased financial instruments remain under resale agreements.

Issuer		**Asset´s balance**	**Guarantee´s fair value**	**Repurchase date**	**Repurchase Price**
Banco Central de Costa Rica		1.950.281.667	1.950.281.667	30/12/2021 to 03/01/2022	100.00%
Local government	¢	1.884.666.990	1.884.666.990	30/12/2021 to 03/01/2022	100.00%
	¢	**3.834.948.657**	**3.834.948.657**		

As of September 30, 2021, purchased financial instruments remain under resale agreements

Issuer		**Asset´s balance**	**Guarantee´s fair value**	**Repurchase date**	**Repurchase Price**
Banco Central de Costa Rica	¢	105.342.194.583	105.342.194.583		
Local government		16.106.094.009	16.106.094.009	01-09-2021 to 26/11/2021	100.00%
Financial entities		37.917.347.461	37.917.347.461		
	¢	**159.365.636.053**	**159.365.636.053**		

(6) Loan portfolio

(a) Loan portfolio by sector

		September 2022	December 2021	September 2021
Current loans				
Loans – Personal	¢	1.282.442.308.062	1.262.405.058.495	1.247.044.015.371
Loans Development Banking System		51.153.286.454	61.422.876.460	47.050.623.127
Loans - Business		101.017.325.568	86.414.336.923	92.155.201.521
Loans - Corporate		1.394.760.010.463	1.374.296.959.465	1.189.596.824.299
Loans – Public Sector		53.291.930.252	55.223.173.142	106.939.554.541
Loans – Financial Sector		54.522.945.263	82.551.873.032	92.897.670.442
		2.937.187.806.062	2.922.314.277.517	2.775.683.889.301
Past due loans				
Loans – Personal		141.071.337.514	138.706.195.554	119.025.299.471
Loans Development Banking System		3.748.519.722	3.044.541.896	2.490.567.990
Loans - Business		16.976.563.306	18.312.186.433	14.656.250.643
Loans - Corporate		41.213.586.649	59.400.642.657	77.775.512.949
		203.010.007.191	219.463.566.540	213.947.631.053
Loans in legal collection				
Loans – Personal		30.341.103.287	29.835.518.344	30.682.327.307
Loans Development Banking System		243.874.060	53.376.648	53.376.648
Loans - Business		5.858.121.512	4.569.486.592	4.412.269.270
Loans - Corporate		20.065.791.272	17.653.279.083	17.267.022.288
		56.508.890.131	52.111.660.667	52.414.995.513
	¢	**3.196.706.703.384**	**3.193.889.504.724**	**3.042.046.515.867**

(Continues)

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

(b) Loan porfolio by activity

Economic activity		**September 2022**	**December 2021**	**September 2021**
Agriculture, livestock, hunting and related services	¢	152.236.671.308	149.043.571.577	140.095.954.060
Public administration		17.249.503.061.	285.486.409.880	238.914.272.312
Fishing and aquaculture		44.076.348.	46.000.000	41.532.983
Manufacturing		246.304.365.649.	285.047.581.797	259.429.341.041
Telecommunications and public utilities		234.921.281.581	163.842.838.285.	104.154.976.472
Mining and quarrying		30.506.809	35.408.877	37.002.763
Trade		264.981.748.374.	201.575.626.184	194.632.960.288
Services		505.537.741.099.	359.874.194.204	392.272.820.096
Transportation		33.961.612.045.	37.588.886.200	38.387.946.953
Financial activity and stock exchange		3.482.482.898	3.747.089.931	3.815.783.428
Real estate, business, and lease Activities		27.963.310.260	37.403.809.988	37.733.934.955
Construction, purchase, and repair of real estate		1.324.698.539.316	1.271.588.188.876	1.229.202.733.215
Consumer		260.542.769.259	280.742.362.650	287.179.663.676
Hospitality		123.434.987.535	116.341.025.761	114.621.806.011
Education		759.328.069	819.434.189	829.091.167
Other activities of the non- financial Private sector		557.779.773	707.076.325	696.696.448
		3.196.706.703.384	3.193.889.504.724.	3.042.046.515.868
Interest receivable		20.159.597.391	16.243.877.380	19.986.616.932
Deferred income from loan portfolio		(19.166.091.072)	(19.009.378.028)	(18.742.051.060)
Less allowance for loan losses		(156.279.625.084)	(152.927.986.661)	(137.088.062.449)
	¢	**3.041.420.584.619**	**3.038.196.017.415**	**2.906.203.019.291**

(c) Loan porfolio by arreas

The loan portfolio by arrears is detailed as follows:

		September 2022	December 2021	September 2021
Current	¢	2.937.187.806.062	2.922.314.277.517	2.775.683.889.301
01 to 30 days		105.983.533.710	97.881.257.243	118.459.842.491
31 to 60 days		42.697.056.270	50.160.113.927	40.912.249.148
61 to 90 days		16.950.330.769	33.431.546.719	20.203.889.346
91 to 120 days		5.680.602.625	6.950.701.209	3.780.454.852
121 to 180 days		4.648.797.043	3.489.845.313	5.268.007.296
More than 181 days		83.558.576.905	79.661.762.797	77.738.183.434
	¢	**3.196.706.703.384**	**3.193.889.504.725**	**3.042.046.515.868**

The Bank classifies as past due and delinquent those loans that have not made principal or interest payments for one day after the agreed date.

(d) Past due loans

The past due loans, including loans in accrual status and unearned interest on past due loans, are as follows:

		September 2022	December 2021	September 2021
Number of operations		1.767	1.481.	2.672
Past due loans in non-accrual Status	¢	83.558.576.905	79.661.762.798.	77.738.183.435
Past due loans in accrual Status	¢	175.960.320.417	191.913.464.409.	188.624.443.131
Total unearned interest	¢	13.289.326.967	12.456.568.838.	13.742.063.562

Loans in legal collections as of September 30, 2022:

No. of loans	Percentage		Balance
1.050	1.77%	¢	56.508.890.131

As of September 30, 2022, the average annual interest rate accrued on the loans is 7.91% in colones (7.47% and 8.15%, for December and September 2021, respectively) and 6.51% in US dollars (6.98% and 6.40%, for December and September 2021 respectively).

Loans in legal collections as of December 31, 2021:

No. of loans	Percentage		Balance
987	1.63%	¢	52.111.660.667

Loans in legal collections as of September 30, 2021:

No. of loans	Percentage		Balance
1.143	1.72%	¢	52.414.995.513

(e) Accrued interest receivable on loan portfolio

Interest receivables by economic sector are detailed as follows:

		September 2022	December 2021	September 2021
Loans – Personal	¢	8.807.804.978	7.826.867.746	9.615.103.371
Loans Development Banking System		215.620.889	142.948.325	149.737.891
Loans - Business		1.277.096.543	1.068.517.022	1.250.057.144
Loans - Corporate		9.039.284.030	6.653.617.498	7.918.190.831
Loans – Public Sector		542.652.874	278.748.030	747.695.724
Loans – Financial Sector		277.138.077	273.178.759	305.831.971
	¢	**20.159.597.391**	**16.243.877.380**	**19.986.616.932**

Interest receivable by aging is detailed as follows:

		September 2022	December 2021	September 2021
Current loans	¢	12.540.504.913	8.689.842.298	12.868.258.908
Past due loans		4.259.416.098	4.803.207.484	4.397.670.806
Loans in legal collection		3.359.676.380	2.750.827.598	2.720.687.218
	¢	**20.159.597.391**	**16.243.877.380**	**19.986.616.932**

(Continues)

(f) Allowance for loan impairment

Movement in the allowance for loan impairment, is as follows:

2022 opening balance	¢	**152.927.986.661**
Plus:		
Allowance charged to profit or loss (see note 25)		11.246.055.449
Adjustment for foreign exchange differences		4.373.505.175
Less:		
Adjustment for foreign exchange differences		(5.599.585.459)
Transfer paid balances		(5.286.233.656)
Reversal of allowance against income (see note 26)		(564.679.659)
Transfer of balances		(8.450.175)
Balance as of September 30, 2022	¢	**156.279.625.084**

Balance as of December 31, 2021

2021 opening balance	¢	**119.006.689.665**
Plus:		
Allowance charged to profit or loss (see note 25)		39.307.725.100
Movement of balances		35.102
Adjustment for foreign exchange differences		2.460.005.646
Less:		
Adjustment for foreign exchange differences		(97.104.735)
Transfer paid balances		(5.370.964.943)
Reversal of allowance against income (see note 26)		(2.378.084.879)
Transfer of balances		(314.295)
Balance as of December 31, 2021	¢	**152.927.986.661**

Balance as of June 30, 2021

2021 opening balance	¢	**119.006.689.665**
Plus:		
Allowance charged to profit or loss (see note 25)		22.986.894.412
Movement of balances		28.164
Adjustment for foreign exchange differences		1.093.204.736
Less:		
Adjustment for foreign exchange differences		(97.104.735)
Transfer paid balances		(3.523.564.914)
Reversal of allowance against income (see note 26)		(2.378.084.879)
Balance as of September 30, 2021	¢	**137.088.062.449**

(Continues)

(g) Syndicated loans

As of September 30, 2022, and December 2021, the Bank does not have a syndicated loan portfolio with other banks.

These operations did not generate the Bank revenue for the administration of syndicated loans.

As of September 30, 2021, the Bank's syndicated loan portfolio is as follows:

	Number of Operations		Syndicated balance, other	Syndicated balance BCR	Total, balance
Banco Internacional de Costa Rica, S.A.	2	¢	1.625.269.319	291.576.907	1.916.846.226
	2	**¢**	**1.625.269.319**	**291.576.907**	**1.916.846.226**

(7) Foreclosed assets, net

The foreclosed assets are presented net of the allowance for impairment and per legal requirement, as follows:

		September 2022	December 2021	September 2021
Real estate	¢	100.788.983.606	115.853.794.973	123.748.131.643
Other acquired assets		436.267.334	528.893.782	576.976.795
Purchased for sale		1.413.684.795	1.386.351.974	1.113.954.044
Idle property and equipment		2.069.818.108	1.968.406.826	2.175.317.332
		104.708.753.843	119.737.447.555	127.614.379.814
Allowance for impairment and per legal requirement		(68.810.465.820)	(77.384.628.291)	(82.316.824.313)
	¢	**35.898.288.023**	**42.352.819.264**	**45.297.555.501**

The movement of the foreclosed assets is as follows:

		September 2022	December 2021	September 2021
At the beginning of the year	¢	**119.737.447.555**	**136.662.064.222**	**136.662.064.222**
Increase of foreclosed assets		13.004.364.746	31.258.155.819	23.643.318.555
Transfer of property, furniture, and equipment out of use		1.049.759.786	573.500.629	331.256.354
Increase in acquired-for-sale assets		3.250.795.991	3.944.125.165	2.383.666.313
Sale of assets		(31.385.265.725)	(51.951.624.937)	(35.106.307.068)
Withdrawal of property, furniture and equipment out of use		(948.348.510)	(748.773.343)	(299.618.563)
Balance at the end of the period	¢	**104.708.753.843**	**119.737.447.555**	**127.614.379.813**

The movement in the allowance of foreclosed assets is as follows:

		September 2022	December 2021	September 2021
Opening balance	¢	**77.384.628.291**	**91.269.086.566.**	**91.269.086.566**
Increases in allowance		13.959.179.855	19.500.570.250.	14.388.741.698
Reversals in allowance		(22.528.889.469)	(33.087.363.274)	(23.099.702.195)
Transfer to unused accounts		0	(297.665.251)	(241.301.757)
Transfer of balances Bancrédito		(4.452.857)	0	0
Balance at the end of the period	¢	**68.810.465.820**	**77.384.628.291**	**82.316.824.312**

(Continues)

(8) Investments in other companies

Investments in other companies are as follows:

		September 2022	December 2021	September 2021
Local entities:				
BCR Valores, S.A. (Stock Exchange)	¢	18.636.511.463	23.653.664.329	23.452.755.471
BCR Sociedad Administradora de Fondos Inversión, S.A. (Investment Fund Manager)		7.307.566.702	8.869.014.944	8.335.071.887
BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)		6.477.249.157	6.825.171.934	6.479.874.074
BCR Corredora de Seguros, S.A. Seguros (Insurance Broker)		7.300.040.384	8.363.202.405	7.812.876.165
Capital interest in Banprocesa, S.R.L.		208.968.422	192.593.965	951.603.089
Capital interest in Depósito Agrícola de Cartago S.A.		970.561.051	926.303.518	915.694.687
		40.900.897.179	**48.829.951.095**	**47.947.875.373**
Foreign entities:				
Banco Internacional de Costa Rica, S.A. and subsidiary		79.485.397.485	79.895.291.835	77.563.495.266
	¢	**120.386.294.664**	**128.725.242.930**	**125.511.370.639**

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panamá 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. BICSA is in the city of Panama, Republic of Panama, BICSA Financial Center, 50 floor, Avenida Balboa and Calle Aquilino de la Guardia.

The Bank owns a 51 % ownership interest in BICSA (domiciled in Panamá). As of September 30, 2022, that ownership interest is represented by 6.772.137 ordinary shares of US$10 par value each. Banco Nacional de Costa Rica owns the remaining 49% of shares.

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

The Bank's income statement as of September 30, 2022, includes ¢1.515.928.167 (¢1.204.741.412 y ¢785.736.342 for December and September 2021, respectively) for BICSA's result of operations.

The Bank’s statement of changes in equity for the period ended September 30, 2022, includes an increase in equity for ¢1.545.275.423 (¢3.620.787.490 y ¢1.661.788.916, for December and September 2021, respectively), corresponding to changes arising from translation of BICSA’s financial statements.

As of April 26, 2022, BCR Corredora de Seguros, S.A. distributed dividends in the amount of ¢3.100.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-22, of April 19, 2022.

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢2.750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of April 19,2022.

As of April 26, 2022, BCR Valores, S.A., distributed dividends in the amount of ¢3.000.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of 19 April 2022.

As of April 26, 2022, BANPROCESA, S.R.L., distributed dividends in the amount of ¢300.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of 19 April 2022.

As of March 18, 2021, BCR Corredora de Seguros, S.A. distributed dividends in the amount of ¢3.000.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-21, of March 23, 2021.

As of April 05, 2021, BCR Pension Operadora, S.A., distributed dividends in the amount of ¢750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-21, of March 23, 2021.

As of April 9, 2021, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢2.750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-2021.

As of April 28, 2021, BCR Valores, S.A., distributed dividends in the amount of ¢2.500.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-2021.

As of September 15, 2021, BCR grants Operadora de Planes de Pensiones Complementarias S.A resources for ¢500,000,000, for the increase of regulatory operating capital, through the approval in minutes 23-21.

As of December 21, 2021, BCR grants Operadora de Planes de Pensiones Complementarias S.A. resources for ¢130,000,000, for the increase of the regulatory operating capital, through the approval in minutes 55-21.

As of December 31, 2021, 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 ¢940.117.721, 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.

(9) Property and equipment

As of September 30, 2022, property and equipment is as follows:

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance on December 31, 2021	¢	**35.317.661.377**	**73.872.550.839**	**37.793.963.086**	**48.592.243.511**	**5.315.095.937**	**23.187.060.908**	**224.078.575.658**
Additions		0	100.673.617	1.557.770.008	10.510.823.940	0	6.921.942.192	19.091.209.757.
Withdrawals		333.747.430	0	(20.480.104)	(326.471.728)	0	0	(13.204.402)
Transfers		0	0	(777.211.890)	(7.724.168.392)	0	118.608.857	(8.382.771.425)
Revaluation		(9.944.428)	20.019.490.453	25.476.753	0	0	0	20.035.022.778.
Balance on September 30, 2022		**35.641.464.379**	**93.992.714.909**	**38.579.517.853**	**51.052.427.331**	**5.315.095.937**	**30.227.611.957**	**254.808.832.366**
Accumulated depreciation and impairment:								
Balance on December 31, 2021		**0**	**24.237.889.998**	**22.176.989.968**	**30.083.431.088.**	**3.795.485.935**	**2.125.480.583**	**82.419.277.572**
Depreciation expense		0	1.430.540.593	2.044.932.300	3.660.026.354	196.171.162	2.331.373.466	9.663.043.875
Withdrawals		0	0	(1.029.704.888)	(313.450.288)	0	0	(1.343.155.176)
Transfers		0	0	835.057.990	(828.993.035)	461.958	(176.635.687)	(170.108.774)
Revaluation		0	8.493.126.762	0	0	0	0	8.493.126.762
Balance on September 30, 2022	¢	**0**	**36.031.846.214**	**25.231.411.229**	**36.975.083.916**	**4.243.439.384**	**6.598.924.452**	**109.080.705.195**
September 30, 2022	¢	**35.641.464.379.**	**57.960.868.695**	**13.348.106.624**	**14.077.343.415**	**1.071.656.553**	**23.628.687.505**	**145.728.127.171**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2021, property and equipment is as follows:

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance on December 31, 2020	¢	**35.091.690.377**	**72.815.609.798**	**35.089.805.265**	**46.440.889.656**	**5.200.024.297**	**23.187.060.908**	**217.825.080.301**
Additions		225.971.000	1.056.941.041	3.280.010.854	3.064.984.085	115.071.640	0	7.742.978.620
Withdrawals		0	0	(1.157.538.257)	(746.741.476)	0	0	(1.904.279.733)
Transfers		0	0	(344.870.248)	(166.888.754)	0	0	(511.759.002)
Revaluation		0	0	926.555.472	0	0	0	926.555.472
Balance on December 31, 2021		**35.317.661.377**	**73.872.550.839**	**37.793.963.086**	**48.592.243.511**	**5.315.095.937**	**23.187.060.908**	**224.078.575.658**
Accumulated depreciation and impairment:								
Balance on December 31, 2020		**0**	**24.237.889.998**	**22.176.989.968**	**30.083.431.088**	**3.795.485.935**	**2.125.480.583**	**82.419.277.572**
Depreciation expense		0	1.870.288.861	2.569.301.040	5.271.404.216	251.320.329	2.707.226.347	12.669.540.793
Withdrawals		0	0	(1.389.442.141)	(754.439.772)	0	0	(2.143.881.913)
Transfers		0	0	24.276.960	(142.894.647)	0	(388.520.257)	(507.137.944)
Balance on December 31, 2021	¢	**0**	**26.108.178.859**	**23.381.125.827**	**34.457.500.885**	**4.046.806.264**	**4.444.186.673**	**92.437.798.508**
December 31, 2021	¢	**35.317.661.377**	**47.764.371.980**	**14.412.837.259**	**14.134.742.626**	**1.268.289.673**	**18.742.874.235**	**131.640.777.150**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 31, 2021, property and equipment is as follows:

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance on December 31, 2020	**¢**	**35.091.690.377**	**72.815.609.798**	**35.089.805.265**	**46.440.889.656**	**5.200.024.297**	**23.187.060.908**	**217.825.080.301**
Additions		0	1.040.416.206	3.809.863.586	1.228.983.147	13.000.000	0	6.092.262.939
Withdrawals		0	0	(701.145.308)	(77.148.466)	0	0	(778.293.774)
Transfers		0	0	(307.621.452)	(132.015.139)	0	3.885.198.529	3.445.561.938
Balance on September 30, 2021		**35.091.690.377**	**73.856.026.004**	**37.890.902.091**	**47.460.709.198**	**5.213.024.297**	**27.072.259.437**	**226.584.611.404**
Accumulated depreciation and impairment								
Balance on December 31, 2020		**0**	24.237.889.998	22.176.989.968	30.083.431.088	3.795.485.935	2.125.480.583	82.419.277.572
Depreciation expense		0	1.402.132.592	1.839.749.404	3.930.734.333	188.327.747	2.030.419.456	9.391.363.532
Withdrawals		0	0	(444.936.498)	(76.474.670)	0	0	(521.411.168)
Transfers		0	0	(1.304.023)	(122.192.737)	0	356.143.199	232.646.439
Balance on September 30, 2021	**¢**	**0**	**25.640.022.590**	**23.570.498.851**	**33.815.498.014**	**3.983.813.682**	**4.512.043.239**	**91.521.876.376**
September 30, 2021	**¢**	**35.091.690.377**	**48.216.003.414**	**14.320.403.240**	**13.645.211.184**	**1.229.210.615**	**22.560.216.198**	**135.062.735.028**

(Continues)

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		September 2022	December 2021	September 2021
Improvements in property in operating lease	¢	924.327.799	1.090.977.686	1.195.460.679
Pre-issuance costs of financial instruments		69.873.947	280.673.715	348.980.661
Other deferred charges		0	5.975.329.081	4.743.812.159
	¢	**994.201.746**	**7.346.980.482**	**6.288.253.499**

(b) Intangible assets

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

		2022
Cost:		
Balance as of December 31, 2021	¢	**45.385.780.627**
Additions to computer systems		9.658.443.243
Transfer balances		10.756.336.288
Withdrawals		(261.998.429)
Balance as of September 30, 2022		**65.538.561.729**
Accumulated amortization and impairment:		
Balance as of December 31, 2021		**30.525.929.547.**
Expense for amortization of computer systems		8.799.402.650
Transfer balances		5.425.788.009
Withdrawals		(217.578.738)
Balance of amortization and impairment as of September 30, 2022		**44.533.541.468**
Balances, net:		
Balance as of September 30, 2022	¢	**21.005.020.261**

Balance as of December 31, 2021

Cost:		
Balance as of December 31, 2020	**¢**	**36.626.210.835**
Additions to computer systems		9.053.541.095
Withdrawals		(293.971.303)
Balance as of December 31, 2021		**45.385.780.627**
Accumulated amortization and impairment:		
Balance as of December 31, 2020		**23.552.652.071**
Expense for amortization of computer systems		7.253.020.913
Transfer balances		814.545
Withdrawals		(280.557.982)
Balance of amortization and impairment as of December 31, 2021		**30.525.929.547**
Balance as of December 31, 2021	**¢**	**14.859.851.080**

Balance as of September 30, 2021

Cost:		
Balance as of December 31, 2020	**¢**	**36.626.210.835**
Additions to computer systems		5.573.825.789
Withdrawals		(86.491.181)
Balance as of September 30, 2021		**42.113.545.443**
Accumulated amortization and impairment:		
Balance as of December 31, 2020		**23.552.652.071**
Expense for amortization of computer systems		5.097.616.847
Withdrawals		(86.491.181)
Balance of amortization and impairment as of September 30, 2021		**28.563.777.737**
Balance as of September 30, 2021	**¢**	**13.549.767.706**

(Continues)

(c) Other assets

Other assets are detailed as follows:

		September 2022	December 2021	September 2021
Prepaid taxes	¢	21.986.228.908	19.995.273.395	14.135.716.916
Prepaid rentals		78.383	78.383	78.383
Prepaid insurance policy		111.773.028	50.297.343	150.513.190
Prepaid expenses		22.098.080.319	20.045.649.121	14.286.308.489
Stationery, supplies and other materials		156.169.846	166.254.296	173.878.922
Library and works of art		2.057.478	2.057.436	2.057.413
Constructions in process		5.935.546.139	5.266.177.614	4.433.226.625
Amortized applications in development		3.741.092.132	4.651.558.418	3.588.901.376
Rights in social and union institutions		36.633.800	36.633.800	36.633.800
Other sundry assets		2.064.373.130	2.064.373.131	2.064.373.131
Miscellaneous goods		11.935.872.525	12.187.054.695	10.299.071.267
Missing cash		56.871.048	46.699.731	38.825.597
Transactions to be settled		26.415.567.427	19.067.613.240	19.543.356.767
Other charge pending operations		182.249.476	138.719.811	111.856.612
Operations pending ascription		26.654.687.951	19.253.032.782	19.694.038.976
Deposits in guarantee		221.032.648	223.354.233	219.657.771
Restricted assets		221.032.648	223.354.233	219.657.771
	¢	**60.909.673.443**	**51.709.090.831**	**44.499.076.503**

As of September 2022, the net appraisal record is reflected in Buildings for ¢11,447,128,295 and property for ¢456,051,531.

