Banco de Costa Rica

Unaudited Separate Financial Statements

March 31, 2021

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Unaudited Separate financial statements

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BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of March 31, 2021
(In colones without cents)

	Note		March 2021	December 2020	March 2020
ASSETS					
Availabilities	**4**	¢	**711,403,907,854**	**733,128,044,604**	**726,784,445,668**
Cash			99,827,165,322	118,489,634,777	75,436,987,467
Central Bank of Costa Rica			558,371,157,681	557,099,188,822	522,456,663,490
Local financial entities			0	0	2,183,470,063
Financial entities abroad			51,369,346,674	56,198,443,455	122,239,255,089
Demand documents receivable for collection			1,461,768,531	932,337,980	4,068,578,887
Restricted availabilities			374,469,646	408,439,570	399,490,672
Investment in financial instruments	**5**		**1,331,420,649,011**	**1,263,953,609,423**	**910,365,021,894**
At fair value through profit or loss			102,881,027,129	128,357,115,178	140,942,171,089
At fair value through other comprehensive income			1,111,211,951,698	1,064,183,964,567	760,166,200,073
At amortized cost			105,047,900,583	54,863,522,058	0
Interest receivable			12,280,957,220	16,549,460,349	9,256,650,732
(Allowance for impairment)			(1,187,619)	(452,729)	0
Loan portfolio	**6.b**		**2,892,944,978,937**	**2,832,062,814,548**	**2,800,459,365,809**
Current loans			2,796,977,979,297	2,763,220,884,473	2,419,795,779,925
Past due loans			165,282,598,977	125,113,834,464	418,190,244,567
Loans in legal collection			44,553,853,315	47,306,508,117	47,849,376,773
(Deferred income-loan portfolio)			(17,781,708,175)	(17,174,110,485)	(16,444,310,633)
Interest receivable	**6.e**		29,348,743,167	32,602,387,644	21,494,422,504
(Allowance for impairment)	**6.f**		(125,436,487,644)	(119,006,689,665)	(90,426,147,327)
Accounts and commissions receivable			**6,314,898,279**	**10,567,281,932**	**10,654,228,139**
Commissions receivable			717,808,297	802,979,752	1,104,381,923
Accounts receivable for transactions with related parties			3,546,818,477	3,582,818,901	7,018,360,363
Deferred income tax and income tax receivable	**15**		928,219,900	2,035,927,094	1,500,877,041
Other accounts receivable			12,383,819,812	14,798,778,916	9,833,732,894
(Allowance for impairment)			(11,261,768,207)	(10,653,222,731)	(8,803,124,082)
Foreclosed assets	**7**		**47,366,068,430**	**45,392,977,656**	**41,512,693,061**
Assets and securities acquired as recovery of loans			132,621,066,964	133,540,938,273	140,119,365,897
Other foreclosed assets			3,044,894,648	3,121,125,949	3,885,347,117
(Allowance for impairment and per legal requirements)			(88,299,893,182)	(91,269,086,566)	(102,492,019,953)
Interest in other companies capital, net	**8**		**120,677,218,710**	**121,084,071,453**	**127,712,051,924**
Property, furniture and equipment, net	**9**		**133,343,297,606**	**135,405,802,729**	**138,478,339,143**
Property investmests			**6,441,924,521**	**6,441,924,521**	**6,441,924,521**
Other assets	**10**		**72,726,066,794**	**82,013,309,024**	**67,786,909,836**
Deferred charges	**10.a**		9,439,889,857	9,282,601,103	8,015,295,595
Intangible assets, net	**10.b**		13,363,968,840	13,073,558,764	8,564,250,713
Other assets	**10.c**		49,922,208,097	59,657,149,157	51,207,363,528
TOTAL ASSETS		¢	**5,322,639,010,142**	**5,230,049,835,890**	**4,830,194,979,995**

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of March 31, 2021
(In colones without cents)

	Note		March 2021	December 2020	March 2020
LIABILITIES AND EQUITY					
LIABILITIES					
Obligations with the public		¢	**4,095,270,171,364**	**3,969,128,326,795**	**3,653,081,377,585**
Demand obligations	11		2,690,932,248,858	2,558,767,229,179	2,110,877,423,871
Term obligations	12		1,391,901,834,179	1,396,513,269,069	1,523,337,675,801
Other obligations with the public			497,419,893	535,535,578	235,388,880
Financial charges payable			11,938,668,434	13,312,292,969	18,630,889,033
Obligations with Central Bank of Costa Rica	14		**20,798,228,384**	**2,500,208,320**	0
Demand obligations			1,243,490,384	**0**	**0**
Term obligations			19,530,000,000	2,500,208,320	0
Financial charges payable			24,738,000	0	0
Obligations with entities			**426,467,099,203**	**489,297,292,335**	**454,088,631,696**
Demand obligations	14		45,296,984,284	34,348,836,719	35,064,378,861
Term obligations	12		379,647,070,277	453,867,145,312	416,644,455,141
Financial charges payable			1,523,044,642	1,081,310,304	2,379,797,694
Accounts payable and provisions			**134,505,650,067**	**141,390,863,708**	**127,797,282,708**
Provisions	16		57,482,965,481	57,920,719,075	57,154,704,558
Accounts payable for brokerage services			5,100,171	6,492,472	6,860,973
Deferred income tax			13,836,581,638	7,803,704,977	8,028,033,109
Other accounts payable			63,181,002,777	75,659,947,184	62,607,684,068
Other liabilities			**27,802,264,054**	**34,156,939,757**	**22,119,459,720**
Deferred income			758,201,809	622,260,727	434,036,463
Other liabilities			27,044,062,245	33,534,679,030	21,685,423,257
TOTAL LIABILITIES		¢	**4,704,843,413,072**	**4,636,473,630,915**	**4,257,086,751,709**
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			**68,444,872,820**	**55,958,372,953**	**54,110,793,436**
Reserves	1.w		**296,709,547,031**	**283,820,516,011**	**283,820,516,011**
Accrued earnings from previous periods			**23,286,282,979**	**13,464,953,148**	**13,464,953,148**
Profit of current period			**11,732,892,229**	**25,612,643,802**	**6,992,246,630**
Capital contributions in funds or special reserves			**36,212,011,410**	**33,309,728,460**	**33,309,728,460**
TOTAL EQUITY			**617,795,597,070**	**593,576,204,975** #	**573,108,228,286**
TOTAL LIABILITIES AND EQUITY		¢	**5,322,639,010,142**	**5,230,049,835,890**	**4,830,194,979,995**
DEBIT CONTINGENT ACCOUNTS	19	¢	**299,343,121,981**	**314,178,618,537**	**294,674,801,147**
TRUST ASSETS	20		**873,772,231,020**	**919,788,849,805**	**983,018,898,183**
TRUST LIABILITIES			**366,023,263,322**	**379,680,643,674**	**453,418,948,361**
TRUST EQUITY			**507,748,967,698**	**540,108,206,131**	**529,599,949,823**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**21,426,337,044,622**	**20,374,911,227,431**	**19,305,915,363,908**
Own debit memoranda accounts			14,489,970,968,366	13,950,931,108,630	13,401,978,221,935
Third party debit memoranda accounts			84,009,224,414	93,322,936,545	92,141,063,071
Own debit memoranda accounts for custodial activities			960,294,004,012	753,477,291,918	483,067,462,865
Third party debit memoranda accounts for custodial activities			5,892,062,847,830	5,577,179,890,338	5,328,728,616,037

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2021.06.11 08:27:52 -06'00'

Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA) Firmado digitalmente por ANA LORENA BRENES BRENES (FIRMA) Fecha: 2021.06.09 19:42:52 -06'00'

Ana Lorena Brenes B.
Accountant

JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Digitally signed by JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Date: 2021.06.10 16:25:15 -06'00'

José Manuel Rodríguez G.
General Auditor

BANCO DE COSTA RICA
SEPARATE STATEMENT OF INCOME
As of March 31, 2021
(In colones without cents)