(11) Demand obligations with the public

Demand obligations with the public as follows:

		September 2022	December 2021	September 2021
Checking accounts	¢	2.006.919.621.059	2.273.166.980.463	2.116.725.577.035
Certification checks		318.894.527	33.244.663	80.510.387
Demand saving deposits		1.003.583.957.713	1.003.981.124.100	881.979.213.853
Matured term deposits		2.511.348.373	2.504.906.622	2.847.123.935
Other demand obligations with the public		5.423.830.119	3.780.361.983	17.463.752.919
	¢	**3.018.757.651.791**	**3.283.466.617.831**	**3.019.096.178.129**

(Continues)

(12) Term and demand deposits from clients

Term and demand deposits from the clients according to number of clients and amounts, are detailed as follows:

		September 2022	December 2021	September 2021
		Demand	**Demand**	**Demand**
Public	¢	3.013.333.821.672	3.279.686.255.848	3.001.632.425.209
Other obligations with the public		5.423.830.119	3.780.361.983	17.463.752.920
		3.018.757.651.791	3.283.466.617.831	3.019.096.178.129
State-owned entities		6.946.133.287	2.944.736.524	7.382.586.627
Deposits from other banks		3.585.738.945	3.317.575.896	4.494.386.061
Other financial entities		21.753.972.989	28.958.722.298	35.612.392.315
		32.285.845.221	35.221.034.718	47.489.365.003
	¢	**3.051.043.497.012**	**3.318.687.652.549**	**3.066.585.543.132**

		September 2022	December 2021	September 2021
		Term	**Term**	**Term**
Public	¢	1.496.448.572.989	1.318.752.537.179	1.433.720.793.214
		1.496.448.572.989	1.318.752.537.179	1.433.720.793.214
State-owned entities		42.160.936.773	82.772.160.448	81.775.859.874
Deposits from other banks		10.470.952.213	10.511.690.020	10 483 043 794
Other financial entities		390.124.529.895	292.011.527.441	261.511.613.720
		442.756.418.881	385.295.377.909	353.770.517.388
	¢	**1.939.204.991.870**	**1.704.047.915.088**	**1.787.491.310.602**

As of September 30, 2022, demand deposits from customers include court-ordered deposits for ¢.252.304.799.624 (¢247.766.946.452 and ¢236.748.341.340 for December and September 2021, respectively) which are restricted because of their nature.

As of September 30, 2022, the Bank has a total of 1.728.575 (1.765.641 and 1.732.275 for December and September 2021, respectively) customers with demand deposits and has a total 36.429 (34.887 and 36.614 for December and September 2021, respectively).

(13) Repurchase and reverse repurchase agreements

The Bank purchases financial instruments under agreements whereby the Bank commits to sell the financial instruments at future dates at a predetermined price and return.

As of September 30, 2022, December and September 2021, the Bank does not hold repurchase agreements.

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

Obligations with entities are as follows:

		September 2022	December 2021	September 2021
Term deposits with the Central Bank de Costa Rica	¢	215.749.270.823	127.689.025.829	139.320.785.417
Charges payable for obligations with Central Bank of Costa Rica		1.284.223.817	596.659.814	370.891.200
		217.033.494.640	128.285.685.643	139.691.676.617
Checking accounts of local entities		21.386.020.726	28.644.104.653	33.234.981.370
Overdrafts on demand checking accounts in foreign financial entities		9.293.266.114	5.938.790.633	13.060.438.909
Obligations for checks to be cashed		1.606.558.381	638.139.432	1.193.944.724
Term deposits from local financial Entities		63.639.679.786	119.845.276.717	118.522.849.317
Loans from foreign financial Entities		8.872.967.547	26.128.829.427	34.078.423.543
Obligations for the right-of-use leased properties		29.233.944.084	25.155.577.916	25.207.518.635
Obligations for deferred liquidity operations		155.225.641.974	27.302.998.671	5.928.281.954
Obligations with resources from the Development Credit Fund (DCF)		185.784.185.490	186.862.695.178	170.033.443.939
Charges payable for obligations with financial and non-financial entities		951.151.379	1.706.470.174	1.341.416.427
		475.993.415.481	422.222.882.801	402.601.298.818
Subordinated loans		19.982.245.196	0	0
Charges payable subordinated loans		90.288.889	0	0
		20.072.534.085	**0**	**0**
	¢	**713.099.444.206**	**550.508.568.444**	**542.292.975.435**

Maturities of term obligations with entities are from October 1, 2022, to February 03, 2025.

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

	September 2022	December 2021	September 2021
Colones	0.01 % to 6.25%	0.1999 % to 2.00%	0.1999 % to 1.50%
US dollars	0.01% to 7.68%	0.009% to 3.50%	0.009% to 2.75%

As of September 2022, December and September 2021, there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

As of September 30, 2022, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	255.251.329.819	0	0	5.582.823.547	260.834.153.366
From three to five years		115.723.582.977	0	0	3.290.144.000	119.013.726.977
Total	¢	370.974.912.796	0	0	**8.872.967.547**	**379.847.880.343**

As of December 31, 2021, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	37.304.109.720	0	0	22.773.529.427	60.077.639.147
From three to five years		117.687.914.780	0	0	0	117.687.914.780
Over five years		0	0	0	3.355.300.000	3.355.300.000
Total	¢	**154.992.024.500**	**0**	**0**	**26.128.829.427**	**181.120.853.927**

As of September 30, 2021, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	18.850.785.417	0	0	6.297.100.000	25.147.885.417
Between one and two years		0	0	0	27.781.323.543	27.781.323.543
From three to five years		120.470.000.000	0	0	0	120.470.000.000
Total	¢	**139.320.785.417**	**0**	**0**	**34.078.423.543**	**173.399.208.959**

(b) Lease obligations

As of September 30, 2022, the Bank has following obligations from financial leases:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	18.850.785.417	0	0	6.297.100.000	25.147.885.417
Between one and two years		0	0	0	27.781.323.543	27.781.323.543
From three to five years		120.470.000.000	0	0	0	120.470.000.000
Total	¢	**139.320.785.417**	**0**	**0**	**34.078.423.543**	**173.399.208.959**

As of December 31, 2021, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Amortization
Less than one year	¢	3.965.951.780	1.433.739.475	0	2.532.212.305
Between one and five years		27.735.320.427	5.111.954.816	0	22.623.365.611
	¢	**31.701.272.207**	**6.545.694.291**	**0**	**25.155.577.916**

As of September 30, 2021, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Amortization
Less than one year	¢	3.880.561.095	1.439.806.138	0	2.440.754.957
Between one and five years		28.106.865.433	5.340.101.755	0	22.766.763.678
	¢	**31.987.426.528**	**6.779.907.893**	**0**	**25.207.518.635**

(Continues)

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

		Colones	US$ converted to colones
1 year		697.682.499	2.615.410.532
2 years		682.607.263	2.535.087.556
3 years		794.854.899	2.924.440.698
4 years		850.812.683	3.099.907.045
5 years		910.709.896	3.285.901.461
Over 5 years		2.382.168.828	8.454.360.723
	¢	**6.318.836.069**	**22.915.108.014**

As of December 31, 2021, the estimate of future lease payments is as follows:

		Colones	US$ converted to colones
1 year		246.831.566	2.285.380.739
2 years		264.208.508	2.422.503.565
3 years		258.499.600	2.348.105.104
4 years		301.007.159	2.708.740.246
5 years		322.198.063	2.871.264.699
Over 5 years		1.143.349.468	9.983.489.199
	¢	**2.536.094.364**	**22.619.483.552**

As of September 30, 2021, the estimate of future lease payments is as follows:

		Colones	US$ converted to colones
1 year		242.668.929	2.074.077.086
2 years		259.752.822	2.344.124.801
3 years		254.140.190	2.272.133.457
4 years		321.512.626	2.846.497.823
5 years		318.565.379	2.791.890.386
Over 5 years		1.198.582.804	10.283.572.333
	¢	**2.595.222.749**	**22.612.295.885**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

	Year		Payments	Present value	Amortization	Interest	Balance
1	30/9/2022		5.016.145.590	3.186.155.662	1.356.165.735	1.829.989.927	26.047.788.421
2	30/9/2023		4.690.403.491	3.297.739.241	1.905.074.992	1.392.664.250	22.750.049.180
3	30/9/2024		5.341.887.689	3.995.156.856	2.648.426.023	1.346.730.833	18.754.892.324
4	30/9/2025		5.016.145.590	3.990.124.522	2.964.103.454	1.026.021.068	14.764.767.802
5	30/9/2026		5.016.145.590	4.238.430.770	3.460.715.949	777.714.820	10.526.337.032
6	30/9/2027		4.690.403.491	4.200.869.118	3.711.334.745	489.534.373	6.325.467.915
7	30/9/2028		5.341.887.689	5.083.986.040	4.826.084.390	257.901.649	1.241.481.875
8	30/9/2029		1.254.036.397	1.241.481.875	1.228.927.353	12.554.522	0
9	30/9/2030		0	0	0	0	0
10	30/9/2031		0	0	0	0	0
		¢	**36.367.055.527**	**29.233.944.084**	**22.100.832.640**	**7.133.111.443**	

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

	Year		Payments	Present value	Amortization	Interest	Balance
1	31/12/2021		3.979.834.637	2.408.689.987	837.545.337	1.571.144.650	22.746.887.643
2	31/12/2022		3.979.834.637	2.701.427.915	1.423.021.194	1.278.406.722	20.045.459.727
3	31/12/2023		3.979.834.637	2.866.261.525	1.752.688.412	1.113.573.112	17.179.198.203
4	31/12/2024		3.979.834.637	3.041.178.406	2.102.522.175	938.656.231	14.138.019.797
5	31/12/2025		3.979.834.637	3.226.797.418	2.473.760.199	753.037.219	10.911.222.379
6	31/12/2026		3.979.834.637	3.423.775.139	2.867.715.642	556.059.498	7.487.447.239
7	31/12/2027		3.979.834.637	3.632.808.861	3.285.783.085	347.025.776	3.854.638.379
8	31/12/2028		3.979.834.637	3.854.638.379	3.729.442.120	125.196.258	0
9	31/12/2029		0	0	0	0	0
10	31/12/2030		0	0	0	0	0
		¢	**31.838.677.096**	**25.155.577.630**	**18.472.478.164**	**6.683.099.466**	

As of September 30, 2021, future payments of the lease liability are presented as follows:

	Year		Payments	Present value	Amortization	Interest	Balance
1	30/9/2021		3.893.913.667	2.316.746.016	739.578.364	1.577.167.652	22.890.772.334
2	30/9/2022		3.893.913.667	2.603.877.622	1.313.841.577	1.290.036.045	20.286.894.712
3	30/9/2023		3.893.913.667	2.526.273.646	1.631.710.047	1.131.101.810	17.524.082.854
4	30/9/2024		3.893.913.667	3.168.010.449	1.969.030.809	962.441.429	14.592.610.616
5	30/9/2025		3.893.913.667	3.110.455.764	2.326.997.861	783.457.903	11.482.154.852
6	30/9/2026		3.893.913.667	3.300.396.175	2.706.878.682	593.517.493	8.181.758.677
7	30/9/2027		3.893.913.667	3.202.140.577	3.110.018.852	391.947.408	4.679.792.418
8	30/9/2028		3.893.913.667	4.015.705.947	3.537.846.861	178.033.403	963.912.153
9	30/9/2029		973.478.417	963.912.438	954.345.890	9.566.263	0
10	30/9/2030		0	0	0	0	0
		¢	**32.124.787.756**	**25.207.518.634**	**18.290.248.942**	**6.917.269.407**	

(Continues)

(15) Income tax

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

As of September 30, 2022, the Bank's separate balances of income tax payable and expected income tax amount to ¢10.312.699.938 (¢21.879.235.843 and ¢16.943.733.600 for December and September 2021, respectively) (see note 17) and income tax advances for ¢21.986.228.908 (¢19.995.273.395 and ¢14.135.716.916 for December and September 2021, respectively) are recorded as "Other assets".

Income tax expense is detailed as follows:

		September 2022	December 2021	September 2021
Income tax	¢	13.900.674.443	21.879.235.843	16.943.733.600
Decrease in income tax		(3.587.974.505)	0	
		10.312.699.938	21.879.235.843	16.943.733.600
Income tax expense:				
Expense for current tax of the period		13.900.674.443	21.879.235.843	16.943.733.600
Expense for deferred income tax		11.241.063.634	0	
		25.141.738.077	21.879.235.843	16 943 733 600
		25.141.738.077	21.879.235.843	16 943 733 600
Deferred income tax				
Decrease in income tax of the period		(3.587.974.506)	0	0
Income for deferred income tax		(3.123.295.059)	(1.177.839.211)	(952.272.464)
Decrease of income tax from previous periods		(719.133.155)	(155.284.663)	(155.284.663)
		(7.430.402.720)	(1.333.123.874)	(1 107 557 127)
Expense for income tax, net	¢	17.711.335.357	20.546.111.969	15.836.176.473

		September 2022	December 2021	September 2021
Realization of deferred income tax	¢	(8.117.768.575)	1.177.839.211	952.272.464

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

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2022, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	17.737.814.661	(897.632.595)	16.840.182.066
Revaluation of buildings		242.823.928	(8.584.508.075)	(8.341.684.148)
Revaluation of property			(5.763.717.660)	(5.763.717.660)
Financial leases		8.813.170.815	(7.942.193.531)	870.977.284
Deferred tax on exchange differences			(8.293.728.303)	(8.293.728.304)
Total	¢	**26.793.809.403**	**(31.481.780.164)**	**(4.687.970.762)**

As of December 31, 2021, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	478.172.726	(19.917.035.990)	(19.438.863.264)
Revaluation of buildings		0	(4.971.062.820)	(4.971.062.820)
Revaluation of property		0	(6.077.988.389)	(6.077.988.389)
Financial leases		7.587.894.926	(6.565.022.913)	1.022.872.013
Total	¢	**8.066.067.652**	**(37.531.110.112)**	**(29.465.042.460)**

As of September 30, 2021, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	166.366.453	(23.880.149.853)	(23.713.783.400)
Revaluation of buildings		0	(5.007.781.462)	(5.007.781.462)
Provisions		7.603.464.044	(6.768.064.859)	835.399.185
Total	¢	**7.769.830.497**	**(35.655.996.175)**	**(27.886.165.678)**

Movement of temporary differences is as follows:

As of September 30, 2022:

		December 31, 2021	Income statement	Equity	September 30, 2022
Liabilities account					
Valuation of investments	¢	(19.917.035.990)	0	19.019.403.395	(897.632.595)
Revaluation of buildings		(4.971.062.820)	85.030.531	(3.698.475.786)	(8.584.508.075)
Revaluation of property		(6.077.988.389)	0	314.270.729	(5.763.717.660)
Financial leases		(6.565.022.913)	(1.377.170.618)	0	(7.942.193.531)
For exchange differences		0	(8.293.728.303)	0	(8.293.728.303)
Assets account					
Valuation of investments		478.172.726	0	17.259.641.935	17.737.814.661.
Income tax for asset revaluation		0	242.823.928	0	242.823.928
Financial lease		7.587.894.926	1.225.275.888	0	8.813.170.814
Total	¢	**(29.465.042.459)**	**(8.117.768.575)**	**32.894.840.273**	**(4.687.970.762)**

As of December 31, 2021:

		December 31, 2020	Income statement	Equity	December 31, 2021
Liabilities account					
Valuation of investments	¢	(2.679.050.235)	0	(17.237.985.755)	(19.917.035.990)
Revaluation of buildings		(5.124.654.741)	154.967.198	(1.375.276)	(4.971.062.820)
Revaluation of property		0	0	(6.077.988.389)	(6.077.988.389)
Financial leases		0	(6.565.022.913)	0	(6.565.022.913)
Assets account					
Valuation of investments		736.637.755	0	(258.465.029)	478.172.726
Financial lease-tax on asset revaluation		0	7.587.894.926	0	7.587.894.926
Total	¢	**(7.067.067.221)**	**1.177.839.211**	**(23.575.814.449)**	**(29.465.042.459)**

As of September 30, 2021:

		December 31, 2020	Income statement	Equity	September 30, 2021
Liabilities account					
Valuation of investments	¢	(2.679.050.235)		(21.201.099.618)	(23.880.149.853)
Revaluation of buildings		(5.124.654.741)	116.873.279		(5.007.781.462)
Financial lease		0	(6.768.064.859)		(6.768.064.859)
Assets account					
Valuation of investments		736.637.755		(570.271.302)	166.366.453
Financial lease		0	7.603.464.044		7.603.464.044
Total	¢	**(7.067.067.222)**	**952.272.464**	**(21.771.370.920)**	**(27.886.165.678)**

As of September 30, 2022, the Bank has a balance for income tax receivable of ¢85.427.352 (¢85.609.965 and ¢498.232.461 for December and September 2021, respectively), in addition to bear value added tax for ¢792.085.162 (¢1.518.414.783 and ¢567.073.092 for December and September 2021, respectively) and value added tax deductible for ¢1.725 (¢1.725 as of December and September 2021, there were no sums in that category).

		September 2022	December 2021	September 2021
Income tax receivable	¢	85.427.352	85.609.965	498.232.461
Supported value added tax		792.085.162	1.518.414.783	567.073.092
Deductible value added tax		1.725	1.725	0
	¢	**877.514.239**	**1.604.026.473**	**1.065.305.553**

Income tax receivable for overpayments, originated by the return of investments of the Development Credit Fund that are exempt from the obligation and for income and value added tax advances.

IFRIC-23 “Uncertainty over income tax treatments” introduces the concept of uncertain tax treatment, which starts after the tax administration begins a process of transferring charges, from which on the entity is already facing an uncertain tax treatment since the tax authority has already indicated that it does not accept the treatment provided, and therefore it is in dispute. In such case what proceeds is to reflect the uncertainty according to the method that better predict its resolution and by recording the corresponding provision.

As of September 30, 2022, the amount recorded by the Bank as provision is of ¢13.765.703.527 (¢24.890.634.566 and ¢33.377.662.908 for December and September 2021, respectively).

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.

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

As of September 30, 2022, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢8.293.728.303.

(Continues)

(16) Provisions

Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2021	¢	**8.886.756.019**	**16.151.179.297**	**25.267.408.936**	**50.305.344.252**
Increase in provision		288.252.376	3.369.891.109.	776.349.380	4.434.492.865
Use of provision		(47.850.356)	(157.409.242)	(11.884.773.861)	(12.090.033.459)
Adjustment for foreign exchange		0	(38.208.442)	0	(38.208.442)
Reversal of provision		0	(1.238.595.549)	0	(1.238.595.549)
Balance on September 30, 2022	¢	**9.127.158.039**	**18.086.857.173**	**14.158.984.455**	**41.372.999.667.**

As of December 31, 2021, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2020	¢	**8.931.398.706**	**15.611.657.461**	**33.377.662.908**	**57.920.719.075**
Increase in provision		0	1.242.520.081	607.011.617	1.849.531.698
Use of provision		(44.642.687)	(699.969.817)	(8.717.265.589)	(9.461.878.093)
Adjustment for foreign exchange		0	16.053.599	0	16.053.599
Reversal of provision		0	(19.082.027)	0	(19.082.027)
Balance on December 31, 2021	¢	**8.886.756.019**	**16.151.179.297**	**25.267.408.936**	**50.305.344.252**

As of September 30, 2021, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2020	¢	**8.931.398.706**	**15.611.657.461**	**33.377.662.908**	**57.920.719.075**
Increase in provision		0	874.341.549	0	1.198.338.467
Use of provision		(42.171.411)	(697.113.116)	0	(739.284.527)
Adjustment for foreign exchange		0	(8.489.173)	0	(8.489.173)
Reversal of provision		0	(18.696.027)	0	(18.696.027)
Balance on September 30, 2021	¢	**8.889.227.295**	**15.761.700.694**	**33.701.659.826**	**58.352.587.815**

(Continues)

As of September 30, 2022, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢23.881.682.835 and US$373.872.285 for which the Bank has provisioned ¢1.574.987.887 and US$95.513, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1.968.803.039 and $5.857 for which the Bank has recorded a provision in the amount of ¢267.903.559.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.440.126.674 and $825.001 for which the Bank has provisioned ¢2.181.714.717, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢14.016.914.657 and US$2.000. for which the Bank has provisioned ¢14.001.818.234.

- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ¢232.577.907.

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

- Ordinary suits filed against the Bank estimated at ¢24.091.229.184 and US$71.714.326 for which the Bank has provisioned ¢1.810.526.748 and US$1.395.500, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1.965.668.874 and $5.857, for which the Bank has recorded a provision in the amount of ¢286.918.445.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.143.391.270 and $825.001 de for which the Bank has provisioned ¢2.126.188.640, corresponding to cases where a provisional judgment has been handed down

- There are administrative proceedings at different stages in the amount ¢11.042.195.510 and US$2.000, for which the Bank has provisioned ¢11.027.099.088.

- In compliance with Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica” the amount of ¢801.701.887 was transferred for pending proceedings.

- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ¢376.774.370.