	Note		March 2021	March 2020
Financial income				
Cash		¢	200,724,321	208,541,823
Investments in financial instruments	**22**		18,885,642,593	13,494,939,225
Loan portfolio	**23**		60,625,933,786	66,058,156,183
For exchange differences and UD	**1-d**		0	2,079,299,080
For profit from financial instruments at fair value through profit or loss			187,693,438	2,305,777,908
For profit from financial instruments at fair value through other comprehensive income			1,166,135,007	3,220,194,738
Other financial income			278,184,782	250,694,284
Total financial income			**81,344,313,927**	**87,617,603,241**
Financial expenses				
Obligations with the public	**24**		24,135,528,032	35,219,585,005
Obligations with the Central Bank of Costa Rica			31,071,630	24,422,945
Obligations with financial and no-financial entities			2,650,857,511	2,681,559,944
For exchange differences and UD			200,631,910	0
For losses from financial instruments at fair value through profit or loss			78,838,691	5,062,715,589
For losses from financial instruments at fair value through other comprehensive income			5,834,620	23,060,135
Total financial expenses			**27,102,762,394**	**43,011,343,618**
Allowance for impairment of assets	**25**		9,902,177,266	10,313,981,716
Asset recovery and decrease in allowance and provisions	**26**		5,544,072,259	7,478,901,920
FINANCIAL INCOME			**49,883,446,526**	**41,771,179,827**
Other operating income				
Service fees	**27**		19,075,921,070	22,242,544,466
Foreclosed assets			8,086,008,972	4,585,699,565
Profit from capital investmets in other companies	**28**		331,549,410	612,357,037
Profit from capital investments in entities supervised by SUGEVAL	**28**		1,529,654,797	1,552,862,946
Profit from capital investments in entities supervised by SUPEN	**28**		276,097,505	203,957,828
Profit from capital investments in entities supervised by SUGESE	**28**		865,374,835	905,487,212
Foreign currency exchange and arbitrations			5,518,781,773	7,526,454,959
Other income from related parties			710,374,649	1,046,444,879
Other operating income			3,193,293,043	5,601,201,674
Total other operating income			**39,587,056,054**	**44,277,010,566**
Other operating expenses				
Service fees			6,262,434,057	6,349,983,980
Foreclosed assets			9,794,338,978	13,200,905,085
Loss from capital investments in other companies			0	79,896,452
Loss from capital investments in entities supervised by SUGEVAL			0	19,391,503
Loss from capital investments in entities supervised by SUGESE			0	583,361
Provisions			244,832,285	231,786,573
Foreingn currency exchange and arbitration			600,810,050	988,661,037
For other expenses with related parties			478,139,264	0
Other operating expenses			10,793,594,419	12,277,047,062
Total other operating expenses			**28,174,149,053**	**33,148,255,053**
OPERATING INCOME, GROSS			**61,296,353,527**	**52,899,935,340**
Administrative expenses				
Personnel expenses			23,934,559,384	23,675,387,003
Other administrative expenses			14,675,854,834	13,757,454,385
Total administrative expenses	**29**		**38,610,414,218**	**37,432,841,388**
NET OPERATING INCOME, BEFORE TAXES AND STATUTORY ALLOCATIONS			**22,685,939,309**	**15,467,093,952**
Income tax	**15**		5,653,496,678	5,265,791,778
Decrease in income tax			193,390,064	38,106,911
Statutory allocations over profit	**30**		5,492,940,466	3,247,162,455
RESULTS OF THE PERIOD, NET			**11,732,892,229**	**6,992,246,630**
RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE			**11,732,892,229**	**6,992,246,630**
OTHER COMPREHENSIVE INCOME , NET OF TAX				
Adjustment for valuation of investments at fair value through other comprehensive income			16,334,647,147	2,815,522,436
Reclassification of unrealized profit to the income statement			(812,210,271)	(2,237,994,222)
Adjustment for valuation of restricted financial instruments, net of income tax			373,592,282	(20,628,367)
Other adjustments			(3,409,529,291)	2,313,371,238
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**31**		**12,486,499,867**	**2,870,271,085**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD			**24,219,392,096**	**9,862,517,715**
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE			**24,219,392,096**	**9,862,517,715**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2021.06.11 08:29:00 -06'00'

Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA) Firmado digitalmente por ANA LORENA BRENES BRENES (FIRMA) Fecha: 2021.06.09 19:43:19 -06'00'

Ana Lorena Brenes B.
Accountant

JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Digitally signed by JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Date: 2021.06.10 16:26:03 -06'00'

José Manuel Rodríguez G.
General Auditor

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended March 31, 2021
(In colones without cents)

	Note			Adjustments to equity							
	Note		**Capital stock**	**Surplus for revaluation of property, furniture and equipment**	**Adjustment for valuation of investments at fair value through other comprehensive income**	**Adjustment for translation of financial statements**	**Total equity adjustment**	**Equity reserves**	**Accrued earnings from previous periods**	**Equity of the Development Financing Fund**	**Total equity**
Balance as of December 31, 2019		¢	**181,409,990,601**	**37,774,830,067**	**7,395,390,459**	**6,070,301,825**	**51,240,522,351**	**264,398,962,426**	**38,043,832,889**	**29,753,932,255**	**564,847,240,522**
Impairment recognition – Investments at fair value through other comprehensive income from previous periods			0	0	0	0	0	0	(1,601,529,951)	0	(1,601,529,951)
Allocation of legal reserve			0	0	0	0	0	19,421,553,585	(19,421,553,585)	0	0
Allocation to the Development Financing Fund			0	0	0	0	0	0	(3,555,796,205)	3,555,796,205	0
Balance as of March 31, 2020			**181,409,990,601**	**37,774,830,067**	**7,395,390,459**	**6,070,301,825**	**51,240,522,351**	**283,820,516,011**	**13,464,953,148**	**33,309,728,460**	**563,245,710,571**
Total other comprehensive income			0	0	556,899,847	2,313,371,238	2,870,271,085	0	6,992,246,630	0	9,862,517,715
Balance as of march 31, 2020			**181,409,990,601**	**37,774,830,067**	**7,952,290,306**	**8,383,673,063**	**54,110,793,436**	**283,820,516,011**	**20,457,199,778**	**33,309,728,460**	**573,108,228,286**
Balance as of January 1, 2020			**181,409,990,601**	**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	12,889,031,020	(12,889,031,020)	0	0
Allocation to the Development Financing Fund			0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	0
Balance as of march 31, 2021	**18**		**181,409,990,601**	**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**	**593,576,204,974**
Total other comprehensive income			0	0	15,896,029,158	(3,409,529,291)	12,486,499,867	0	11,732,892,229	0	24,219,392,096
Balance as of march 31, 2021	**18**		**181,409,990,601**	**37,774,830,067**	**23,442,695,435**	**7,227,347,318**	**68,444,872,820**	**296,709,547,031**	**35,019,175,208**	**36,212,011,410**	**617,795,597,070**
Attributed to the Financial Conglomerate		¢	181,409,990,601	37,774,830,067	23,442,695,435	7,227,347,318	68,444,872,820	296,709,547,031	35,019,175,208	36,212,011,410	617,795,597,070