(Continues)

As of September 30, 2021, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢22.502.398.279 and US$69.291.542 for which the Bank has provisioned ¢1.810.526.748 and US$1.395.500, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢1.777.679.429 and $5.857, for which the Bank has recorded a provision in the amount of ¢98.929.000.
- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.107.220.016 and $825.001 de for which the Bank has provisioned ¢2.104.610.180, corresponding to cases where a provisional judgment has been handed down.
- There are administrative proceedings at different stages in the amount ¢11.852.517 and US$34.200, for which the Bank has provisioned ¢10.816.004.251.
- In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" the amount of ¢801.701.887 was transferred for pending proceedings.
- A provision corresponding to the Deposit Guarantee Fund is created, recorded in "Others", for the amount of ¢323,996,918.

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		September 2022	December 2021	September 2021
Fees payable	¢	83.382.744	306.947.141	304.562.643
Current income tax (see note 15)		10.312.699.938	21.879.235.843	16.943.733.600
UD Income Tax		5.688.318	365.237.441	346.423.816
Value added tax payable		154.993.990	164.397.121	181.145.800
Employer contributions		1.468.138.131	1.191.825.051	1.190.404.776
Withholdings by legal order		897.493.037	885.978.525	924.983.839
Retained taxes payable		2.852.573.251	1.986.203.744	2.943.759.326
Employer withholdings		1.044.108.609	922.270.180	922.378.722
Other third-party withholdings		15.806.600.039	11.865.702.259	12.415.321.477
Compensations and salaries payable		5.599.688.086	7.185.257.235	5.501.215.396
Distributions payable on results of the period (see note 30)		18.478.803.006	21.326.688.983	16.495.146.992
Accrued vacation payable		6.932.726.431	5.949.176.535	6.573.148.602
Accrued statutory Christmas bonus payable		4.331.117.125	540.478.026	4.088.112.656
Contribution to the Superintendence budget		3.000.000	0	35.638.809
Commissions payable for insurance placement		125.811.936	56.068.977	57.777.605
Sundry creditors		21.862.072.904	22.680.916.832	24.938.322.973
	¢	**89.958.897.545**	**97.306.383.893**	**93.862.077.032**

(Continues)

Sundry creditors record accounts payable, and commissions not specified in the above concepts that mainly correspond to transactions by supplier invoices, constitution of companies, placement of policies, withholdings payable, transactions with checking and savings accounts.

(18) Equity

a) Capital Social

The Bank's capital is comprised as follows:

		September 2022	December 2021	September 2021
Capital under Law 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 under Law 7107		118.737.742.219	118.737.742.219	118.737.742.219
Capital increase under Law 8703		27.619.000.002	27.619.000.002	27.619.000.002
Capital increase under Law 9605		18.907.432.694	18.907.432.694	18.907.432.694
Increase from 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
	¢	**181.409.990.601**	**181.409.990.601**	**181.409.990.601**

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 the 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 the Bank, in order to stimulate productive sectors, particularly small and medium-sized enterprises. For such purposes, the Bank handed over four securities for a total of US$50.000.000 equivalent to ¢27.619.000.002 (¢27.619.000.002 and ¢27.619.000.002 for December and September 2021, respectively), for its capitalization, to stimulate the productive sectors, especially small and medium enterprises.

b) Surplus from revaluation

Corresponding to the increase in fair value of property owned by the Bank.

As of September 30, 2022, revaluation surplus amounts to ¢41.085.212.831 (¢31.744.671.803 and ¢37.774.830.067 for December and September 2021, respectively).

c) Adjustment for investments at fair value through other comprehensive income

They include variations in the fair value of available-for-sale investments.

As of September 30, 2022, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net losses in the amount of ¢36.353.880.047 (¢49.490.498.998 and ¢43.283.849.738 for December and September 2021, respectively).

d) Adjustment for valuations of investments in other companies

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

As of September 30, 2022, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢9.290.782.030 (¢15.372.172.610 and ¢14.162.542.786 for December and September 2021, respectively).

e) Equity Development Financing Fund (FOFIDE)

As of September 30, 2022, the amount for the constitution of the equity of the Development Financing Fund are of ¢40.476.721.777 (¢36.212.011.410 and ¢36.212.011.410 as of December and September 2021, 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.

Regulatory Capital

The primary and secondary capital of the Bank is detailed as follows:

		September 2022	December 2021	September 2021
Primary Capital				
Ordinary paid in capital	¢	181.409.990.601	181.409.990.601	181.409.990.601
Legal reserve		325.313.265.088	296.709.547.031	296.709.547.031
		506.723.255.689	478.119.537.632	478.119.537.632
Secondary Capital				
Adjustment for valuation of property		30.813.909.624	23.808.503.852	28.331.122.550
Adjustment for valuation of available-for-sale investments		(22.387.802.961)	0	0
Adjustment for valuation of restricted financial instruments		(13.966.077.086)	0	0
Adjustment for valuation of shares in other companies		9.290.782.030	15.372.172.610	14.162.542.786
Retained earnings from previous periods		23.721.615.916	23.286.282.979	23.286.282.979
Results of the period		34.468.785.007	54.434.355.511	36.268.980.180
Subordinated loan instruments		19.982.245.196	0	
Development Financing Fund		40.476.721.777	36.212.011.410	36.212.011.410
		122.400.179.503	153.113.326.362	138.260.939.905
Deductions				
Interest in other companies		(120.386.294.664)	(128.725.242.930)	(125.511.370.639)
Total regulatory capital	¢	**508.737.140.528**	**502.507.621.064**	**490.869.106.898**

(Continues)

(19) Commitments and contingencies

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

Off-balance financial instruments with risk are as follows:

		September 2022	December 2021	September 2021
Guarantees granted:				
Performance bonds	¢	101.122.537.037	125.514.845.178	121.699.367.707
Bid bonds		679.734.808	630.432.213	900.839.335
Letters of credit issued, not negotiated		11.056.181.472	11.236.307.702	9.481.807.148
Letters of credit confirmed, not negotiated credit lines to be used automatically		105.644.082.011	109.255.132.604	108.246.684.836
Other contingencies		264.304.107.812	72.902.375.786	68.685.509.717
Credits pending disbursement		128.225.158	187.598.568	188.218.294
	¢	**482.934.868.298**	**319.726.692.051**	**309.202.427.037**

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

		September 2022	December 2021	September 2021
With prior deposit	¢	6.001.262.192	8.639.339.884	5.099.696.616
Without prior deposit		212.629.498.294	238.184.976.382	235.417.220.704
Pending litigation and Claims		264.304.107.812	72.902.375.785	68.685.509.717
Total deposits	¢	**482.934.868.298**	**319.726.692.051**	**309.202.427.037**

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

As of September 30, 2022, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

As of September 30, 2022, floating guarantees in custody are for ¢186.389.917.823 (¢211.780.060.580 and ¢207.088.264.815 for December and September 2021, respectively).

(Continues)

<u>Other contingencies:</u>

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

- Administrative suits against the Bank estimated at ¢22.306.694.948 and US$373.776.772. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢3.258.411.957 and US$825.001.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢ ¢1.700.899.480 and US$5.857.
- Administrative proceedings against the Bank have been estimated in the amount of ¢15.096.422 y US$2.000.

As of December 31, 2021, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢22.280.702.436 and US$70.318.826. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢3.017.202.630 and US$825.001.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.678.750.429 and US$5.857.
- Administrative proceedings against the Bank have been estimated in the amount of ¢15.096.422 and US$2.000.

As of September 30, 2021, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢20.691.871.531 and US$67.896.042. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢3.002.609.836 and US$825.001.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.678.750.429 and US$5.857.
- Administrative proceedings against the Bank have been estimated in the amount of ¢11.466.517 y and US$36.200.

(20) Trusts

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

		September 2022	December 2021	September 2021
Cash and due from banks	¢	37.657.119.357	66.318.923.462	67.386.278.797
Investment		61.337.354.800	91.495.384.544	84.494.633.010
Loan portfolio		10.644.154.027	11.257.450.007	11.468.307.001
Allowance for loan losses		(8.036.251.748)	(8.430.654.646)	(8.541.535.637)
Assets held-for-sale		73.683.261.987	67.815.354.875	53.861.020.587
Investment in other companies		951.478.643	51.961.502.918	42.833.785.778
Other receivables		53.652.893.633	56.833.488.672	74.825.389.261
Property and equipment		144.270.846.430	355.462.578.061	391.292.595.301
Other assets		359.321.181.329	234.928.557.661	212.209.816.638
Buildings		76.679.998	76.679.998	76.679.998
	¢	**733.558.718.456**	**927.719.265.552**	**929.906.970.734**

(Continues)

(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		September 2022	December 2021	September 2021
Guarantees received and held in custody	¢	5.889.708.600.608	5.621.141.497.028	4.923.174.261.929
Guarantees received and held by third parties		2.032.472.936	2.413.061.267	2.544.205.571
Other memoranda accounts unused authorized lines of credit		331.857.690.519	343.559.841.167	213.408.665.619
Write-offs		212.518.580.821	205.966.010.874	204.154.519.068
Suspense interest receivable		22.304.380.283	21.460.177.921	23.191.016.485
Other memoranda accounts		4.653.147.065.360	1.402.569.854.696	17.978.277.781.547
Assets and securities held in custody for third parties		116.642.239.302	143.742.191.726	91.318.316.314
Trading securities received as Guarantee (Guarantee Trust)		0	0	49.056.856.585
Own trading securities		822.922.411.561	1.017.428.771.091	1.126.257.626.276
Cash and accounts receivable custodial activities		141.376.697.663	186.648.995.560	188.425.142.335
Third party trading securities pledged as guarantee (Guarantee Trust)		66.449.098.400	23.352.583.105	17.435.937.532
Third parties trading securities		6.133.139.504.583	6.266.280.116.941	6.254.273.936.641
	¢	**18.392.098.742.036**	**15.234.563.101.376**	**31.071.518.265.902**

(22) Financial income on financial instruments

Finance income on financial instruments is as follows:

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Interest for investments in financial instruments at fair value through other comprehensive income	¢	62.756.264.039	59.056.135.926	42.007.730.712	20.915.139.438
Interest from investments at amortized cost		264.776.624	417.828.340	104.605.469	247.824.613
Interest for investments in overdue and restricted financial instruments		0	487.116.830	0	130.257.821
	¢	**63.021.040.663**	**59.961.081.096**	**42.112.336.181**	**21.293.221.872**

(Continues)

(23) Financial income on credit portfolio

Financial income on credit portfolio is as follows:

				Quarter from	
		September 2022	**September 2021**	**April 1 to September 30 2022**	**2021**
Current loans					
Loans – Personal	¢	86.566.082.332	82.451.015.003	59.070.471.389	30.791.384.547
Loans - Development Financing Fund		1.803.356.997	1.599.065.976	1.227.161.015	524.719.682
Loans - Business		4.556.176.423	4.966.999.067	3.174.951.340	1.796.301.963
Loans – Corporate		63.563.361.869	62.831.109.633	44.071.774.337	19.584.195.512
Loans – Public Sector		2.622.832.848	5.871.721.593	1.734.379.242	1.931.173.184
Loans – Financial Sector		3.792.776.547	6.305.070.244	2.438.329.526	1.828.636.484
		162.904.587.016	164.024.981.516	111.717.066.849	56.456.411.372
Past due loans and loans in legal collection					
Past due loans – Personal		490.721.425	545.476.343	325.969.177	175.823.186
Development Banking System Desarrollo		33.814.154	39.633.200	21.104.890	13.280.317
Past due loans – Business		890.870.793	1.232.106.916	590.462.155	317.161.161
Past due loans – Corporate		1.058.554.920	1.746.344.763	674.452.683	921.857.881
Past due loans – Financial Sector		9.064.069			
Loans in legal collection		2.053.194.729	2.525.882.252	1.301.134.737	720.977.906
		4.536.220.090	6.089.443.474	2.913.123.642	2.149.100.451
Amortization of the net commission of the direct incremental cost associated to loans		3.552.244.492	2.720.735.874	2.329.633.960	1.016.060.033
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts		989.767.101	996.647.815	660.270.463	408.096.307
	¢	171.982.818.699	173.831.808.679	117.620.094.914	60.029.668.163

(Continues)

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Demand deposits	¢	33.710.415.790	31.822.604.548	24.437.121.635	11.069.660.004
Term deposits		41.556.126.137	42.790.187.073	28.651.155.887	14.281.875.076
	¢	**75.266.541.927**	**74.612.791.621**	**53.088.277.522**	**25.351.535.080**

(25) Expenses for allowance for impairment of investments in financial instruments and allowance for loan losses

Expenses for allowance for impairment of investments in financial instruments and allowance for loan losses are as follows:

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Allowance for loan losses (see note 6-e)	¢	11.240.342.193	22.905.058.577	2.007.087.914	10.307.970.814
Allowance for other doubtful Receivables		2.394.435.093	2.443.568.079	1.477.015.611	595.610.264
Expenses generic estimation and against cyclic for loan (see note 6-e)		5.713.256	81.395.835	4.493.820	21.745.986
Expenses generic estimation and against cyclic for contingent credit portfolio		0	440.000	0	220.000
Expenses for allowance for impairment of securities at fair value through other comprehensive income		229.539.386	1.727.942.090	135.169.188	934.138.765
Expense for allowance of impairment of held-to-maturity investments		0	2.903.390	0	935.594
Expense for impairment of property investments		76.295.480	0	0	0
	¢	**13.946.325.408**	**27.161.307.971**	**3.623.766.533**	**11.860.621.423**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(26) Income from recovery of financial assets and decreases in allowances

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

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Recovery of loan write-offs	¢	4.858.509.325	9.302.830.544	3.646.434.509	4.552.902.796
Decrease in allowance for loan losses (see note 6-e)		1.128.698.844	2.307.828.997	874.817.280	4.214
Decrease in allowance for other doubtful receivables		1.723.796.169	756.217.076	1.373.637.424	135.730.539
Decrease in generic estimation and Against cyclic for loan (see note 6-e)		244.954.067	70.255.882	1.781.496.	2.542.031
Decrease in generic estimation and against cyclic for contingent loans		408	6.936	0	6.936
Decrease in allowance for uncollectible investments securities		1.422.812.661	383.128.946	762.004.384	57.844.041
	¢	**9.378.771.474**	**12.820.268.381**	**6.658.675.093**	**4.749.030.557**

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

		September 2020	September 2021	Quarter from July 1 to September 30 2020	2021
Drafts and transfers	¢	2.046.748.338	1.719.143.258	1.371.673.930	572.838.872
Foreign trade		530.290.261	469.783.753	373.354.643	160.958.896
Certified checks		1.490.968	1.678.328	1.039.483	454.570
Trust management		2 924 126 728	2.921.329.115	1.948.132.659	1.010.746.361
Custodial services		177.010.173	196.922.474	116.416.453	59.983.134
By mandate		450.471	659.464	450.471	166.970
Collections		399.642.596	385.100.661	232.826.130	110.458.401
Credit cards		31.077.506.515	27.244.373.657	19.885.601.282	8.998.207.354
Authorized custodial		830.902.315	691.084.486	526.053.249	266.816.231
services for securities		1.998.607	3.595.321	416.001	2.330.785
Commissions for transactions with related parties		28.385.023.752	23.824.724.420	19.344.969.813	8.255.345.021
Other commissions	¢	**66.375.190.724**	**57.458.394.937**	**43.800.934.114**	**19.438.306.595**

(Continues)

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

		September 2022	September 2021	Quarter from July 1 to September 30 2022	Quarter from July 1 to September 30 2021
Local entities					
Interest in BCR Valores, S.A.- Puesto de Bolsa	¢	1.550.868.346	2.920.014.209	420.219.885	1.050.270.467
Administradora de Fondos de Inversión, S.A.		1.313.792.059	1.935.977.049	791.317.054	614.511.803
Interest in BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A.		659.309.246	833.932.066	432.636.075	279.530.852
Interest in BCR Corredora de Seguros, S.A.		2.259.844.283	2.484.564.517	1.306.078.123	772.620.536
Interest in Banprocesa -TI, S.A.		536.525.984	415.238.579	355.806.919	173.316.918
Interest in Depósito Agrícola de Cartago S.A.		44.458.786	27.319.246	18.094.105	11.012.607
Entities abroad:					
Banco Internacional de Costa Rica, S.A. and subsidiarie		1.515.928.168	785.736.343	1.119.239.605	306.048.514
	¢	**7.880.726.872**	**9.402.782.009**	**4.443.391.766**	**3.207.311.697**

As of September 30, 2022, there are no capital participations in Depósito Agrícola de Cartago, (¢1.149.000 for December and for September 2021 there are no amounts in this account).

As of September 30, 2022, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company of the Conglomerate, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢776.345.562, corresponding to the profit generated from the service provided to support the Bank's software, in the statement of financial position and in the income statement, (¢940.117.721 for December 2021 and for September 2021 there are no amounts in this account).

BANCO DE COSTA RICA

Notes to the separate financial statements

(29) Administrative expenses

Administrative expenses are as follows:

		September 2020	September 2021	Quarter from July 1 to September 30 2020	2021
Salaries and bonuses, permanent staff	¢	41.788.210.680	38.564.590.580	29.025.822.369	12.776.131.081
Salaries and bonuses, contractors		592.645.178	1.868.795.374	290.874.513	566.020.987
Compensation for directors and statutory examiners		40.455.695	95.761.669	22.638.420	31.483.056
Overtime		536.480.705	397.493.675	395.199.298	165.718.778
Per diem		254.357.879	204.161.696	188.365.668	78.070.141
Statutory Christmas bonus		3.645.491.613	3.480.029.038	2.510.271.342	1.180.794.018
Vacation		4.433.517.097	4.274.903.764	2.758.049.048	1.564.360.395
Other compensation		597.287.941	578.050.596	344.513.465	278.021.242
Severance payments		2.070.264.580	2.019.141.387	1.422.396.105	676.490.336
Employer social security taxes		15.211.317.824	14.509.937.927	10.443.925.461	4.910.596.810
Refreshments		20.520.527	11.509.284	16.460.052	3.903.453
Uniforms		631.200	5.599.950	211.920	4.766.040
Training		262.458.146	144.151.791	215.369.765	79.831.092
Employee insurance		135.511.579	71.725.718	104.804.648	0
Assets for personal use		357.362	154.462	170.732	136.246
"Back-to-school" bonus		4.056.688.811	3.822.413.254	2.761.453.229	1.286.606.912
Compulsory retirement savings account		1.253.392.178	1.326.584.567	815.544.863	450.151.598
Other personnel expenses		372.089.920	366.968.091	212.462.092	113.960.242
Outsourcing		15.247.208.289	11.207.997.701	11.480.504.672	3.989.309.427
Transportation and communications		1.734.115.774	2.466.497.319	1.120.545.947	726.981.493
Property insurance		845.957	126.621.859	(351.654)	638.472
Property maintenance and repairs		4.015.152.488	3.876.608.584	3.107.669.181	1.087.735.620
Public utilities		1.571.565.581	1.580.106.032	1.061.530.869	519.704.969
Leasing of property		2.331.373.466	2.030.419.861	1.654.566.980	676.806.486
Leasing of furniture and equipment		1.186.550.351	452.645.447	797.162.164	13.982.907
Depreciation of property and equipment, except vehicles		7.135.499.247	7.389.281.737	4.743.224.563	2.411.698.942
Amortization of leasehold property		324.642.719	357.993.694	211.851.725	130.811.499
Loss for impairment		1.187.186.752	0	1.187.186.752	0
Other infrastructure, expenses		2.554.653.002	2.872.711.975	1.606.073.654	945.447.381
Overhead		20.288.251.157	18.709.204.647	14.165.280.629	7.502.118.876
	¢	**132.848.723.698**	**122.812.061.679**	**92.663.778.472**	**42.172.278.499**

(Continues)

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Allocation for CONAPE	¢	3.165.824.053	2.959.933.532	1.936.935.627	1.161.836.875
Allocation for Instituto Nacional de Fomento Cooperativo		3.916.012.363	2.879.452.745	2.077.602.772	1.130.151.579
Allocation for the National Emergencies Commission		1.899.494.432	1.775.960.119	1.162.161.377	697.102.125
Allocation for Régimen de Invalidéz, Vejez y Muerte		9.497.472.158	8.879.800.596	5.810.806.881	3.485.510.624
	¢	**18.478.803.006**	**16.495.146.992**	**10.987.506.657**	**6.474.601.203**

As of September 30, 2022, December and September, 2021, there are no decreases in the legal allocations of the period's profits.

(31) Components of other comprehensive income

The components of other comprehensive income are as follows:

		September 2022 Amount before income tax	Profit (expense)	Net taxes
Surplus from revaluation of property	¢	0	(3.384.205.057)	(3.384.205.057)
Surplus from revaluation of buildings		0	12.724.746.084	12.724.746.084
Adjustment for investments at fair value through other comprehensive income		(122.123.424.375)	36.279.045.330	(85.844.379.045)
Exchange differences for conversion of financial statements, foreign entities		(1.545.275.423)	0	(1.545.275.423)
Changes in equity from foreign subsidiaries		(380.547.094)	0	(380.547.094)
Change in equity of subsidiaries from unrealized profit		(4.155.568.063)	0	(4.155.568.063)
	¢	**(128.204.814.955)**	**45.619.586.357**	**(82.585.228.598)**

		December 2021		
		Amount before income tax	Profit (expense)	Net taxes
Surplus for revaluation of property	¢	0	(6.030.158.264)	(6.030.158.264)
Adjustment for investments at fair value through other comprehensive income		59.489.488.906	(17.545.656.185)	41.943.832.721
Exchange differences for conversion of financial statements, foreign entities		3.620.787.490	0	3.620.787.490
Changes in equity from foreign subsidiaries		(260.798.698)	0	(260.798.698)
Change in equity of subsidiaries from unrealized profit		1.375.307.209	0	1.375.307.209
	¢	**64.224.784.907**	**(23.575.814.449)**	**40.648.970.458**

		September 2021		
		Amount before income tax	Profit (expense)	Net taxes
Adjustment for investments at fair value through other comprehensive income	¢	73.918.402.284	(21.771.370.920)	52.147.031.364
Exchange differences for conversion of financial statements, foreign entities		1.661.788.916	0	1.661.788.916
Changes in equity from foreign subsidiaries		(214.591.622)	0	(214.591.622)
Change in equity of subsidiaries from unrealized profit		2.078.468.883	0	2.078.468.883
	¢	77.444.068.461	(21.771.370.920)	55.672.697.541

(32) Operating leases

The Bank as tenant

Non-cancellable operating leases are payable as follows:

		September 2022	December 2021	September 2021
Less than one year	¢	0	91.189.908	212.426.983
	¢	**0**	**91.189.908**	**212.426.983**

(Continues)

(33) Fair value

Fair values of financial instruments are as follows:

		September 2022		December 2021		September 2021	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	985.728.135.604	985.728.135.604	864.405.461.582	864.405.461.582	761.246.224.718	761.246.224.718
Investment		1.599.119.550.711	1.583.852.102.623	1.754.312.982.756	1.729.358.672.795	1.840.647.181.578	1.824.150.196.925
Loan portfolio		3.197.700.209.703	2.324.150.917.957	3.191.124.004.077	2.275.380.295.718	3.043.291.081.741	2.911.100.419.727
		5.782.547.896.018	**4.893.731.156.184**	**5.809.842.448.415**	**4.869.144.430.095**	**5.645.184.488.037**	**5.496.496.841.370**
Demand deposits		3.033.329.719.670	3.033.329.719.670	3.296.294.668.308	3.296.294.668.308	3.031.427.692.184	3.031.427.692.184
Term deposits		1.496.448.572.989	1.499.902.602.557	1.318.752.537.179	1.307.309.370.695	1.433.720.793.215	1.419.500.534.138
Financial obligations		713.099.444.205	675.060.059.596	550.508.568.444	493.905.987.812	542.292.975.435	489.316.144.118
	¢	**5.242.877.736.864**	**5.208.292.381.823**	**5.165.555.773.931**	**5.097.510.026.815**	**5.007.441.460.834**	**4.940.244.370.440**

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

(a) Cash and cash equivalents accrued interest receivable, other receivables, demand deposits and customer savings deposits, accrued interest payable, and other liabilities.

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

(b) Investments in financial instruments

The fair value of available-for-sale financial instruments is based on quoted market prices or prices quoted by 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.

(Continues)

(e) Deposits and loans payable

Management determined the fair value of 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 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.

(34) Risk Management

Comprehensive Risk Management

Sophistication and uncertainty of financial markets involve managing risks that may impair the value of entities and of third-party resources it manages. Given this reality, the Bank implemented a System of Comprehensive Risk management (hereinafter SIGIR or Sytem), 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 Financial Conglomerate strengthen and ensure the above mentioned SIGIR, aware of its contribution to the improvement of institutional processes, and hence to the achievement of objectives and goals.

Corporate risk management is led by the Risk Management and Control Area, Regulations with dependence on the General Board of Directors, and which has various administrative units 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 Financial Conglomerate 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 objectives and goals.

(Continues)

General Risk Principles and Policies

The Conglomerate has policies, strategies, and other corporate regulations for an effective comprehensive risk management, as follows:

- A robust regulatory framework to provide legal, technical, and administrative certainty for the functioning, evaluation, and improvement of the SIGIR.
- 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.
- 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 stated objectives, 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:

<table>
<tr><th colspan="3">Risk classification of Banco de Costa Rica</th></tr>
<tr><td rowspan="11">Types of relevant risk</td><td rowspan="3">Financial</td><td>Credit</td></tr>
<tr><td>Market</td></tr>
<tr><td>Liquidity</td></tr>
<tr><td rowspan="8">Non-financial</td><td>Strategic</td></tr>
<tr><td>Operating</td></tr>
<tr><td>Legal</td></tr>
<tr><td>Technological</td></tr>
<tr><td>Reputational</td></tr>
<tr><td>Environmental and social</td></tr>
<tr><td>Regulatory compliance</td></tr>
<tr><td>Money laundering, financing of terrorism, financing of proliferation of weapons of mass destruction and financing of organized crime (LC/FT/FPADM/FDO)</td></tr>
</table>

(Continues)

Types of risks related to the strategic plan

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

Related strategic objective	**Process**	**Type of risk**	**Risk Appetite Statement Indicator**
1. Guarantee the financial solidity of the Conglomerate 2. Support the development of the country	1. Organizational strategy	Capital	Equity sufficiency index
	1. Financial treasury operations		
	1. Security management	Operative	Expected loss due to operational risk (last 12 months)
	2. Management of processes and regulations		Availability of the technology platform
	3. IT Security		Vulnerability analysis
			Change management
	1. Loan granting	Credit	Expected credit loss of the loan portfolio, SUGEF Non-high-risk generators
	2. Monitoring of loans		
	3. Loans recovery		
	1. Financial treasury operations	Market	VaR 03-06
			Elasticity of the financial margin to movements in interest rates
			PPME (Own position in foreign currency) sensitivity to changes in the exchange rate
	2. Investment services	Liquidity	Liquidity coverage ratio by currency

(Continues)

Risk Appetite Statement

A Risk Appetite Statement is established for the BCR Financial Conglomerate approved by the General Board of Directors as well as for each member entity of the Conglomerate approved by their boards of directors and the Assembly of Shareholders. These documents are part of the comprehensive risk management framework, which are periodically reviewed and updated.

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

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

Process of comprehensive risk management

The process in risk assessments includes identification, analysis, evaluation, management, review, documentation, and risk communication.

Types of risk assessments

The process in risk assessments includes qualitative and quantitative assessments. The first correspond to specific analysis of the objectives of activities and substantial processes of the 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 BCR Financial Conglomerate members, incorporating flow of processes and internal control activities to minimize risk exposure.

The established risk assessments generate various alerts, recommendations, and risk management plans, contributing to its overall and specific mitigation. In addition, there are contingency plans for unexpected events that may affect compliance with the risk tolerance limits, supporting the sustainability, solvency, and value of the conglomerate's members.

(Continues)

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.

Coverage

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

Evaluation of the effectiveness and maturity of the System

Risk managing areas apply critical judgment on the effectiveness and maturity of the Sigir 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

(a) 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 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.

(Continues)

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

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

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

<u>Management methodology</u>

In general terms, automated systems are used for credit risk management, including SAS, a state-of-the-art risk management system. Models are applied for their measurement that accurately reflect the value of the positions and their sensitivity to various risk factors, incorporating information from reliable sources.

In addition, statistical support is complemented with expert criteria for the analysis of debtors' payment capacity, where macroeconomic and microeconomic factors are considered, as well as the Bank's own variables. For the analysis of the credit portfolio and considering the pandemic for decision making, the methodology associated with the Credit Portfolio Management Plan is used.

Specifically, for the quantitative analysis of the loan portfolio, there is a model to quantify the average of expected loss, value at Risk (VaR), and economic capital, which is aligned with the standards of Basel II. In addition, there are certain indicators that seek to maintain the balance between profitability and risk, among them, indicators of expected loss, delinquency, guarantees, payment arrangements, harvests, economic activities and geographical area, all of them broken down at the general level of the Bank as well as for different lines of business.

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 to exposure to credit risk, to control exposure levels, both at loan portfolio as at 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.

(Continues)

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

In the case of credit risk, for the investment portfolio, disclosed in Note 5: Investments in financial instruments, there is a methodology to determine the expected loss under IFRS 9, which has been improving during 2020 through adjustments. 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 expected loss is measured for each instrument for the issuer's risk, while default is given only when an issuer stops paying.

Exposure and risk management

Considering the uncertainty generated by the pandemic for COVID 19, the Bank has been using the results of the analysis of the Loan Portfolio Management Plan to have greater credit risk coverage. As of September 2022, the percentage of arrears greater than 90 days was 2.95% (2.85% and 2.87% as December and September 2021, respectively). The latter indicator is 1.05 percentage points below the regulatory limit to be in the normal range, with retail banking activities showing the highest delinquency.

The dollar portfolio accounts for 25.77% by the end of September (27.47% and 29.16% as December and September 2021, respectively) of the total portfolio. It is important to mention, the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients not generating income in foreign currency.

The activities with greater relative importance are housing, services, and trade, as shown in Note 6.a (Loan portfolio by activity) to the financial statements; in addition, the exposure limits for the loan portfolio are monitored, as well as all its indicators, to maintain a credit portfolio structure according to the risk appetite defined by the General Board of Directors.

On the other hand, adequate and timely communication mechanisms are implemented on the Bank's exposure to credit risk at all levels of the organizational structure, allowing to obtain a prospective view of the impact on credit estimates and capital. The reports of this management consider both the exposure resulting from the taking of positions, as well as the deviations that may occur with respect to the limits and the defined tolerance levels.

Also, the commercial area is kept informed on the inherent risks of the economic activities associated with credit underwriting, through specific studies, as well as new credit instruments the Bank is planning to offer.

(Continues)

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 starts. The foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of September 2022, the expected loss of the investment portfolio was of 0.18%, (0.19% in March and June 2022).

Expected losses are shown in the following table:

Banco de Costa Rica, expected losses of the investment portfolio
by currency
December 2021 and September 2022

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of September 30, 2022			
Colones	1.621.214.686	108.375.897	5.733.000.000
US dollars	1.106.442	0	0
UDES	0	60.645	1.862.000
Value correction for losses as of December 31, 2022			
Colones	2.052.373.299	156.737.605	5.753.000.000
US dollars	2.006.601	0	0
UDES	0	92.251	14.024.800
Transfer to 12-month expected credit losses			
Colones	(431.158.613)	(48.361.709)	0
US dollars	(900.158)	0	0
UDES	0	(31.607)	(12.162.800)

Banco de Costa Rica, expected losses of the investment portfolio
by currency
January and December 2021

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of December 31, 2021			
Colones	251.345.978	312.164.576	70.823.900.000
US dollars	304.137	97.453	21.065.000
UDES	0	206.725	14.024.800
Value correction for losses As of December 31, 2020			
Colones	1.410.973.478	174.719.197	6.733.000.000
US dollars	1.337.064	14.672	21.065.000
UDES	0	183.900	14.024.800
Transfer to 12-month expected credit losses			
Colones	1.159.627.500	(137.445.379)	(64.090.000.000)
US dollars	1.032.927	(82.780)	0
UDES	0	(22.826)	0

Banco de Costa Rica, expected losses of the investment portfolio
by currency
December 2020 and September 2021

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of September 30, 2021			
Colones	1.410.973.478	174.719.197	6.733.000.000
US dollars	1.337.064	14.672	21.065.000
UDES	0	183.900	14.024.800
Value correction for losses As of December 31, 2020			
Colones	2.005.546.358	161.613.933	5.753.000.000
US dollars	2.471.132	0	0
UDES	0	104.085	14.024.800
Transfer to 12-month expected credit losses			
Colones	(594.572.880)	13.105.263	980.000.000
US dollars	(1.134.068)	14.672	21.065.000
UDES	0	79.814	0

(Continues)

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Notes to the separate financial statements

The Bank's financial instruments with exposure to credit risk are detailed as follows

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

As of September 30, 2022

	Note		Direct loan portfolio	Direct loan portfolio	Direct loan portfolio	Contingent loan portfolio	Contingent loan portfolio	Contingent loan portfolio
			September 2022	December 2021	September 2021	September 2022	December 2021	September 2021
Principal	6a	¢	3.196.706.703.384	3.193.889.504.724	3.042.046.515.868	212.629.498.294	238.184.976.382	235.417.220.704
Interest			20.159.597.391	16.243.877.380	19.986.616.932	0	0	0
			3.216.866.300.775	3.210.133.382.104	3.062.033.132.800	212.629.498.294	238.184.976.382	235.417.220.704
Allowance for loan losses			(155.930.209.258)	(152.572.595.665)	(136.742.947.025)	(349.415.826)	(355.390.996)	(345.115.424)
Carrying amount		¢	3.060.936.091.517	3.057.560.786.439	2.925.290.185.775	212.280.082.468	237.829.585.386	235.072.105.280
Loan Portfolio								
Total Balance:								
A1		¢	2.485.695.055.480	2.531.988.166.648	2.419.769.474.528	202.765.956.548	226.452.306.640	215.477.900.580
A2			31.954.512.581	38.737.755.756	39.643.178.908	1.033.595.626	1.118.547.763	1.092.493.169
B1			300.209.508.055	193.827.062.547	199.332.170.682	5.454.208.855	3.942.754.364	11.281.467.021
B2			37.515.377.834	24.632.906.602	27.472.069.008	192.274.328	147.721.241	186.873.135
C1			53.373.754.127	71.479.256.554	55.461.087.328	489.734.165	3.900.594.358	4.521.426.359
C2			9.477.360.107	20.872.474.608	18.657.254.206	122.498.851	106.060.267	78.385.066
D			82.353.011.134	116.733.956.940	82.935.711.289	1.246.562.280	764.642.908	918.778.644
E			161.601.909.515	148.102.200.136	169.989.741.617	1.312.779.703	1.736.026.639	1.856.550.453
1			50.487.559.683	61.556.122.926	47.433.351.584	11.887.938	16.322.202	3.346.279
2			971.817.974	830.276.955	154.420.100	0	0	0
3			2.050.164.981	1.218.141.671	765.968.166	0	0	0
4			481.116.312	88.715.637	380.298.213	0	0	0
5			403.401.393	14.610.311	0	0	0	0
6			291.751.599	51.734.813	38.407.171	0	0	0
			3.216.866.300.775	3.210.133.382.104	3.062.033.132.800	212.629.498.294	238.184.976.382	235.417.220.704
Allowance for loan losses			(97.518.924.463)	(100.038.430.338)	(96.198.520.558)	(249.594.558)	(206.640.140)	(197.959.755)
Carrying amount, net			3.119.347.376.312	3.110.094.951.766	2.965.834.612.242	212.379.903.736	237.978.336.242	235.219.260.949
Carrying amount, net			3.216.866.300.775	3.210.133.382.104	3.062.033.132.800	212.629.498.294	238.184.976.382	235.417.220.704
Allowance for loan losses			(97.518.924.463)	(100.038.430.338)	(96.198.520.558)	(249.594.558)	(206.640.140)	(197.959.755)
((Excess) inadequacy of allowance over structural estimate estructural			(58.411.284.795)	(52.534.165.327)	(40.544.426.467)	(99.821.268)	(148.750.856)	(147.155.669)
Carrying amount, net	6a	¢	3.060.936.091.517	3.057.560.786.439	2.925.290.185.775	212.280.082.468	237.829.585.386	235.072.105.280

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan Portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.485.695.055.480	1.722.487.187.291	763.207.868.189	(12.428.475.364)	202.765.956.547	(119.745.993)
A2		31.954.512.581	28.077.844.126	3.876.668.455	(159.772.565)	1.033.595.626	(38.178)
1		50.487.559.683	28.055.629.800	22.431.929.883	(126.811.669)	11.887.938	(6.490)
		2.568.137.127.744	1.778.620.661.217	789.516.466.527	(12.715.059.598)	203.811.440.111	(119.790.661)
Direct specific allowance							
A1							
A2							
B1		300.209.508.055	277.655.739.991	22.553.768.064	(2.515.967.106)	5.454.208.856	(11.584.273)
B2		37.515.377.834	33.088.868.821	4.426.509.013	(608.095.247)	192.274.328	(13.740)
C1		53.373.754.127	48.498.333.584	4.875.420.543	(1.461.346.806)	489.734.165	(252.067)
C2		9.477.360.107	8.547.334.796	930.025.311	(507.749.331)	122.498.851	0
D		82.353.011.134	66.474.254.725	15.878.756.409	(12.009.282.794)	1.246.562.280	(117.764.478)
E		161.601.909.515	90.263.107.412	71.338.802.103	(67.525.309.843)	1.312.779.703	(189.339)
2		971.817.974	866.213.106	105.604.868	(9.611.309)	0	0
3		2.050.164.981	1.695.667.806	354.497.175	(97.102.633)	0	0
4		481.116.312	448.564.428	32.551.884	(18.518.764)	0	0
5		403.401.393	382.112.799	21.288.594	(16.812.580)	0	0
6		291.751.599	258.978.036	32.773.563	(34.068.452)	0	0
	¢	648.729.173.031	528.179.175.504	120.549.997.527	(84.803.864.865)	8.818.058.183	(129.803.897)
	¢	3.216.866.300.775	2.306.799.836.721	910.066.464.054	(97.518.924.463)	212.629.498.294	(249.594.558)

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2.447.984.098.033	1.692.447.479.324	755.536.618.709	(12.363.444.182)	203.799.552.173	(119.790.662)
Equal or less than 30 days		69.061.324.312	57.586.933.509	11.474.390.803	(348.594.686)	0	0
Equal or less than 60 days		604.145.717	530.618.584	73.527.133	(3.020.729)	0	0
		2.517.649.568.062	1.750.565.031.417	767.084.536.645	(12.715.059.597)	203.799.552.173	(119.790.662)
Direct specific allowance							
Up to date		501.744.212.937	429.246.744.552	72.497.468.385	(26.138.508.852)	8.829.946.121	(129.803.896)
Equal or less than 30 days		37.232.730.968	26.840.032.291	10.392.698.677	(4.584.935.829)	0	0
Equal or less than 60 days		41.515.680.089	33.963.875.071	7.551.805.018	(3.815.440.956)	0	0
Equal or less than 90 days		19.286.534.100	15.436.197.164	3.850.336.936	(2.473.609.058)	0	0
Equal or less than 180 days		10.886.547.450	6.629.290.466	4.257.256.984	(3.971.923.761)	0	0
More than 180 days		88.551.027.169	44.118.665.760	44.432.361.409	(43.819.446.410)	0	0
	¢	699.216.732.713	556.234.805.304	142.981.927.409	(84.803.864.866)	8.829.946.121	(129.803.896)
	¢	3.216.866.300.775	2.306.799.836.721	910.066.464.054	(97.518.924.463)	212.629.498.294	(249.594.558)

(Continues)

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢ 2.531.988.166.648	1.755.797.344.473	776.190.822.175	(12.659.940.910)	226.452.306.641	(151.288.935)
A2	38.737.755.756	33.030.512.828	5.707.242.928	(193.688.781)	1.118.547.763	(37.402)
1	61.556.122.926	34.862.755.024	26.693.367.902	(156.525.424)	16.322.202	(10.447)
	2.632.282.045.330	1.823.690.612.325	808.591.433.005	(13.010.155.115)	227.587.176.606	(151.336.784)
Direct specific allowance						
A1						
A2						
B1	193.827.062.547	159.277.091.032	34.549.971.515	(2.523.884.031)	3.942.754.363	(11.505.144)
B2	24.632.906.602	20.390.138.129	4.242.768.473	(526.227.540)	147.721.241	0
C1	71.479.256.554	62.261.209.385	9.218.047.169	(2.615.817.843)	3.900.594.358	(439.510)
C2	20.872.474.608	18.445.751.654	2.426.722.954	(1.305.590.237)	106.060.267	0
D	116.733.956.940	91.847.285.276	24.886.671.664	(18.796.672.164)	764.642.908	(43.358.702)
E	148.102.200.136	84.054.838.808	64.047.361.328	(61.191.645.863)	1.736.026.639	0
2	830.276.955	522.384.401	307.892.554	(18.006.550)	0	0
3	1.218.141.671	1.082.479.235	135.662.436	(39.328.005)	0	0
4	88.715.637	86.852.875	1.862.762	(1.365.646)	0	0
5	14.610.311	8.647.766	5.962.545	(4.217.021)	0	0
6	51.734.813	46.446.724	5.288.089	(5.520.323)	0	0
	¢ 577.851.336.774	438.023.125.285	139.828.211.489	(87.028.275.223)	10.597.799.776	(55.303.356)
	¢ 3.210.133.382.104	2.261.713.737.610	948.419.644.494	(100.038.430.338)	238.184.976.382	(206.640.140)

Loan Portfolio Aging of loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢ 2.508.828.410.224	1.738.431.164.833	770.397.245.391	(12.697.021.048)	227.570.854.404	(151.336.785)
Equal or less than 30 days	60.911.049.025	49.554.785.659	11.356.263.366	(308.120.127)	0	0
Equal or less than 60 days	983.668.109	841.906.800	141.761.309	(4.999.964)	0	0
More than 180 days	2.795.037	0	2.795.037	(13.975)	0	0
	2.570.725.922.395	1.788.827.857.292	781.898.065.103	(13.010.155.114)	227.570.854.404	(151.336.785)
Direct specific allowance						
Up to date	422.175.709.581	329.136.134.750	93.039.574.831	(26.249.282.176)	10.613.586.420	(55.021.346)
Equal or less than 30 days	35.461.121.096	26.717.833.836	8.743.287.260	(5.483.953.052)	535.558	(282.009)
Equal or less than 60 days	52.296.255.885	42.016.448.037	10.279.807.848	(5.006.028.932)	0	0
Equal or less than 90 days	33.287.535.966	24.980.466.979	8.307.068.987	(5.962.834.410)	0	0
Equal or less than 180 days	11.924.632.862	6.359.736.467	5.564.896.395	(4.874.431.625)	0	0
More than 180 days	84.262.204.319	43.675.260.249	40.586.944.070	(39.451.745.029)	0	0
	¢ 639.407.459.709	472.885.880.318	166.521.579.391	(87.028.275.224)	10.614.121.978	(55.303.355)
	¢ 3.210.133.382.104	2.261.713.737.610	948.419.644.494	(100.038.430.338)	238.184.976.382	(206.640.140)

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Notes to the separate financial statements

As of September 30, 2021:

Loan Portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.419.769.474.539	1.718.455.759.247	701.313.715.292	(12.098.847.440)	215.477.900.580	(144.161.605)
A2		39.643.178.908	32.324.524.041	7.318.654.867	(198.931.437)	1.092.493.169	(40.708)
1		47.433.351.564	23.749.860.911	23.683.490.673	(119.516.746)	3.346.277	(1.092)
		2.506.846.005.011	1.774.530.144.199	732.315.860.832	(12.417.295.623)	216.573.740.026	(144.203.405)
Direct specific allowance							
A1							
A2							
B1		199.332.170.691	177.597.565.785	21.734.604.897	(1.974.718.076)	11.281.467.021	(6.246.524)
B2		27.472.069.008	24.635.644.532	2.836.424.475	(406.820.672)	186.873.135	0
C1		55.461.087.328	44.591.437.162	10.869.650.165	(2.940.369.729)	4.521.426.359	0
C2		18.657.254.206	17.729.718.051	927.536.155	(552.416.669)	78.385.066	0
D		82.935.711.289	67.960.774.660	14.974.936.628	(11.378.219.647)	918.778.644	(47.449.201)
E		169.989.741.617	96.688.497.605	73.301.244.012	(66.491.634.594)	1.856.550.453	(60.625)
2		154.420.100	122.587.754	31.832.346	(2.204.556)	0	0
3		765.968.166	738.145.908	27.822.259	(10.646.294)	0	0
4		380.298.213	345.284.652	35.013.561	(19.233.204)	0	0
6		38.407.171	33.613.746	4.793.425	(4.961.494)	0	0
	¢	555.187.127.789	430.443.269.855	124.743.857.923	(83.781.224.935)	18.843.480.678	(53.756.350)
	¢	3.062.033.132.800	2.204.973.414.054	857.059.718.755	(96.198.520.558)	235.417.220.704	(197.959.755)

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2.390.728.463.330	1.696.560.398.201	694.168.065.133	(12.068.371.395)	216.570.393.748	(144.203.405)
Equal or less than 30 days		67.375.769.629	53.277.560.423	14.098.209.206	(341.559.017)	0	0
Equal or less than 60 days		475.385.401	343.979.400	131.406.002	(2.480.899)	0	0
More than 180 days		833.035.077	598.345.262	234.689.815	(4.165.175)	0	0
		2.459.412.653.437	1.750.780.283.286	708.632.370.156	(12.416.576.486)	216.570.393.748	(144.203.405)
Direct specific allowance							
Up to date		397.823.684.873	311.903.198.731	85.920.486.142	(31.341.661.317)	18.846.826.956.	(53.756.350)
Equal or less than 30 days		50.607.881.704	42.184.190.022	8.423.691.683	(4.253.453.856)	0	0
Equal or less than 60 days		39.441.031.206	32.030.238.927	7.410.792.280	(3.660.784.665)	0	0
Equal or less than 90 days		22.725.004.626	20.373.550.802	2.351.453.824	(1.603.417.670)	0	0
Equal or less than 180 days		9.520.817.614	4.143.061.086	5.377.756.529	(4.904.262.830)	0	0
More than 180 days		82.502.059.340	43.558.891.200	38.943.168.141	(38.018.363.734)	0	0
		602.620.479.363	454.193.130.768	148.427.348.599	(83.781.944.072)	18.846.826.956	(53.756.350)
		3.062.033.132.800	2.204.973.414.054	857.059.718.755	(96.198.520.558)	235.417.220.704	(197.959.755)

(Continues)

Set out below is an analysis of the gross and net (of allowance for loans losses) amounts of individually assessed loans with allowance by risk category according to applicable regulations:

		Loans receivable from customer	
On September 30, 2022		Gross	Net
Risk Category:			
A1	¢	2.485.695.055.480	2.473.266.580.119
A2		31.954.512.581	31.794.740.016
B1		300.209.508.055	297.693.540.949
B2		37.515.377.834	36.907.282.586
C1		53.373.754.127	51.912.407.321
C2		9.477.360.107	8.969.610.775
D		82.353.011.134	70.343.728.339
E		161.601.909.515	94.076.599.672
1		50.487.559.683	50.360.748.015
2		971.817.974	962.206.665
3		2.050.164.981	1.953.062.348
4		481.116.312	462.597.548
5		403.401.393	386.588.813
6		291.751.599	257.683.146
	¢	**3.216.866.300.775**	**3.119.347.376.312**

		Loans receivable from customer	
On December 31, 2021		Gross	Net
Risk Category:			
A1	¢	2.531.988.166.637	2.519.328.225.729
A2		38.737.755.756	38.544.066.975
B1		193.827.062.550	191.303.178.517
B2		24.632.906.602	24.106.679.062
C1		71.479.256.555	68.863.438.713
C2		20.872.474.609	19.566.884.372
D		116.733.956.941	97.937.284.777
E		148.102.200.137	86.910.554.274
1		61.556.122.926	61.399.597.502
2		830.276.955	812.270.405
3		1.218.141.672	1.178.813.666
4		88.715.638	87.349.992
5		14.610.312	10.393.291
6		51.734.814	46.214.491
	¢	**3.210.133.382.104**	**3.110.094.951.766**

(Continues)

		Loans receivable from customer	
On September 30, 2021		Gross	Net
Risk Category:			
A1	¢	2.419.769.474.539	2.407.670.627.099
A2		39.643.178.908	39.443.528.335
B1		199.332.170.682	197.357.452.606
B2		27.472.069.008	27.065.248.336
C1		55.461.087.328	52.520.717.599
C2		18.657.254.206	18.104.837.537
D		82.935.711.289	71.557.491.642
E		169.989.741.617	103.498.107.024
1		47.433.351.573	47.314.553.962
2		154.420.100	152.215.544
3		765.968.166	755.321.872
4		380.298.213	361.065.009
6		38.407.171	33.445.677
	¢	**3.062.033.132.800**	**2.965.834.612.242**

In compliance with SUGEF Directive 1-05, as of September 30, 2021, the Bank must maintain a minimum allowance in the amount of ¢97.78.519.021 (¢100.245.070.478 and ¢96.396.480.313 for December and September 2021, respectively) of which ¢97.518.924.463 (¢100.038.430.338 and ¢96.198.520.558, for December and September 2021, respectively) is allocated to the valuation of the direct loan portfolio and ¢249.594.558 (¢206.640.140 and ¢197.959.755 for December and September 2021, respectively) to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 and ¢4.779.400.343 for December and September 2021, respectively).

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

		September 2022		December 2021		September 2021	
		Loan Portfolio	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**
Trade	¢	264.981.748.374	23.115.849.716	201.575.626.184	22.218.278.320	194.632.960.288	23.661.208.051
Manufacturing		246.304.365.649	7.754.821	285.047.581.797	7.754.821	259.429.341.041	7.754.821
Construction. purchase and repair of real estate		1.324.698.539.316	44.000.000	1.271.588.188.876	45.321.317	1.229.202.733.215	45.289.495
Agriculture. livestock. hunting and related services		152.236.671.308	0	149.043.571.577	7.000.000	140.095.954.060	7.000.000
Fishing and aquaculture		44.076.348	0	46.000.000	0	41.532.983	0
Consumer		260.542.769.259	105.727.107.168	280.742.362.650	109.333.834.828	287.179.663.676	108.327.540.828
Education		759.328.069	0	819.434.189	0	829.091.167	0
Transportation		33.961.612.045	62.467.538	37.588.886.200	81.176.250	38.387.946.953	81.060.224
Financial and stock Exchange		3.482.482.898	0	3.747.089.931	0	3.815.783.428	0
Telecommunications and public utilities		234.921.281.581	0	163.842.838.285	0	104.154.976.472	0
Services		505.537.741.099	88.530.825.819	359.874.194.204	111.009.501.105	392.272.820.096	108.115.020.689
Hospitality		123.434.987.535	0	116.341.025.761	0	114.621.806.011	0
Mining and quarrying		30.506.809	0	35.408.877	0	37.002.763	0
Real estate. business and leasing activities		27.963.310.260	0	37.403.809.988	0	37.733.934.955	0
Public Administration		17.249.503.061	1.122.623.543	285.486.409.880	4.100.919.059	238.914.272.312	252.007.102
Other activities from the non financial private sector		557.779.773	20.131.881	707.076.325	20.530.565	696.696.447	20.036.113
		3.196.706.703.384	218.630.760.486	3.193.889.504.724	246.824.316.265	3.042.046.515.867	240.516.917.323
Other contingencies		0	264.304.107.812	0	72.902.375.786	0	68.685.509.714
	¢	**3.196.706.703.384**	**482.934.868.298**	**3.193.889.504.724**	**319.726.692.051**	**3.042.046.515.867**	**309.202.427.037**

(Continues)

As of September 30, 2022, December and September 2021, the Bank's risk associated to the loan portfolio is concentrated in Costa Rica.

As of September 30, 2022, the Bank has banking mandates for ¢320.767 (¢1.125.341 and ¢1.376.367 for December and September 2021, respectively).

The total Bank´s foreclosed assets is detailed as follows (See note 7):

		September 2022	December 2021	September 2021
Properties	¢	100.788.983.606	115.853.794.973	123.748.131.643
Other		436.267.334	528.893.782	576.976.795
	¢	**101.225.250.940**	**116.382.688.755**	**124.325.108.438**

The loan portfolio by type of guarantee is as follows:

The portfolio of direct loans and contingent loans by type of guarantee is as follows:

		September 2022		**December 2021**		**September 2021**	
		Loan portfolio	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**
Guarantee:							
Fiduciary	¢	395.072.632.846	0	394.185.654.977	0	386.054.453.258	0
Mortgage		1.480.061.446.528	77.500.000	1.498.236.202.119	73.166.667	1.485.147.824.037	75.333.333
Chattel mortgage		102.972.126.718	0	115.244.334.786	0	116.370.477.119	0
Other		1.218.600.497.292	218.553.260.486	1.186.223.312.842	246.751.149.598	1.054.473.761.454	240.441.583.990
	¢	3.196.706.703.384	**218.630.760.486**	**3.193.889.504.724**	**246.824.316.265**	3.042.046.515.868	**240.516.917.323**

See notes 6 and 19.

As of September 30, 2022, 50% of the loan portfolio is secured by mortgage or chattel collaterals (51% and 53% for December and September 2021, respectively).

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

As of September 30, 2022, 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.

(Continues)

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

As of September 30, 2022:

No.	Percentage	Band	Total value	Nº customers
1	0-4,99%	25.336.162.784	90.662.455.215	1
2	5-9,99%	50.672.325.569	150.780.974.880	3
3	10-14,99%	76.008.488.353	0	0
4	15-20%	101.344.651.138	0	0
Total			**241.443.430.095**	**4**

As of December 31, 2021:

No.	Percentage	Band	Total value	Nº customers
1	0-4,99%	23.261.525.331	15.058.079.520	1
2	5-9,99%	46.523.050.661	314.783.537.742	6
3	10-14,99%	69.784.575.992	0	0
4	15-20%	93.046.101.322	0	0
Total			**329.841.617.262**	**7**

As of September 30, 2021:

No.	Percentage	Band	Total value	Nº customers
1	0-4,99%	23.905.976.882	15.241.396.771	1
2	5-9,99%	47.811.953.763	179.462.657.417	4
3	10-14,99%	71.717.930.645	0	0
4	15-20%	95.623.907.526	0	0
Total			**194.704.054.188**	**5**

(b) Management of market risk

Definitions

Market risk refers to potential losses that may occur in the value of assets and liabilities in the balance sheet due to adverse movements in the factors that determine their price, also known as risk factors, such as liquidity, interest rates, exchange rate and inflation, including the portfolios under management.

The liquidity risk is generated when the financial entity cannot meet its 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 (passive operations); or else, due to the inadequate price formation mechanism that makes it impossible to know the price to transform an asset and / or liability into liquidity.

(Continues)

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 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.

The exchange rate risk is the possibility of suffering losses because of variations in the exchange rate. 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 the exchange risk, such as the CAMELS indicators or its own statistics.

Management methodology

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

In terms of interest rates, the Bank is sensitive to this type of risk due to the mix of rates and terms, both in assets and liabilities. This sensibility is mitigated through the management of variable rates and the combination of terms monitored by internal models. Management of operational liquidity risk is periodically assessed by daily updating the Bank's cash flow projected for six months and calculating the liquidity coverage indicator; term matches 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.

(Continues)

Tolerance limits and risk indicators

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

- Liquidity risk: maximum expected collection received from the public by currency, term matching to one and three months by currency and coverage of Liquidity Index (ICL) by currency.
- Price risk: VaR of the Investment portfolio through internal models and regulations.
- Exchange risk: Sensibility of the equity position in foreign currency through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

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

Exposure and risk management

(c) Liquidity risk

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

Cash and cash equivalents show a year-on-year decrease of 0.79%, mainly due to decreases in investments in held-for-trading financial instruments (see cash and cash equivalents table in note 2).

Demand deposits decreased by 0.01% 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 show a year-on-year increase of 31.50% on a year-on-year basis, mainly due to the decrease in the overdraft account in demand checking accounts in foreign financial entities. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

In the following table, the results for the end of September 2022 are observed:

	September 2022	December 2021	September 2021
Liquidity coverage indicator (colones)	1.15	1.23	1.67
Liquidity coverage indicator (US dollars)	1.35	1.67	1.40
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results as of September 30, 2022:

Regulatory liquidity matches by currency and term Indicator	Interpretation	September 2022 Observation	December 2021 Observation	September 2021 Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	2.07	2.68	2.26	Limit:	1.10
1-month term matching colones		1.68	2.60	2.69	Limit:	1.00
3-months term matching US dollars		1.60	1.79	1.62	Limit:	0.94
3-months term matching colones		1.08	1.78	1.66	Limit:	0.85

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

Additionally, the effects and magnitude of the impacts of the Covid-19 post-pandemic period and the Russia-Ukraine war on the Bank's financial indicators are monitored, to strengthen institutional decision-making.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

The Bank’s assets and liabilities mature as follows:

As of September 30, 2022

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢	374.810.948.056	0	0	0	0	0	0	0	374.810.948.056
Cash reserve- BCCR		408.423.223.945	23.072.770.265	34.244.322.243	27.408.373.306	50.201.084.333	45.843.703.867	21.723.709.589	0	610.917.187.548
Investments		0	241.058.895028	3.399.836.167	1.425.886.682	146.066.815.450	245.987.599.699	945.913.069.597	0	1.583.852.102.623
Interest on investments		0	1.498.464.827	2.472.745.497	3.401.077.950	7.866.753.346	28.406.468	0	0	15.267.448.088
Loan portfolio		0	69.601.483.811	41.041.434.101	51.273.653.997	79.480.365.284	129.979.606.481	2.643.332.201.457	162.831.867.181	3.177.540.612.312
Interest on loans		0	7.700.665.555	3.029.935.210	346.630.641	69.274.644	22.343.297	36.031.725	8.954.716.319	20.159.597.391
	¢	**783.234.172.001**	**342.932.279.486**	**84.188.273.218**	**83.855.622.576**	**283.684.293.057**	**421.861.659.812**	**3.611.005.012.368**	**171.786.583.500**	**5.782.547.896.018**
Liabilities										
Obligations with the public	¢	3.018.757.651.792	170.560.876.998	253.028.627.517	202.539.115.552	371.066.999.345	338.911.542.147	160.549.518.067	0	4.515.414.331.418
Obligations with BCCR		0	100.025.687.846	0	0	0	0	0	0	215.749.270.823
Obligations with financial entities		32.285.845.221	352.033.397.464	10.387.084.070	18.171.114.123	16.397.611.791	19.846.360.368	25.920.851.065	0	475.042.264.102
Charges payable		1.584.210.841	2.449.124.776	2.745.007.290	1.892.134.709	3.696.605.179	1.842.522.554	2.389.731.089		16.599.336.438
		3.052.627.707.854	**625.069.087.084**	**266.160.718.877**	**222.602.364.384**	**391.161.216.315**	**360.600.425.069**	**304.583.683.198**	**0**	**5.222.805.202.781**
Assets and liabilities spread	¢	**(2.269.393.535.853)**	**(282.136.807.598)**	**(181.972.445.659)**	**(138.746.741.808)**	**(107.476.923.258)**	**61.261.234.743**	**3.306.421.329.170**	**171.786.583.500**	**559.742.693.237**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2021

Assets		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	More than 30 days past due	Total
Cash and due from banks	¢	338.991.823.664	0	0	0	0	0	0	0	338.991.823.664
Cash reserve- BCCR		348.958.390.978	35.768.253.928	20.464.212.076	16.257.418.716	40.210.942.636	41.377.474.977	22.376.944.606	0	525.413.637.917
Investments		0	320.583.968.405	13.571.638.451	15.988.917.175	73.068.296.720	74.137.179.920	1.232.008.672.124	0	1.729.358.672.795
Interest on investments		0	19.193.388.815	2.990.680.001	1.429.944.850	1.340.296.295	0	0	0	24.954.309.961
Loan portfolio		0	43.007.877.252	36.112.876.001	30.477.696.695	105.363.484.658	142.008.718.393	181.124.362.782	2.636.785.110.916	3.174.880.126.697
Interest on loans		0	5.708.878.553	773.116.267	156.224.283	729.848.592	252.151.373	8.586.743.824	36.914.488	16.243.877.380
	¢	**687.950.214.642**	**424.262.366.953**	**73.912.522.796**	**64.310.201.719**	**220.712.868.901**	**257.775.524.663**	**1.444.096.723.336**	**2.636.822.025.404**	**5.809.842.448.414**
Liabilities										
Obligations with the public	¢	3.283.466.617.831	260.126.383.161	154.502.001.965	125.618.930.132	299.405.484.983	315.333.276.086	164.872.678.962	0	4.603.325.373.120
Obligations with BCCR		0	10.001.111.049	0	0	0	0	117.687.914.780	0	127.689.025.829
Obligations with financial entities		35.221.034.718	219.633.212.087	15.186.450.676	32.362.257.758	46.609.776.057	47.880.315.707	23.623.365.624	0	420.516.412.627
Charges payable		1.219.462.589	2.357.782.517	2.626.094.604	1.571.020.695	2.825.614.790	1.906.214.713	1.518.772.447	0	14.024.962.355
		3.319.907.115.138	**492.118.488.814**	**172.314.547.245**	**159.552.208.585**	**348.840.875.830**	**365.119.806.506**	**307.702.731.813**	**0**	**5.165.555.773.931**
Assets and liabilities spread	¢	**(2.631.956.900.496)**	**(67.856.121.861)**	**(98.402.024.449)**	**(95.242.006.866)**	**(128.128.006.929)**	**(107.344.281.843)**	**1.136.393.991.523**	**2.636.822.025.404**	**644.286.674.483**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2021

Assets		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	More than 30 days past due	Total
Cash and due from banks	¢	181.060.583.438	0	0	0	0	0	0	0	181.060.583.438
Cash reserve- BCCR		390.898.652.751	37.629.738.198	19.262.522.772	29.846.678.687	39.753.110.579	40.917.938.517	21.876.999.776	0	580.185.641.280
Investments		0	378.329.286.419	35.812.122.854	7.264.603.725	43.278.691.936	146.523.471.827	1.212.942.020.164	0	1.824.150.196.925
Interest on investments		0	2.066.507.657	2.300.533.274	3.604.771.258	8.523.162.379	2.010.085	0	0	16.496.984.653
Loan portfolio		0	45.911.119.385	33.292.761.167	34.783.688.400	75.560.417.974	117.692.707.807	2.562.776.067.100	153.287.702.976	3.023.304.464.809
Interest on loans		0	9.536.650.285	2.565.107.498	487.295.024	204.252.297	58.041.277	7.058.840.860	76.429.691	19.986.616.932
	¢	**571.959.236.189**	**473.473.301.944**	**93.233.047.565**	**75.987.037.094**	**167.319.635.165**	**305.194.169.513**	**3.804.653.927.900**	**153.364.132.667**	**5.645.184.488.037**
Liabilities										
Obligations with the public	¢	3.019.096.178.129	270.190.431.505	154.028.071.451	239.682.624.747	307.188.574.657	304.532.021.636	158.603.210.366	0	4.453.321.112.491
Obligations with BCCR		0	18.850.785.417	0	0	0	0	120.470.000.000	0	139.320.785.417
Obligations with financial entities		47.489.365.003	185.907.375.893	25.324.812.499	39.297.222.372	34.809.427.622	44.664.915.325	23.766.763.678	0	401.259.882.392
Charges payable		1.239.180.309	2.299.014.417	1.967.249.062	1.878.351.111	2.944.702.729	2.051.166.499	1.160.016.407	0	13.539.680.534
		3.067.824.723.441	**477.247.607.232**	**181.320.133.012**	**280.858.198.230**	**344.942.705.008**	**351.248.103.460**	**303.999.990.451**	**0**	**5.007.441.460.834**
Assets and liabilities spread	¢	**(2.495.865.487.252)**	**(3.774.305.288)**	**(88.087.085.447)**	**(204.871.161.136)**	**(177.623.069.843)**	**(46.053.933.947)**	**3.500.653.937.449**	**153.364.132.667**	**637.743.027.203**

(Continues)

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 61.14% 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.

The results of the VaR SUGEF 03-06 methodology are detailed below, considering both portfolios:

		September 2022	December 2021	September 2021
VaR	¢	24.018.254.012	11.321.149.203	15.298.670.107

The year-on-year increase in the indicator is an effect of the increase in price volatility of investment securities because of the global pandemic, as well as changes in the portfolio structure and the market value of the portfolio.

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk. As of September 30, 2021, a sensitivity analysis on possible variations in interest rates has been developed.

Sensitivity to an increase in the interest rate of investments

		September 2022	December 2021	September 2021
Investment in financial instruments	¢	170.238.397	1.508.341.829.584	1.592.965.125
Increase in rates by 1%		8.114.167	291.722.625	187.815.063
Increase in rates by 2%	¢	162.228.333	583.445.250	375.630.127

Sensitivity to a decrease in the interest rate of investments

		September 2022	December 2021	September 2021
Investment in financial instruments	¢	170.238.397	1.508.341.829.584	1.592.621.965.125
Decrease in rates by 1%		8.114.167	291.722.625	187.815.063
Decrease in rates by 2%	¢	162.228.333	583.445.250	375.630.127

(Continues)

Sensitivity to an increase in the interest rate of loan portfolio

		September 2022	December 2021	September 2021
Loan portfolio	¢	3.177.540.613	3.322.631.749.946	3.169.028.833.447
Increase in rates by 1%		1.953.498.373	1.806.443.985	1.655.077.221
Increase in rates by 2%	¢	3.920.071.768	3.626.374.359	3.329.540.900

Sensitivity to a decrease in the interest rate of loan portfolio

		September 2022	December 2021	September 2021
Loan portfolio	¢	3.177.540.613	3.322.631.749.946	3.169.028.833.447
Decrease in rates by 1%		1.943.303.960	1.794.415.508	1.655.077.221
Decrease in rates by 2%	¢	3.871.173.254	3.586.765.803	3.329.540.900

Sensitivity to an increase in rates of obligations with the public

		September 2022	December 2021	September 2021
Obligations with the public	¢	4.506.952.151.761	4.595.900.641.742	4.432.425.584.102
Increase in rates by 1%		2.591.591.989	1.822.383.143	2.765.395.011
Increase in rates by 2%	¢	5.183.183.978	3.644.766.286	5.530.790.021

Sensitivity to a decrease in rates of obligations with the public

		September 2022	December 2021	September 2021
Obligations with the public	¢	4.506.952.151.761	4.595.900.641.742	4.432.425.584.102
Decrease in rates by 1%		2.591.591.989	1.822.383.143	2.765.395.011
Decrease in rates by 2%	¢	5.183.183.978	3.644.766.286	5.530.790.021

Sensitivity to an increase in rates of term financial obligations

		September 2022	December 2021	September 2021
Obligations with the public	¢	8.872.967.547	167.857.238.324	179.326.683.543
Increase in rates by 1%		7.394.140	139.847.287	117.891.667
Increase in rates by 2%	¢	14.788.279	279,694,574	235.783.333

Sensitivity to a decrease in rates of term financial obligations

		September 2022	December 2021	September 2021
Term financial obligations	¢	8.872.967.547	167.857.238.324	179.326.683.543
Decrease in rates by 1%		7.394.140	139.847.287	117.891.667
Decrease in rates by 2%	¢	14.788.279	279.694.574	235.783.333

*Note: Only credit facilities in US dollars from September 2022 are included.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2022, interest rate terms for assets and liabilities are matched as follows:

	Effective 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
Colones									
Assets									
Investments	6.05%	¢	277.777.279.817	9.214.867.613	83.436.539.403	67.723.853.300	389.394.186.572	624.029.896.008	1.451.576.622.713
Loan portfolio	7.91%		1.596.461.903.332	262.396.567.772	34.526.444.175	68.532.908.579	61.809.977.714	634.590.124.118	2.658.317.925.690
Total recovered assets (*)			1.874.239.183.149	**271.611.435.385**	**117.962.983.578**	**136.256.761.879**	**451.204.164.286**	**1.258.620.020.126**	**4.109.894.548.403**
Liabilities									
Obligations with the public			104.600.879.035	343.010.654.179	198.931.666.344	50.363.363.824	243.019.691.975	40.498.099.225	980.424.354.582
Demand	2.50%		0						0
Term	5.22%								
Obligations with the Central Bank of Costa Rica			100.025.687.845						100.025.687.845
Obligations with financial entities	5.28%		164.534.242.540	19.710.502.607	8.755.454.929	12.255.750	131.680.209.118	0	324.692.664.944
Total matured liabilities (*)			**369.160.809.420**	**362.721.156.786**	**207.687.121.273**	**50.375.619.574**	**374.699.901.093**	**40.498.099.225**	**1.405.142.707.371**
Assets and liabilities spread		¢	**1.505.078.373.729**	**(91.109.721.401)**	**(89.724.137.695)**	**85.881.142.305**	**76.504.263.193**	**1.218.121.920.901**	**2.704.751.841.032**
Dollars									
Assets									
Investments	2.68%	¢	220.730.310.091	26.610.431.540	93.325.724.954	150.914.476.240	26.316.090.240	154.512.122.160	672.409.155.225
Loan portfolio	6.51%		629.480.910.971	26.987.504.371	13.175.323.359	8.166.587.593	8.955.963.085	113.844.484.799	800.610.774.178
Total recovered assets (*)			**850.211.221.062**	**53.597.935.911**	**106.501.048.313**	**159.081.063.833**	**35.272.053.325**	**268.356.606.959**	**1.473.019.929.403**
Liabilities									
Obligations with the public			19.537.251.403	8.288.873.609	18.495.021.617	9.009.856.585	10.442.558.494	8.529.506.659	74.303.068.367
Demand	0.43%								
Term	2.36%								
Obligations with financial entities	2..87%		1.898.610.016	9.363.282.118	10.563.176.129	1.423.660.264	3.228.347.311	20.207.196.734	46.684.272.572
Total matured liabilities (*)			**21.435.861.419**	**17.652.155.727**	**29.058.197.746**	**10.433.516.849**	**13.670.905.805**	**28.736.703.393**	**120.987.340.939**
Assets and liabilities spread			**828.775.3590643**	**35.945.780.184**	**77.442.850.567**	**148.647.546.984**	**21.601.147.520**	**239.619.903.566**	**1.352.032.588.464**

(*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2021

	Effective 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
Colones									
Assets									
Investments	6.24%	¢	130.564.386.560	29.141.565.195	59.756.361.130	49.928.700.000	161.257.550.000	778.990.666.280	1.209.639.229.165
Loan portfolio	7.47%		1.491.107.259.132	176.389.813.963	122.125.309.781	48.837.054.341	65.139.000.687	806.372.174.173	2.709.970.612.077
Total recovered assets (*)			**1.621.671.645.692**	**205.531.379.158**	**181.881.670.911**	**98.765.754.341**	**226.396.550.687**	**1.585.362.840.453**	**3.919.609.841.242**
Liabilities									
Obligations with the public			130.252.520.961	189.438.304.198	211.699.837.641	45.495.388.592	179.980.510.078	55.152.400.273	812.018.961.743
Obligations with the Central Bank of Costa Rica			10.001.111.049	0	0	0	0	0	10.001.111.049
Obligations with financial entities	1.22%		29.556.351.028	38.540.261.637	36.261.565.236	1.065.250.000	159.531.201.325	0	264.954.629.226
Total matured liabilities (*)			**169.809.983.038**	**227.978.565.835**	**247.961.402.877**	**46.560.638.592**	**339.511.711.403**	**55.152.400.273**	**1.086.974.702.018**
Assets and liabilities spread		¢	**1,451,861,662,654**	**(22.447.186.677)**	**(66.079.731.966)**	**52.205.115.749**	**(113.115.160.716)**	**1.530.210.440.180**	**2.832.635.139.224**
Dollars									
Assets									
Investments	3.92%	¢	248.408.426.626	33.712.771.968	47.805.339.782	37.674.857.000	170.688.627.750	164.713.612.750	703.003.635.876
Loan portfolio	6.98%		637.595.036.125	30.510.625.071	13.865.880.828	15.216.945.560	10.632.284.130	145.275.263.924	853.096.035.638
Total recovered assets (*)			**886.003.462.751**	**64.223.397.039**	**61.671.220.610**	**52.891.802.560**	**181.320.911.880**	**309.988.876.674**	**1.556.099.671.514**
Liabilities									
Obligations with the public			13.820.110.879	11.671.450.224	12.783.631.968	9.613.462.687	18.019.787.052	14.357.713.279	80.266.156.089
Obligations with financial entities	2.03%		3.322.118.825	9.937.193.901	6.111.213.258	12.665.288.985	2.677.402.576	20.166.674.133	54.879.891.678
Total matured liabilities (*)			**17.142.229.704**	**21.608.644.125**	**18.894.845.226**	**22.278.751.672**	**20.697.189.628**	**34.524.387.412**	**135.146.047.767**
Assets and liabilities spread		¢	**868,861,233,047**	**42.614.752.914**	**42.776.375.384**	**30.613.050.888**	**160.623.722.252**	**275.464.489.262**	**1.420.953.623.747**

(*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2021

	Effective 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
Colones									
Assets									
Investments	8.87%	¢	268.545.613.143	45.432.977.539	60.070.808.503	55.162.315.300	111.577.150.000	775.020.156.704	1.315.809.021.189
Loan portfolio	8.15%		1.551.322.658.606	273.998.952.159	49.668.097.686	77.848.831.520	54.491.286.659	160.156.792.975	2.167.486.619.605
Total recovered assets (*)			**1.819.868.271.749**	**319.431.929.698**	**109.738.906.189**	**133.011.146.820**	**166.068.436.659**	**935.176.949.679**	**3.483.295.640.794**
Liabilities									
Obligations with the public			129.784.937.916	329.384.818.635	170.905.824.556	45.040.218.679	217.564.578.159	33.930.395.847	926.610.773.792
Obligations with financial entities	0.30%		12.268.463.783	30.763.689.579	43.742.996.952	2.290.337.546	155.412.871.549	0	244.478.359.409
Total matured liabilities (*)			**142.053.401.699**	**360.148.508.214**	**214.648.821.508**	**47.330.556.225**	**372.977.449.708**	**33.930.395.847**	**1.171.089.133.201**
Assets and liabilities spread		¢	**1.677.814.870.050**	**(40.716.578.516)**	**(104.909.915.319)**	**85.680.590.595**	**(206.909.013.049)**	**901.246.553.832**	**2.312.206.507.593**
Dollars									
Assets									
Investments	4.00%	¢	137.062.071.183	63.505.150.570	14.022.641.532	92.044.710.700	185.048.469.730	183.821.164.940	675.504.208.655
Loan portfolio	6.40%		683.221.096.504	64.093.508.525	7.663.956.851	23.484.429.064	10.189.566.067	32.858.031.240	821.510.588.251
Total recovered assets (*)			**820.283.167.687**	**127.598.659.095**	**21.686.598.383**	**115.529.139.764**	**195.238.035.797**	**216.679.196.180**	**1.497.014.796.906**
Liabilities									
Obligations with the public			5.233.470.099	4.698.686.460	12.575.310.674	18.277.804.078	16.130.239.094	14.103.945.284	71.019.455.689
Obligations with financial entities	1.94%		3.778.261.052	34.550.029.521	616.025.651	1.232.350.937	2.809.466.367	20.398.758.748	63.384.892.276
Total matured liabilities (*)			**9.011.731.151**	**39.248.715.981**	**13.191.336.325**	**19.510.155.015**	**18.939.705.461**	**34.502.704.032**	**134.404.347.965**
Assets and liabilities spread		¢	**811.271.436.536**	**88.349.943.114**	**8.495.262.058**	**96.018.984.749**	**176.298.330.336**	**182.176.492.148**	**1.362.610.448.941**

(Continues)

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of September 30, 2022, for ¢2.704.751.841.032 (¢2.832.635.139.224 and ¢2.132.206.507.593 for December and September 2021, respectively) while in foreign currency the same difference is of ¢1.352.032.588.464 (¢1.420.953.623.747 and ¢1.362.610.448.941 for December and September 2021, respectively) is shown, being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities) as of September 2022, the total amount in local currency was of ¢458.114.569.674 (¢519.819.857.087 and ¢504.190.520.186 for December and September 2021, respectively) while in foreign currency, the collected data for the compliance of obligations was of ¢101.628.123.561 (¢124.466.817.698 and ¢133.552.507.016 for December and September 2021, respectively) however, on a consolidated basis it 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 of Euros.

This currency 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: matching assets and liabilities denominated in foreign currency and the sensitivity of the foreign currency position (own position in foreign currency).

During 2022 the exchange rate has had a stable behavior during the first semester and a downward trend for the third quarter, resulting in a daily volatility of -0.01% as of September.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching, US$163 million as of September 2022 (US$205 million as of December 2021 and US$225 million as of September 2021).

(Continues)

Monetary assets and liabilities denominated in U.S. dollars are as follows:

		September 2022	December 2021	September 2021
Assets				
Cash and due from banks	US$	670.766.533	607.947.793	511.409.918
Investments in financial instruments		992.286.513	981.445.965	954.425.163
Loan portfolio		1.197.895.807	1.275.266.944	1.325.385.687
Accounts and accrued interest receivable		2.424.616	1.716.121	2.501.521
Investments in other companies		125.624.917	123.820.677	123.173.358
Other		10.142.135	5.074.689	6.436.988
Total assets		**2.999.140.521**	**2.995.272.189**	**2.923.332.635**
Liabilities				
Obligations with the public		2.525.316.913	2.503.270.146	2.404.536.460
Other financial obligations		268.506.894	256.885.258	262.996.491
Other account payable and provisions		19.784.604	22.145.587	21.530.737
Other liabilities		22.680.445	7.784.599	8.929.314
Total liabilities		**2.836.288.856**	**2.790.085.590**	**2.697.993.002**
Net position (excess of monetary assets over monetary liabilities	US$	**167.851.665**	**205.186.599**	**225.339.633**

From January 2020, monetary assets and liabilities in foreign currency are valued by using the reference sale rate established by BCCR on the last business day of each month (previously the purchase exchange rate was used); as of September 30, 2022, that rate was ¢632.72 for US $1.00 (¢629.71 for US $1.00 in September 2021).

Net exposure is not hedged. However, the Bank considers its position to be acceptable since it can buy or sell U.S. dollars in the market when necessary.

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

The following table shows the possible annual gains (losses) if there are variations of 5 percentage points in the exchange rates, respectively.

Sensitivity to an increase in the exchange rate

	September 2022	December 2021	September 2021
Net position	162.851.664	205.186.599	225.339.633
Closing exchange rate	632,72	645.25	629.71
Increase in the exchange rate by 5%	31.64	32.26	31.49
Profit	**5.152.626.649**	**6.619.319.684**	**7.095.945.043**

Sensitivity to a decrease in the exchange rate

	September 2022	December 2021	September 2021
Net position	162.851.664	205.186.599	225.339.633
Closing exchange rate	632,72	645.25	629.71
Decrease in the exchange rate by 5%	(31.64)	(32.26)	(31.49)
Loss	**(5.152.626.649)**	**(6.619.319.684)**	**(7.095.945.043)**

Monetary assets and liabilities in Euros are detailed as follows:

		September 2022	December 2021	September 2021
Assets:				
Cash and due from banks	EUR€	7.357.746	6.958.224	8.653.622
Accounts and interest receivable		0	0	7.287
Other assets		3.105	6.625	0
Total assets		**7.360.851**	**6.964.849**	**8.660.909**
Liabilities:				
Obligations with the public		6.463.248	5.748.836	5.262.990
Other financial obligations		997.385	753.785	677.743
Other accounts payable and provisions		30.410	18.680	19.778
Other liabilities		35.545	204.619	739
Total liabilities		7.526.588	6.725.920	5.961.250
Net position (excess of monetary assets over monetary liabilities)	EUR€	**(165.737)**	**238.929**	**2.699.659**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2022, complying with SUGEF´s regulations, the term matching of the most important US dollar accounts is as follows:

Assets		**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**	**More than 30 days past due**	**Total**
Cash and due from banks	US$	330.539.029	0	0	0	0	0	0	0	330.539.029
Cash reserve- BCCR		228.726.429	14.657.949	13.481.425	12.275.935	29.421.797	30.629.441	11.034.528	0	340.227.504
Investments		0	348.740.636	5.373.366	0	137.363.157	215.272.215	279.472.468	0	986.221.842
Interest on investments		0	93.426	3.659.619	15.530	2.296.095	0	0	0	6.064.670
Loan portfolio		0	34.574.118	14.949.957	20.989.943	37.214.170	40.677.664	1.034.202.408	100.097.569	1.282.705.829
Interest on loans		0	2.326.580	1.026.500	0	47.007	0	47.440	5.238.413	8.685.940
		559.265.458	**400.392.709**	**38.490.867**	**33.281.408**	**206.342.226**	**286.579.320**	**1.324.756.844**	**105.335.982**	**2.954.444.814**
Liabilities										
Obligations with public		1.693.838.762	108.549.777	99.836.995	90.909.712	217.883.786	226.827.023	81.716.445	0	2.519.562.500
Obligations with financial Entities		18.319.664	184.235.177	335.342	14.360.503	1.426.855	17.697.088	32.083.224	0	268.457.853
Charges payable		225.997	946.120	713.512	613.350	1.408.360	923.111	973.002	0	5.803.452
		1.712.384.423	**293.731.074**	**100.885.849**	**105.883.565**	**200.719.001**	**245.447.222**	**114.772.671**	**0**	**2.793.823.805**
Assets and liabilities spread	US$	**(1.153.118.965)**	**106.661.635**	**(62.394.982)**	**(72.602.157)**	**(14.376.775)**	**41.132.098**	**1.209.984.173**	**105.335.982**	**160.621.009**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2021, complying with SUGEF´s regulations, the term matching of the most important US dollar accounts is as follows:

Assets		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	More than 30 days past due	Total
Cash and due from banks	US$	224.652.480	0	0	0	0	0	0	0	224.652.480
Cash reserve- BCCR		255.232.864	32.295.145	13.627.533	8.367.047	30.350.703	25.042.568	18.379.452	0	383.295.312
Investments		0	374.706.318	9.184.847	18.446	33.927.218	37.144.039	516.303.244	0	971.284.112
Interest on investments		0	4.753.146	4.634.917	0	773.792	0	0	0	10.161.855
Loan portfolio		0	7.098.342	12.603.600	10.052.567	59.669.983	91.469.737	130.480.342	1.044.751.638	1.356.126.209
Interest on loans		0	1.794.542	88.216	44.670	1.627	285.408	5.297.994	20.024	7.532.481
		479.885.344	**420.647.493**	**40.139.113**	**18.482.730**	**124.723.323**	**153.941.752**	**670.461.032**	**1.044.771.662**	**2.953.052.449**
Liabilities										
Obligations with public		1.662.984.935	210.420.940	88.791.002	54.515.996	197.751.817	163.166.344	119.752.418	0	2.497.383.452
Obligations with financial Entities		12.696.743	168.221.358	576.070	14.692.439	9.414.053	19.738.178	31.513.526	0	256.852.367
Charges payable		245.750	901.175	1.257.309	481.546	1.344.297	1.026.353	663.153	0	5.919.583
		1.675.927.428	**379.543.473**	**90.624.381**	**69.689.981**	**208.510.167**	**183.930.875**	**151.929.097**	**0**	**2.760.155.402**
Assets and liabilities spread	US$	**(1.196.042.084)**	**41.104.020**	**(50.485.268)**	**(51.207.251)**	**(83.786.844)**	**(29.989.123)**	**518.531.935**	**1.044.771.662**	**192.897.047**

(Continues)

As of September 30, 2021

Assets		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	More than 30 days past due	Total
Cash and due from banks	US$	143.815.412	0	0	0	0	0	0	0	143.815.412
Cash reserve- BCCR		232.144.586	39.330.815	7.074.033	10.112.789	23.478.405	33.851.728	21.602.150	0	367.594.506
Investments		0	211.629.081	33.815.442	6.732.176	8.344.065	111.470.453	574.955.690	0	946.946.907
Interest on investments		0	16.370	3.067.442	208.482	4.185.963	0	0	0	7.478.257
Loan portfolio		0	9.866.911	10.459.763	16.116.856	34.763.563	50.498.837	1.156.205.845	127.083.600	1.404.995.375
Interest on loans		0	3.095.037	460.092	159.696	44.764	5.014	5.004.888	18.739	8.788.230
		375.959.998	**263.938.214**	**54.876.772**	**33.329.999**	**70.816.760**	**195.826.032**	**1.757.768.573**	**127.102.339**	**2.879.618.687**
Liabilities										
Obligations with public		1.515.177.764	256.707.153	46.171.298	66.004.868	153.240.519	220.945.863	140.994.445	0	2.399.241.910
Obligations with financial Entities		25.381.509	147.084.737	10.283.180	44.402.206	1.240.784	2.066.879	32.418.431	0	262.877.726
Charges payable		177.308	1.151.342	887.282	606.026	985.256	1.058.639	547.462	0	5.413.315
		1.540.736.581	**404.943.232**	**57.341.760**	**111.013.100**	**155.466.559**	**224.071.381**	**173.960.338**	**0**	**2.667.532.951**
Assets and liabilities spread	US$	**(1.164.776.583)**	**(141.005.018)**	**(2.464.988)**	**(77.683.101)**	**(84.649.799)**	**(28.245.349)**	**1.583.808.235**	**127.102.339**	**212.085.736**

(Continues)

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

For the period ended September 30, 2022, the separate accumulated financial statements show a net foreign exchange loss of ¢2.071.678.920 (¢2.726.227.722 and ¢1.936.886.304 for December and September 2021, respectively)

(g) Capital Management

During 2021, the Capital Management Process in the BCR Financial Conglomerate has been monitored and followed up, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

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

The behavior of capital requirements has increased in the last period due to the events caused by Covid 19, and its effect on the credit risk associated with customers, the migration of balances from term products to demand products, that increase the liquidity risk, and the increase in the volatility of the prices of investment instruments with an impact on the price risk.

The increase in liquidity risk for 2022 does not affect the regulatory capital coverage. At the end of June, the capital levels were sufficient to cover risks.

The preventive efforts of the equity sufficiency index allowed the indicator to remain within the appetite level during the start of the pandemic and so far in 2022.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of August 2022 of 19.22% 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.

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 relation, so that the information generated can be easily used in 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.

Information technology (IT) risk is the possibility of economic losses derived from an event related to the access or use of technology, which affects the development of business processes and risk management of the entity, by attacking the confidentiality, integrity, availability, efficiency, reliability, and timeliness of the information.

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

On the other hand, technological evolution keeps the Bank alert regarding technological risk since the population is online with banking platforms, and thousands of users connect for the first time every day, which means that cybernetic insecurity represents a risk that must be controlled and it is necessary to increase the operational capacity to analyze the alerts, paying special attention to monitoring the efficiency of the equipment and its capacity to function.

The operational risk can be increased by the number of processes carried out from home, since telecommuting has been implemented.

(Continues)

From this point of view, within the annual operational risk work plan, different risk assessments have been programmed in new services and products, conducive to innovation.

The model of management and control of operational risk establishes an evaluation process which comprises stages of identification, analysis, and assessment, also, the control, mitigation, tracing, and information is performed. Considering the above a set of qualitative and quantitative techniques and tools are developed that allow determining the risk level in the substantive processes; this from the estimate of the probability of occurrence of identified relevant events and their impact. Currently, events originated by external events as well as those caused by failures in processes, systems and persons are identified.

Regarding the calculation of regulatory capital, the BCR uses the basic method and continuously provides efforts in the prevention and mitigation of relevant operational risks.

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

Given the nature of the entity and the risks inherent to its activities, the risk of internal and external fraud is considered as relevant, for which periodic training programs are implemented on elements that collaborate in the early detection of cases, as well as prevention announcements that warn of the different types of fraud and their evolution in our environment. Likewise, there are plans that will be activated in case of non-compliance of the parameters established.

Through the automated OpRisk tool, the operational risks detected in the risk evaluations are managed with their respective treatment plans. Additionally, the tool is fed with the materialized event reports recorded by the Bank's different offices, for which it has a consolidated database, complying with the provisions of the SUGEF Agreement 2-10 Regulation on operational risk management.

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

(Continues)

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	September 2022	December 2021	September 2021
Clients, products, and business practices	1.03%	0.0097	1.03%
Execution, delivery, and management of processes	3.99%	3.46%	3.99%
External fraud	53.28%	61.86%	53.28%
Internal fraud	31.41%	0.2401	31.41%
Business interruption and system failures	9.81%	9.34%	9.81%
Labor relations and safety in the workplace	0.48%	0.36%	0.48%
Total	**100.00%**	**100.00%**	**100.00%**

Information and IT security risk management is carried out at the Conglomerate as a whole, and there is an annual assessment plan related to processes, contracts, applications, strategy, services, platforms, and IT security, in line with prudential regulations applicable and best international practices, supporting the fulfillment of technology objectives, as well as institutional strategic objectives.

The information and IT security risk assessment methodology and procedures are reviewed annually and, if necessary, adjusted in order to identify and appropriately treat the risks.

In addition, as part of the IT risk management, indicators of the most relevant technological risks of the BCR Financial Conglomerate are considered and followed up on.

For each of them there are corrective actions or a mitigation plan that is activated in the event of non-compliance with the tolerance or the established limit; they are regularly reviewed and updated in conjunction with risk takers, as part of the continuous improvement of the management process.

The reports with the results are periodically presented to the corresponding corporate governance bodies, as part of the Management Information System.

The foregoing, with the purpose of not substantially impacting the services provided to customers.

(j) Business Continuity

The BCR Financial Conglomerate has a Business Continuity Management System (hereinafter SGCN) with a defined regulatory framework (policy, provision, procedures, and protocols). The system is designed from the best international practices such as ISO 22301, additionally it seeks to meet regulatory requirements such as SUGEF Agreement 14-17, General Information Technology Management Regulations, SUGEF Agreement 02-10, Regulations on Comprehensive Risk Management and SUGEF Agreement 16-16, Regulation on corporate governance. The SGCN considers 6 phases:

(Continues)

1. Business Impact Analysis: This phase is one of the most relevant of the SGCN and requires the process map as input to establish the scope of business continuity management. In the analysis process, the priority of the services must be determined (according to the scope established at the strategic level) and the resources required to be recovered during an unexpected interruption. The prioritization is guided by the potential loss in time that an interruption of each service-product, process and critical activity can generate, starting from the most negative interruption scenario and without considering the probabilities.

2. Risk Analysis: in this phase, the SGCN requires integration with the risk analysis of critical services-products, processes or activities to determine the most likely causes that could materialize a service interruption.

3. Strategies: based on the Impact Analysis and the Risk Analysis, recovery strategies are created aimed at how to respond with the available resources at the time the threats materialize as an interruption event. The strategy can also be approached from the perspective of the gaps between the required recovery times and the installed response capacity.

4. Business Continuity Plan: in this phase the roles, responsibilities, and structure to respond to interruption events are built and maintained. The development of contingency and recovery plans, procedures and protocols for critical services and the processes supporting them is also considered.

5. Education and training of the Business Continuity Plan: once the continuity plan and supporting documents have been developed, training and education programs are developed with the different stakeholders, including corporate management levels up to the operational levels of the commercial offices where the Conglomerate offers its services. Each of these participants has a role in the continuity plan that is important for them to know, master, and practice so that they can respond as planned and reduce impact.

6. Tests of the Business Continuity Plan: with all the interested parties trained, it is necessary to validate the effectiveness of the plans, as well as their validity, for which a test program has to be developed that allows each of the plans to be validated individually or jointly, in controlled settings and according to available resources. These tests are the engine of the maintenance and continuous improvement of the SGCN, since they allow staff to be trained and improvements to be identified at a lower cost, to have a greater response opportunity and recover business continuity more quickly and with less impact in an interruption event or a real crisis.

   The SGCN is a process that as such must be constantly reviewed to adjust to organizational changes at the strategic, tactical and operational levels.

(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, such as Sistema de Banca para el Desarrollo, presenting improvement opportunities from which the different treatment plans were established, 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, this to ensure a desire for zero tolerance in terms of non-compliance with the applicable external regulatory framework.

Through the automated GRC tool, the incorporation of the applicable regulations according to the Kelsen pyramid is being generated. In the third quarter of 2022, work has been done on the module related to self-assessments for compliance with the Public Procurement Law, which will be implemented as of December 1.

Regarding legal risk management, the entity monitors legal, regulatory and contractual matters, as well as the rights and obligations associated with image rights and intellectual property. For the third quarter of 2022, training was given to subsidiary companies of the Conglomerate, in order to raise awareness among officials regarding the prevention of legal risk events, in order to strengthen the risk culture, contributing prospectively to prevent the materialization of risk events.

(Continues)

(35) Financial Information of the Development Financing Fund

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

Development Financing Fund
Statement of financial position
As of September 30, 2022
Financial Information
(In colones without cents)

		September 2022	December 2021	September 2021
ASSETS				
Investments in financial instruments	¢	**0**	**0**	**1.098.411.964**
At fair value through other comprehensive income		0	0	1.088.651.130
Interest receivable		0	0	9.760.834
Loan portfolio		**44.220.671.419**	**39.240.945.857**	**36.493.531.879**
Current loans		41.075.786.842	36.712.482.834	34.445.839.753
Past due loans		3.492.612.539	2.943.144.718	2.386.197.981
Loans on legal collection		240.455.643	49.958.231	49.958.231
(Deferred income loan portfolio)		(368.304.600)	(343.722.100)	(318.953.246)
Interest receivable		164.533.504	72.838.659	96.868.532
(Allowance for impairment)		(384.412.509)	(193.756.485)	(166.379.372)
Accounts and commissions receivable		**268.950**	**451.276**	**2.101.581**
Other accounts receivable		1.837.180	1.546.404	3.230.388
(Allowance for impairment)		(1.568.230)	(1.095.128)	(1.128.807)
Other assets		**4.245.711**	**4.334.310**	**4.330.698**
Other assets		4.245.711	4.334.310	4.330.698
TOTAL ASSETS	¢	**44.225.186.080**	**39.245.731.443**	**37.598.376.122**
Liabilities				
Obligations with entities	¢	**2.765.972.085**	**2.045.264.177**	**607.482.794**
Other Obligations with entities		2.765.972.085	2.045.264.177	607.482.794
Accounts payable and provisions	¢	**60.772.543**	**38.656.637**	**30.331.169**
Other sundry accounts payable		60.772.543	38.656.637	30.331.169
Other liabilities		**5.391.866**	**1.367.853**	**1.378.733**
Other liabilities		5.391.866	1.367.853	1.378.733
TOTAL LIABILITIES	¢	**2.832.136.494**	**2.085.288.667**	**639.192.696**
EQUITY				
Contributions from Banco de Costa Rica	¢	**29.330.665.472**	**26.014.386.470**	**26.014.386.470**
Retained earnings from previous periods		**11.146.056.305**	**10.197.624.940**	**10.197.624.940**
Result of current period		**916.327.809**	**948.431.366**	**747.172.016**
TOTAL EQUITY	¢	**41.393.049.586**	**37.160.442.776**	**36.959.183.426**
TOTAL EQUITY AND LIABILITIES	¢	**44.225.186.080**	**39.245.731.443**	**37.598.376.122**
DEBIT CONTINGENT ACCOUNTS	¢	**11.887.938**	**16.322.202**	**3.346.279**
OTHER DEBIT MEMORANDA ACCOUNTS	¢	**8.457.106.239**	**8.870.052.639**	**8.777.223.049**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Development Financing Fund
Income Statement
As of September 30, 2022
Financial Information
(In colones without cents)

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
Financial income					
For loan portfolio		1.339.402.226	1.077.447.516	572.705.946	390.973.589
For profit on exchange differences		1.596.391	2.154.455	(5.763.207)	995.304
For other financial income		0	4.588.745	0	0
Total financial income		**1.340.998.617**	**1.084.190.716**	**566.942.739**	**391.968.893**
Financial expenses					
For allowance of asset impairment of assets		121.590.440	22.177.228	390.735	554.566
For asset recovery and decrease in Allowance and provisions		222.069	18.580.367	44.815	12.144.972
FINANCIAL INCOME		**1.219.630.246**	**1.080.593.855**	**566.596.819**	**403.559.299**
Other operating income					
For other operating income		137.590	377.848	75	31.424
For currency exchange and arbitration		0	249	0	249
For services commissions		14.349.950	7.979.321	4.884.603	2.219.914
Total other operating income		**14.487.540**	**8.357.418**	**4.884.678**	**2.251.587**
Other operating expenses					
For foreclosed assets		0	411.364	0	0
For other operating expenses		317.789.977	341.779.257	104.326.366	130.775.871
Total other operating expenses		**317.789.977**	**341.779.257**	**104.326.366**	**130.775.871**
RESULT OF THE PERIOD	¢	**916.327.809**	**747.172.016**	**467.155.131**	**275.035.015**

(Continues)

Loan portfolio of the Development Financing Fund

The following information contained in notes a) through f) represent financial information.

a) Loan portfolio by sector

		September 2022	December 2021	September 2021
Activity				
Agriculture, livestock, hunting and related services	¢	13.761.303.319	11.215.641.480	10.978.304.136
Public administration		13.411.357	265.916.544	3.686.169.748
Fishing and aquaculture		44.076.348	46.000.000	41.532.983
Manufacturing		1.236.750.318	6.213.506.208	5.490.659.323
Trade		18.858.095.024	10.997.670.095	10.033.033.792
Services		7.359.047.364	8.323.269.288	4.335.614.470
Transportation		893.417.081	558.739.301	235.178.515
Financial and stock exchange activities		655.419.780	881.672.399	937.745.527
Real estate, business, and rental activities		228.387.199	264.973.366	272.397.384
Construction, purchase, and repair of real estate		675.229.327	642.304.505	659.026.540
Hospitality		1.083.717.907	295.892.597	212.333.547
		44.808.855.024	39.705.585.783	36.881.995.965
Plus: interest receivable		164.533.504	72.838.659	96.868.532
Less deferred income in loan portfolio		(368.304.600)	(343.722.100)	(318.953.246)
Allowance for impairment		(384.412.509)	(193.756.485)	(166.379.372)
	¢	**44.220.671.419**	**39.240.945.857**	**36.493.531.879**

(Continues)

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		September 2022	December 2021	September 2021
Up to date	¢	41.075.786.842	36.712.482.834	34.445.839.753
From 1 to 30 days		1.354.650.253	1.624.793.688	2.210.860.315
From 31 to 60 days		768.437.838	587.091.721	124.791.260
From 61 to 90 days		774.711.476	715.753.544	45.669.245
From 91 to 120 days		152.774.099	14.329.505	4.877.161
From 121 to 180 days		397.698.897	185.129	0
Over 180 days		44.339.976	991.131	0
Legal collection		240.455.643	49.958.231	49.958.231
		44.808.855.024	**39.705.585.783**	**36.881.995.965**

c) Delinquent and past due loan portfolio

Delinquent and past due loans, including loans with interest recognition based on cash and loans in non-accrual status of interest, are summarized below:

		September 2022	December 2021	September 2021
Number of operations		20	6	4
Past due loans in non- accrual status of interest	¢	284.795.619	50.949.362	49.958.231
Past due loans for which interest is recognized	¢	3.448.272.563	2.942.153.587	2.386.197.981
Total unearned interest	¢	1.250.024	2.341.043	22.440.207

(Continues)

Loans on legal collection as of September 30, 2022:

# operations	Percentage		Balance
7	0.54%	¢	240.455.643

Loans on legal collection as of December 31, 2021:

# operations	Percentage		Balance
4	0,13%	¢	49.958.231

Loans on legal collection as of September 30, 2021:

# operations	Percentage		Balance
4	0.14%	¢	49.958.231

d) Interest receivable on loan portfolio:

Interest receivables are as follows:

		September 2022	December 2021	September 2021
Current loans	¢	122.973.333	55.229.565	86.804.030
Past due loans		3.597.473	16.825.643	9.281.051
Loans in judicial collection		37.962.698	783.451	783.451
	¢	**164.533.504**	**72.838.659**	**96.868.532**

e) Allowance for bad loans:

The movement of allowance for bad loans is as follows:

Opening balance 2022	¢	**193.756.485**
Plus:		
Allowance charged to profit or loss		121.108.490
Transfer of balances		70.416.927
Adjustment for exchange differences		458.983
Less:		
Adjustment for exchange differences		(581.347)
Reversal of allowance against income		(123.591)
Transfer of balances		(623.438)
Balance as of September 30, 2022	¢	**384.412.509**

As of December 31, 2021

Opening balance 2021	¢	**139.084.406**
Plus:		
Allowance charged to profit or loss		49.304.710
Transfer of balances		6.022.483
Adjustment for exchange differences		212.127
Less:		
Adjustment for exchange differences		(2.078)
Reversal of allowance against income		(865.163)
Balance as of December 31, 2021	¢	**193.756.485**

As of September 30, 2021

Opening balance 2021	¢	**139.084.406**
Plus:		
Allowance charged to profit or loss		21.740.606
Transfer of balances		6.022.483
Less:		
Adjustment for exchange differences		(2.078)
Reversion of allowance against income		(526.415)
Balance as of September 30, 2021	¢	**166.379.372**

f) Loan portfolio by type of guarantee:

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

		September 2022	December 2021	September 2021
Guarantee				
Fiduciary	¢	645.897.468	720.275.520	739.007.604
Mortgage		28.115.174.408	27.342.362.474	24.322.395.541
Chattel		976.631.433	876.842.095	653.925.155
Others		15.071.151.715	10.766.105.694	11.166.667.665
	¢	**44.808.855.024**	**39.705.585.783**	**36.881.995.965**

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

			Direct Loan Portfolio	
		September 2022	December 2021	September 2021
Principal		¢	44.808.855.024	39.705.585.783	36.881.995.965
Interest receivable			164.533.504	72.838.659	96.868.532
			44.973.388.528	39.778.424.442	36.978.864.497
Allowance for bad loans			(384.412.509)	(193.756.485)	(166.379.372)
Carrying amount			44.588.976.019	39.584.667.957	36.812.485.125.
Loan portfolio					
Total balances:					
A1		¢	0	884.524.017	0
D			562.524.707	0	952.273.576
E			95.133.332	0	0
1			40.381.351.026	36.792.311.640	35.014.906.081
2			707.945.178	728.386.349	154.420.100
3			2.050.164.981	1.218.141.672	438.559.357
4			481.116.312	88.715.638	380.298.213
5			403.401.393	14.610.312	0
6			291.751.599	51.734.814	38.407.171
			44.973.388.528	39.778.424.442	36.978.864.497
Minimum allowance			(349.756.624)	(164.542.618)	(125.826.805)
Carrying amount, net		¢	44.623.631.904	39.613.881.824	36.853.037.692
Carrying amount			44.973.388.528	39.778.424.442	36.978.864.497
Allowance for bad loans			(349.756.624)	(164.542.618)	(125.826.805)
Allowance (surplus) deficit on minimum allowance			(34.655.885)	(29.213.867)	(40.552.567)
Carrying amount, net	6a	¢	44.588.976.019	39.584.667.957	36.812.485.125

(Continues)

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2022

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	40.381.351.026	25.735.735.717	14.645.615.309	(101.049.180)
A1		562.524.707	0	562.524.707	(2.812.623)
		40.943.875.733	25.735.735.717	15.208.140.016	(103.861.803)
Direct specific allowance					
1					
2		707.945.178	607.885.917	100.059.261	(8.042.393)
3		2.050.164.981	1.695.667.806	354.497.175	(97.102.633)
4		481.116.312	448.564.428	32.551.884	(18.518.764)
5		403.401.393	382.112.799	21.288.594	(16.812.580)
6		291.751.599	258.978.036	32.773.563	(34.068.452)
E		95.133.332	0	95.133.332	(71.349.999)
		4.029.512.795	3.393.208.986	636.303.809	(245.894.821)
	¢	44.973.388.528	29.128.944.703	15.844.443.825	(349.756.624)

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	41.198.760.176	25.647.950.766	15.550.809.410	(100.573.739)
Equal or less than 30 days		1.364.583.681	1.265.083.961	99.499.720	(3.288.065)
		42.563.343.857	26.913.034.727	15.650.309.130	(103.861.804)
Direct specific allowance					
Equal or less than 60 days		776.558.883	708.773.248	67.785.635	(173.754.072)
Equal or less than 90 days		785.588.484	710.763.270	74.825.214	(22.260.120)
Equal or less than 180 days		534.820.927	513.271.068	21.549.859	(18.491.129)
Over 180 days		313.076.377	283.102.390	29.973.987	(31.389.499)
	¢	2.410.044.671	2.215.909.976	194.134.695	(245.894.820)
	¢	44.973.388.528	29.128.944.703	15.844.443.825	(349.756.624)

(Continues)

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As of Dcember 31, 2021

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	36.792.311.641	25.823.207.897	10.969.103.744	92.191.906
A1		884.524.017	0	884.524.017	4.422.620
		37.676.835.658	25.823.207.897	11.853.627.761	96.614.526
Direct specific allowance					
2		728.386.349	420.493.795	307.892.554	17.497.097
3		1.218.141.671	1.082.479.235	135.662.436	39.328.005
4		88.715.638	86.852.875	1.862.763	1.365.646
5		14.610.312	8.647.766	5.962.546	4.217.021
6		51.734.814	46.446.724	5.288.090	5.520.323
		2.101.588.784	1.644.920.395	456.668.389	67.928.092
	¢	39.778.424.442	27.468.128.292	12.310.296.150	164.542.618

Loan Portfolio

Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	884.524.017	0	884.524.017	96.614.526
		884.524.017	0	884.524.017	96.614.526
Direct specific allowance					
Up to date		35.883.188.382	24.960.268.104	10.922.920.278	10.925.253
Equal or less than 30 days		1.598.337.649	1.375.011.414	223.326.235	11.884.539
Equal or less than 60 days		624.506.126	437.824.585	186.681.541	11.782.947
Equal or less than 90 days		721.523.142	639.929.700	81.593.442	23.598.009
Equal or less than 180 days		14.610.312	8.647.766	5.962.546	4.217.021
Over 180 days		51.734.814	46.446.724	5.288.090	5.520.323
	¢	38.893.900.425	27.468.128.293	11.425.772.132	67.928.092
	¢	39.778.424.442	27.468.128.293	12.310.296.149	164.542.618

As of September 30, 2021

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		**Principal**	**Covered Balance**	**Overdraft**	**Allowance**
1	¢	35.014.906.080	22.390.285.916	12.624.620.164	(87.751.496)
A1		952.273.576	0	952.273.576	(4.761.368)
		35.967.179.656	**22.390.285.916**	**13.576.893.740**	**(92.512.864)**
Direct specific allowance					
2		154.420.100	122.587.754	31.832.346	(2.204.556)
3		438.559.357	419.286.337	19.273.020	(6.914.687)
4		380.298.213	345.284.652	35.013.561	(19.233.204)
6		38.407.171	33.613.746	4.793.425	(4.961.494)
		1.011.684.841	**920.772.489**	**90.912.352**	**(33.313.941)**
	¢	**36.978.864.497**	**23.311.058.405**	**13.667.806.092**	**(125.826.805)**

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		**Principal**	**Covered Balance**	**Overdraft**	**Allowance**
Up to date	¢	34.532.643.783	21.068.367.419	13.464.276.363	(87.837.547)
Equal or less than 30 days		2.176.931.771	1.998.854.139	178.077.632	(4.571.346)
Equal or less than 60 days		0	0	0	(103.972)
		36.709.575.554	**23.067.221.558**	**13.642.353.995**	**(92.512.865)**
Direct specific allowance					
Equal or less than 60 days		167.760.359	156.050.024	11.710.336	(25.720.831)
Equal or less than 90 days		42.721.981	36.588.934	6.133.047	(1.716.206)
More than 180 days		20.399.432	17.584.143	2.815.289	(915.409)
	¢	**269.288.943**	**243.836.847**	**25.452.097**	**(33.313.940)**
	¢	**36.978.864.497**	**23.311.058.405**	**13.667.806.092**	**(125.826.805)**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of September 30, 2022		Loans receivable from clients Gross	Net
Risk category:			
1	¢	40.381.351.025	40.280.301.846
2		707.945.178	699.902.785
3		2.050.164.981	1.953.062.348
4		481.116.312	462.597.548
5		403.401.393	386.588.814
6		291.751.599	257.683.146
E		562.524.708	559.712.084
D		95.133.332	23.783.333
	¢	**44.973.388.528**	**44.623.631.904**

As of December 31, 2021		Loans receivable from clients Gross	Net
Risk category:			
1	¢	36.792.311.640	36.700.119.734
2		728.386.349	710.889.253
3		1.218.141.672	1.178.813.666
4		88.715.638	87.349.992
5		14.610.312	10.393.291
6		51.734.814	46.214.491
A1		884.524.017	880.101.397
	¢	**39.778.424.442**	**39.613.881.824**

As of September, 2021		Loans receivable from clients Gross	Net
Risk category:			
1	¢	35.014.906.081	34.927.154.584
2		154.420.100	152.215.544
3		438.559.357	431.644.670
4		380.298.213	361.065.009
6		38.407.171	33.445.677
	¢	**36.978.864.497**	**36.853.037.692**

(Continues)

(36) Situation of the Development Credit Fund

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

DEVELOPMENT CREDIT FUND
STATEMENT OF FINANCIAL POSITION
As of September 30, 2022
Financial Information
(In colones without cents)

		September 2022	December 2021	September 2021
ASSETS				
Availabilities	¢	**1.048.089.234**	**677.887.264**	**875.608.451**
Central Bank of Costa Rica		1.048.089.234	677.887.264	875.608.451
Investment in financial instruments		**172.760.237.531**	**168.330.359.602**	**163.660.362.046**
At fair value through profit or loss		0	9.980.757.065	4.161.436.049
At fair value through other comprehensive income		168.532.145.550	153.559.065.746	157.080.362.843
At amortized cost		2.652.600.786	2.692.178.741	673.792.509
Interest receivable		1.575.491.195	2.098.358.050	1.744.770.645
Loan Portfolio		**10.193.255.021**	**24.599.730.190**	**12.281.023.821**
Current loans		10.063.389.130	24.694.451.340	12.588.717.191
Past due loans		255.907.183	101.397.179	104.370.009
(Deferred income loan portfolio)		**(78.887.912)**	**(166.848.988)**	**(367.176.444)**
Interest receivable		50.785.139	69.853.373	52.767.113
(Allowance for impairment)		(97.938.519)	(99.122.714)	(97.654.048)
Accounts and commissions receivable		**837.150.624**	**31.619.907**	**13.789.245**
Tax and deferred income tax		837.150.624	31.619.907	13.789.245
Other assets		**1.809.588.329**	**1.142.830.562**	**915.112.205**
Other assets		1.809.588.329	1.142.830.562	915.112.205
TOTAL ASSETS	¢	**186.648.320.739**	**194.782.427.525**	**177.745.895.768**
LIABILITIES				
Obligations with entities	¢	**185.868.443.287**	**186.862.695.178**	**170.033.443.939**
Term		185.784.185.490	186.862.695.178	170.033.443.939
Charges payable to financial entities		84.257.797	0	0
Accounts payable and provisions		**422.396.529**	**1.306.845.253**	**1.568.226.595**
Deferred income tax		422.396.529	1.306.845.253	1.568.226.595
Other liabilities		**0**	**899.772.214**	**704.761.365**
Other liabilities		0	899.772.214	704.761.365
TOTAL LIABILITIES	¢	**186.290.839.816**	**189.069.312.645**	**172.306.431.899**
EQUITY				
Results of the previous period	¢	**(518.184.518)**	**3.517.319.433**	**4.169.317.534**
Results of the current period		**875.665.441**	**2.195.795.447**	**1.270.146.335**
TOTAL EQUITY	¢	**357.480.923**	**5.713.114.880**	**5.439.463.869**
TOTAL LIABILITIES AND EQUITY	¢	**186.648.320.739**	**194.782.427.525**	**177.745.895.768**
Own debit memoranda account				
Own debit memoranda account	¢	33.923.443.274	21.119.325.983	8.673.680.412
Interest receivable memoranda accounts	¢	15.142.352	6.235.038	13.358.159

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

DEVELOPMENT CREDIT FUND
INCOME STATEMENT
Fort the period ended September 30, 2022
Financial Information
(In colones without cents)

		September 2022	September 2021	Quarter from July 1 to September 30 2022	Quarter from July 1 to September 30 2021
Financial income					
For investments in financial instruments	¢	6.052.882.286	5.331.157.116	2.138.056.419	1.897.651.171
For loan portfolio		829.587.722	764.210.158	199.844.683	188.314.083
For exchange rate differences		0	552.120.241	(2.683.250.358)	383.889.248
Other financial incomes		103.338.748	155.232.330	8.249.712	8.746.397
Total financial income		**6.985.808.756**	**6.802.719.845**	**(337.099.544)**	**2.478.600.899**
Financial expenses					
For obligations with the public		963.306.444	894.207.881	204.995.562	302.845.736
For losses in exchange differences		722.079.260	0	722.079.260	0
Other financial expenses		550.673.572	7.795.299	545.630.594	886.209
Total financial expenses		**2.236.059.276**	**902.003.180**	**1.472.705.416**	**303.731.945**
For allowance of asset impairment		117.152.205	253.716.244	11.660.563.	129.710.014
Asset recovery and decrease in allowance		209.370.794	106.499.211	95.415.134	10.813.102
Financial result	¢	**4.841.968.069**	**5.753.499.632**	**(1.726.050.389)**	**2.055.972.042.**
Other operating income					
For commission for services		2.065	8.492	(1)	0
For arbitrage and currency exchange		189.958.865	227.998.362	63.505.228	78.859.014
For other operating income		529.329.474	13.501.984	98.167.149	10.250.875
Total other operating income	¢	**719.290.404**	**241.508.838**	**161.672.376**	**89.109.889**
Other operating expenses					
For exchange and arbitration, foreign currency		48.069.803	93.756.397	11.630.708	22.789.069
For other operating expenses		590.903.549	44.593.285	133.203.870	21.087.540
Total other operating expenses	¢	**638.973.352**	**138.349.682**	**144.834.578**	**43.876.609**
Gross operating income	¢	**4.922.285.121**	**5.856.658.788**	**(1.709.212.591)**	**2.101.205.322**
Earnings transferred to the National Development Trust		4.046.619.680	4.586.512.453	0	1.839.984.347
Result of the period	¢	**875.665.441**	**1.270.146.335**	**(1.709.212.591)**	**261.220.975**
Profit allocation					
Profit transferred to the National Development Trust	¢	4.046.619.680	4.586.512.453	2.112.336.741	3.279.890.475
Commission for management of the Development Credit Fund, and the fund's own profits		875.665.441	1.270.146.335	(545.964.532)	744.863.004
	¢	**4.922.285.121**	**5.856.658.788**	**1.566.372.209**	**4.024.753.479**

(Continues)

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

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

		September 2022	December 2021	September 2021
At fair value through profit or loss	¢	0	9.980.757.065	4.161.436.049
At fair value through other comprehensive income		168.532.145.550	153.559.065.746	157.080.362.843
At amortized cost		2.652.600.786	2.692.178.741	673.792.509
Interest receivable for investments at fair value through comprehensive income		1.575.491.195	2.098.358.050	1.744.770.645
	¢	**172.760.237.532**	**168.330.359.602**	**163.660.362.046**

At fair value through profit or loss		**September 2022 Fair value**	**December 2021 Fair value**	**September 2021 Fair value**
Local issuers:				
State-owned Banks	¢	0	9.980.757.065	4.161.436.049
	¢	**0**	**9.980.757.065**	**4.161.436.049**

At fair value through other comprehensive income		**September 2022 Fair value**	**December 2021 Fair value**	**September 2021 Fair value**
Issuers abroad:				
Government	¢	130.658.791.220	128.414.839.127	130.530.185.931
State-owned Banks		37.873.354.329	25.144.226.619	26.550.176.912
	¢	**168.532.145.550**	**153.559.065.746**	**157.080.362.843**

(Continues)

Loan portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

		September 2022	December 2021	September 2021
Sector				
Agriculture. livestock. hunting and related services	¢	6.984.726.578	14.910.502.113	5.565.652.487
Manufacturing		2.339.429.023	9.885.346.406	7.127.434.713
Trade		606.703.983	0	0
Services		62.904.173	0	0
Transportation		122.332.573	0	0
Construction, purchase, and repair of property		4.750.000	0	0
Hotels and restaurants		198.449.983	0	0
		10.319.296.313	24.795.848.519	12.693.087.200
Plus: interest receivable		50.785.139	69.853.373	52.767.113
Less: deferred income loan portfolio		(78.887.912)	(166.848.988)	(367.176.444)
Allowance for impairment		(97.938.519)	(99.122.714)	(97.654.048)
	¢	**10.193.255.021**	**24.599.730.190**	**12.281.023.821**

b) Loan portfolio by arrears:

Loan portfolio by arrears is detailed as follows:

		September 2022	December 2021	September 2021
Up to date	¢	10.063.389.130	24.694.451.340	12.588.717.191
From 1 to 30 days		0	101.397.179	104.370.009
From 31 to 60 days		255.907.183		0
	¢	**10.319.296.313**	**24.795.848.519**	**12.693.087.200**

c) Delinquent and past due loans

Delinquent and past due loans, including loans with interest recognition on cash basis and interest not received on this loan, are summarized as follows:

		September 2022	December 2021	September 2021
Delinquent and past due loans with interest recognition	¢	255.907.183	101.397.179	104.370.009
Total of not received interest	¢	15.142.352	6.235.038	13.358.159

d) Interest receivable for loan portfolio

Interest receivables are detailed as follows:

		September 2022	December 2021	September 2021
Current loans	¢	48.365.134	69.359.946	51.938.636
Past due loans		2.420.005	493.427	828.477
	¢	**50.785.139**	**69.853.373**	**52.767.113**

e) Allowance for bad loans

September, 2022

Balance at the beginning of 2022	¢	**99.122.714**
Plus:		
Adjustment for exchange differences		4.441.912
Balance as of September 30, 2022	¢	**97.938.519**

December 2021

Balance at the beginning of 2021	¢	**66.444.007**
Plus:		
Allowance charged to profit or loss		29.967.665
Transfer of balances		577.449
Adjustment for exchange differences		2.204.890
Less:		
Adjustment for exchange differences		(71.297)
Balance as of December 31, 2021	¢	**99.122.714**

Balance at the beginning of 2021	¢	**66.444.007**
Plus:		
Allowance charged to profit or loss		29.967.665
Transfer of balances		577.449
Adjustment for exchange differences		736.223
Less:		
Adjustment for exchange differences		(71.297)
Balance as of September 30, 2021	¢	**97.654.048**

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

		September 2022	December 2021	September 2021
Guarantee				
Fiduciary	¢	204.449.983	0	0
Mortgage		877.048.236	382.491.506	441.928.546
Chattel		145.989.688	357.729.087	629.663.718
Other		9.091.808.406	24.055.627.926	11.621.494.936
	¢	**10.319.296.313**	**24.795.848.519**	**12.693.087.200**

g) The financial instruments of the Development Credit Fund exposed to credit risk are detailed as follows:

				Direct Loan Portfolio	
			September 2022	December 2021	September 2021
Principal		¢	10.319.296.313	24.795.848.519	12.693.087.200
Interest receivable			50.785.139	69.853.373	52.767.113
			10.370.081.452	24.865.701.892	12.745.854.313
Allowance for bad loans			(97.938.519)	(99.122.714)	(97.654.048)
Carrying amount		¢	10.272.142.933	24.766.579.178	12.648.200.265
Loan portfolio					
Total balances:					
1		¢	10.106.208.658	24.763.811.286	12.418.445.504
2			263.872.794	101.890.606	0
3			0	0	327.408.809
			10.370.081.452	24.865.701.892	12.745.854.313
Minimum allowance			(27.331.405)	(64.842.970)	(34.777.721)
Carrying amount. net		¢	10.342.750.047	24.800.858.922	12.711.076.592
Carrying amount			10.370.081.452	24.865.701.892	12.745.854.313
Allowance for loans			(27.331.405)	(64.842.970)	(34.777.721)
(Surplus) inadequacy of Allowance			(70.607.114)	(34.279.744)	(62.876.327)
Carrying amount. net	6a	¢	10.272.142.933	24.766.579.178	12.648.200.265

BANCO DE COSTA RICA

Notes to the separate financial statements

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2022

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	10.106.208.656	2.319.894.083	7.786.314.574	(25.762.489)
		10.106.208.656	2.319.894.083	7.786.314.574	(25.762.489)
Direct specific allowance					
3		263.872.796	258.327.189	5.545.607	(1.568.916)
		263.872.796	258.327.189	5.545.607	(1.568.916)
	¢	10.370.081.452	2.578.221.272	7.791.860.181	(27.331.405)

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	10.111.754.264	2.319.894.083	7.791.860.181	(25.762.)
		10.111.754.264	2.319.894.083	7.791.860.181	(25.762.)
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date		0	0	0	(277.280)
Equal or less than 30 days		94.803.371	94.803.371	0	(474.017)
Equal or less than 90 days		163.523.818	163.523.818	0	(817.619)
		258.327.189	258.327.189	0	(1.568.916)
	¢	10.370.081.453	2.578.221.272	7.791.860.181	(27.331.405)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2021

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
		24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
Direct specific allowance					
2		101.890.606	101.890.606	0	509.453
		101.890.606	101.890.606	0	509.453
	¢	24.865.701.892	9.141.437.734	15.724.264.158	64.842.970

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
		24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date					
Equal or less than 30 days		101.890.606	101.890.606	0	509.453
		101.890.606	101.890.606	0	509.453
	¢	24.865.701.892	9.141.437.734	15.724.264.158	64.842.970

As of September 30, 2021

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	12.418.445.503	1.359.574.996	11.058.870.508	(31.046.114)
		12.418.445.503	1.359.574.996	11.058.870.508	(31.046.114)
Direct specific allowance					
3		327.408.810	318.859.570	8.549.239	(3.731.607)
		327.408.810	318.859.570	8.549.239	(3.731.607)
	¢	12.745.854.313	1.678.434.566	11.067.419.747	(34.777.721)

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	12.640.655.827	1.573.236.080	11.067.419.747	(31.046.114)
		12.640.655.827	1.573.236.080	11.067.419.747	(31.046.114)
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date					
Equal or less than 30 days		0	0	0	(3.205.615)
Equal or less than 90 days		105.198.486	105.198.486	0	(525.992)
		105.198.486	105.198.486	0	(3.731.607)
	¢	12.745.854.313	1.678.434.566	11.067.419.747	(34.777.721)

(Continues)

As of September 30, 2022		Loans receivable from clients Gross	Net
Risk category			
1	¢	10.106.208.658	10.080.446.169
2		263.872.794	262.303.878
	¢	10.370.081.452	10.342.750.047

As of December 31, 2021		Loans receivable from clients Gross	Net
Risk category			
1	¢	24.763.811.286	24.699.477.769
2		101.890.606	101.381.153
	¢	24.865.701.892	24.800.858.922

As of September 30, 2021		Loans receivable from clients Gross	Net
Risk category:			
1	¢	12.418.445.504	12.387.399.390
4		327.408.809	323.677.202
	¢	12.745.854.313	12.711.076.592

Upon request by the private banks for a change as to operate in accordance with provisions contained in subparagraph ii) of Law N.1644, Organic Law of the National Financial System, the Governing Body of Development Banking, authorizes the managing banks to transfer the funds of the Development Credit Fund, whose refund would be done in monthly installments during a maximum period of six months.

As of September 30, 2022, transfers of resources have been made from the Development Credit Fund.

		September 2022	**December 2021**	**September 2021**
Banco Scotiabank	¢	0	19.870.101.543	19.528.028.536
Banco Promerica	¢	6.455.724.464	2.984.281.895	2.912.409.380
	¢	**6.455.724.464**	**22.854.383.438**	**22.440.437.916**

(Continues)

(37) Transition to the International Financing Reporting Standards (IFRSs)

a) IAS 1: Presentation of Financial Statements

New IAS I is effective as from 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 for periods beginning on or after July 1, 2012. The changes that have been included in IAS 1 are specific paragraphs related to the presentation of other comprehensive income. These changes will require the other comprehensive income to be presented separating those that cannot be reclassified subsequently to the income statement and those that may be reclassified subsequent 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 I changes the name of some financial statements, using “statement of financial position” instead of balance sheet.

IAS I require 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.

(Continues)

c) IAS 7: Statement 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, including adjustments that occur after the assessment of an item because of new information or new events.

Any change in accounting estimates is prospective and is recorded in profit or loss of 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 threshold 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 the payment of dividends in the same way as the income tax.

IAS 12 allows assets and liabilities to be presented on a net basis when they belong to the same tax entity; the income or expense is presented net, as part of the 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:

a. Record against results for the period in the event that, according to the assessment by senior management, it is concluded that the entity has an immediate enforceability 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 institute.

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 assets.

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

The Board requires that the financial statements of regulated entities to be presented in colones as the functional currency.

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.

(Continues)

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 exchange rate differential adjustments in monetary items in foreign currency.

The provisions of this article do not inhibit 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 purposes of calculating prudential indicators, for presentation to the respective Superintendence or for publication to the public as required by legal provisions regulating 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 venture, or special purpose entity.
Regulated entities must present their separate financial statements.

j) Amendments to IAS 32: Financial Instruments - Presentation and IAS 1: Presentation of Financial Statements - 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 be recorded for contingent assets. IAS 37 does not allow such provisions.

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. The foregoing is not in accordance with the provisions of the Standard.

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 CONASSIF standards.

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

After initial recognition, intangible assets with a defined useful life must be accounted for at their acquisition cost less accumulated amortization and 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 verification, it will compare its recoverable amount with its carrying amount. This comparison should 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, during the period in which it is expected to produce the 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, the organization and installation expenses can be presented in the statement of financial position as an asset, but they must be fully amortized by the straight-line method within a maximum of a five-year period.

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

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

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 at carrying amount 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 employed by the acquirer.

(Continues)

o) IFRS 5: Non-current Assets Held for Sale 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 cost of sales.

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

Within a 24-months period from the date of the award or receipt of the asset, the entity must request the Superintendent 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 estimate of the property for 100% of its carrying amount.

Likewise, an estimate of the asset will be required for 100% of its carrying amount when at the end of the term, the entity did not request the extension. Notwithstanding the foregoing, it will be a necessary condition that, within 24 months from the date of the 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 register an estimate of the forty-eighth part per month until completing one hundred percent of the carrying amount of the asset. This accounting record will start from the closing of the month in which the asset was awarded or received in payment.

p) IFRS 9: Financial Instruments

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

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 recorded 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

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

The equity reserves that regulated entities create by law or voluntarily cannot be applied to record expenses or losses directly without having previously gone through the results of the period.

(38) Figures for 2021

As of December 31, 2021, 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: "Financial Information Regulations" approved by the National Supervisory Board of the Finance System.

(Continues)

(39) Relevant and subsequent events

As of September 2022, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

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

As of July 3, 2020, the BCCR publishes Law 9859 “Law to Combat Usury” with which it defines the cap on interest rates for loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, valid for the second quarter of 2020. The 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 credit card returns.

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

As of December 31, 2021, an adjustment for reversal of the IFRIC 23 provision corresponding to 2016 is carried out for ¢8,717,265,589, (¢1,734,981,794.69 for December 2020) corresponding to 2015.

On August 13, 2021, the Dirección de Grandes Contribuyentes Nacionales (DGCN) notified the Bank of the Communication of the Start of Verification Action Investigation through which the inspection process of the Income Tax declared by the Bank for the 2017 fiscal period begins.

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 ¢32,663,336,584 to the Treasury.

Period		Income tax		Penalties		Interest		Total
2017	¢	16.755.470.469	¢	7.865.771.439	¢	8.042.094.675	¢	32.663.336.584

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the Tax Relief decree is approved, which establishes moratorium measures in the payment of income tax (VAT, selective consumption, and duties) from April to June 2020. They must be declared and can be paid without charge for interest or penalties until December 2020; a deferral of payment term is granted, but 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 commercial leases are exempt from VAT from April to June 2020.

On March 18, 2020, guideline 075-H was signed to instruct the state´s commercial banks so that, in the exercise of their constitutional autonomy, they 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 conditions 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 without penalty.

Financial Information Regulation

As of December 31, 2020, multiple regulations have been issued to mitigate the impact of COVID-19 related to the banking and financial sector according to the following detail:

(Continues)

The CONASSIF approved

a. Extend to September 30, 2021, the option to renegotiate the agreed conditions of the loans up to twice in a 24-month period, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC).

b. This measure covers loans of more than ¢100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.

c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending September 30, 2021, without qualifying as a special operation, and

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 measure aims to facilitate the readjustments and / or refinancing of the credits. The measure is temporary until March 31, 2021.

g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities - Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity as “type 2 irregularity”, when the institution presents 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 sanitation plan to counter the situation. It is important to note that SUGEF must amend the parameters for determining liquidity indicators. This measure will be in force for 12-months 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.

   Through articles 6 and 5 of the minutes of the sessions 1442-2018 and 1443-2018, both held on September 11, 2018, the CONASSIF approved the Financial Reporting Regulation, which comes in effect on January 1, 2020.

   The Regulation aims to regulate the application of 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 proposes two or more application alternatives.

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 in 0,00% 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. The measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

Central Bank of Costa Rica

The Board of Directors of the Central Bank of Costa Rica approved the following reforms:

a. In article 6 of the minutes of session 6082-2022, held on September 14, 2022; an increase the level of the Monetary Policy Rate by 100 basis points has been approved, to place it at 8.50% per year.

b. In addition, it agreed to set the gross interest rate on overnight electronic deposits (DON) to 6.38% per year as of March 17, 2020, and

c. The changes previously included are effective as of September 15, 2022.

d. 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).

e. 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 in the markets with one-day and up to thirty-days terms.

f. 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 a one-day term.

g. 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.

h. 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.

i. 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.

(Continues)

<u>Measures adopted by the Bank facing the health emergency due to COVID-19</u>

Measures were issued in three areas:

1) Direct loans: 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, thus, the principal and interest will not be charged during that period. The corresponding collection will be performed 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 credit that will take effect at the end of the grace period.

   For this new operation, the interest rate will be, in colones TBP + 1 and PRIME in US dollars, depending on the currency, and for the remaining term of the main operation

   In necessary cases, the maturity of the main operation may be extended by up to 11 months.

   This ease applies to customers with less than 60 days past due, for which no additional payment capacity analysis will be made.

2) 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, no late fees or interest will be charged.

   During the months of the full grace period, no late fees nor default interests will be charged.

3) Line of credit: Specific situations will be addressed, 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.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Following a detail of loans by activity in readjusted operations by Covid-19:

Loans – Colonized balances			
Activity		**Colons**	**Colonized US dollars**
Agriculture		1.924.091.211	33.021.051.996
Trade		61.970.933.814	31.802.293.432
Construction		5.483.376.634	9.830.079.725
Consumer goods		67.388.879.807	3.027.312.308
Cattle raising		3.326.091.038	0
Industry		30.994.068.274	2.360.838.790
Services		28.857.630.718	18.243.434.270
Transportation		20.989.188.897	60.691.243
Tourism		6.416.711.487	45.326.831.204
Housing		178.707.984.159	51.048.821.325
Total by currency in ¢	**¢**	**406.058.956.039**	**194.721.354.293**
Total	**¢**	**600.780.310.332**	

Activity	**Colones**	**Amount in US dollars**	**Total**
Agriculture	78	9	87
Trade	753	56	809
Construction	19	14	33
Consumer goods	7.443	393	7.836
Cattle raising	84	0	84
Industry	84	4	88
Services	418	32	450
Transportation	154	2	156
Tourism	40	37	77
Housing	8.176	1.124	9.300
Total	**17.249**	**1.671**	**18.920**

December 31, 2021

Loans – Colonized balances			
Activity		**Colones**	**Colonized US dollars**
Agriculture		2.174.669.273	34.744.175.119
Trade		89.785.046.202	36.340.685.119
Construction		5.675.761.357	11.363.286.508
Consumer goods		77.269.995.248	4.714.700.744
Cattle raising		3.884.370.495	114.878.942
Industry		33.347.876.145	2.533.929.316
Services		31.682.713.592	23.149.480.952
Transportation		23.558.277.903	140.791.730
Tourism		7.244.072.181	60.568.680.636
Housing		190.125.832.131	57.921.507.901
Total by currency in ¢	**¢**	**464.748.614.526**	**231.592.116.966**
Total	**¢**	**696.340.731.492**	

(Continues)

Activity	Colons	Amount in US dollars	Total
Agriculture	92	10	102
Trade	920	74	994
Construction	17	14	31
Consumer goods	8.312	531	8.843
Cattle raising	108	1	109
Industry	101	6	107
Services	471	46	517
Transportation	202	4	206
Tourism	54	79	133
Housing	8.617	1.229	9.846
Total	**18.894**	**1.994**	**20.888**

Effects of the implementation of the Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018 and 1442-2018, both held on September 11, 2018, CONASSIF approved the Financial Information Regulation, which enters into force as of January 1, 2020.

The purpose of the Regulation is to regulate the application of 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 treatment or methodology specifies when IFRS proposes two or more application alternatives.

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 entity.

(Continues)

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 Requirement

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.

Maximum annual interest rates for credits and microcredits

In accordance with the provisions of article 36 bis of Law No. 9859 of June 11, 2020, the calculation of the maximum annual interest rates and their publication is carried out by the Central Bank of Costa Rica in the first week of January and July of each year.

As of July 8, 2022, the publication of the new maximum annual interest rates for credit operations in colones and US dollars and other currencies is made.

Every type of credit (except microcredits)	
Colones	33.41%
US dollars	27.72%
Microcredits	
Colones	47.23%
US dollars	39.32%
Credits in other currencies	5.68%

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.

(Continues)

(40) Date of authorization for the issuance of financial statements

The Bank's General Management authorized the issuance of the separate financial statements on October 25, 2022.

The SUGEF has the possibility of requesting modifications to the financial statements after their issuance date.