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

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Ana Lorena Brenes B.
Accountant

JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA)
Digitally signed by JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA)
Date: 2021.06.10 16:26:29 -06'00'

José Manuel Rodríguez G.
General Auditor

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

	Note		March 2021	March 2020
Cash flows from operating activities				
Profit of the year		¢	**11,732,892,229**	**6,992,246,630**
Items applied to results not requiring cash outlays			**(30,199,974,461)**	**(23,858,085,835)**
Increase or (decrease) for				
Allowance for impairment or devaluation of investments			314,728,813	2,685,981,371
Allowance for impairment of loan portfolio			8,553,206,254	6,675,580,798
Allowance for impairment and default of other accounts receivable			1,034,242,199	952,419,547
Allowance for impairment of assets in lieu of payment			4,933,500,369	10,076,956,519
Income from reversal of allowance for impairment or devaluation of investments			(230,941,110)	(303,904,003)
Income from reversal of allowance for impairment of loan portfolio			(1,919,823,683)	(6,489,217,306)
Income from reversal of allowance for impairment and default of accounts receivable			(400,607,685)	(685,780,611)
Income from reversal of allowance for impairment of assets in lieu of payment			(7,902,693,753)	(4,366,848,163)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment			3,807,709,945	1,675,313,973
Interest in net profit of other companies			(3,002,676,547)	(3,174,793,707)
Depreciations			3,075,542,707	2,857,495,756
Amortizations			3,097,536,983	2,515,657,441
Provisions for pending lawsuits			244,832,285	191,258,789
Other provisions			0	152,302,394
Income from provisions			(26,972,886)	(1,549,828,317)
Income tax			5,653,496,678	5,265,791,778
Decrease in income tax			(38,105,401)	(38,106,911)
Decrease in income tax from previous periods			(155,284,663)	0
Legal allocations on profit			5,492,940,466	3,247,162,455
Interests for obligations with the public			24,135,528,032	35,219,585,005
Interests for obligations with financial entities			2,681,929,141	2,705,982,889
Income from availabilities			(200,724,321)	(208,541,823)
Income from investment in financial instruments			(18,885,642,593)	(13,494,939,225)
Income from loan portfolio			(60,625,933,786)	(66,058,156,183)
Gain or loss for exchange rate differences and UD (Development Units), net			164,238,095	(1,709,458,301)
Cash flows from operating activities			**55,840,147,565**	**135,713,201,761**
Net change in assets, increase or (decrease) for				
Increase in financial instruments - at fair value with changes through profit or loss			(49,084,523,119)	(214,404,274,799)
Decrease in financial instruments - at fair value through profit or loss			74,560,611,168	194,046,142,895
Increase in financial instruments - at fair value through other comprehensive income			(169,943,925,120)	(297,830,427,039)
Decrease in financial instruments - at fair value through other comprehesive income			219,075,769,957	399,669,839,228
Loan portfolio			(81,951,536,932)	20,228,751,302
Accounts and commissions receivable			2,910,312,552	(7,556,330,262)
Available-for-sale assets			6,150,430,863	3,092,742,233
Interest receivable from financial instruments			16,549,460,349	8,750,467,339
Interest receivable from loan portfolio			29,499,097,889	16,777,529,081
Other assets			8,074,449,958	12,938,761,783
Net variations in liabilities, increase or (decrease)			**5,865,592,864**	**(152,475,528,829)**
Obligations with the public			130,724,467,235	(91,825,693,505)
Obligations with the Central Bank of Costa Rica and other entities			(80,047,472,502)	(584,113,156)
Obligations for accounts and commissions payable and provisions			(24,095,482,592)	(27,836,548,175)
Interest payable for obligations with the public			(13,312,292,969)	(18,859,209,834)
Interest payable for obligations with BCCR and other entities			(1,081,310,304)	(2,245,275,924)
Other liabilities			(6,322,316,004)	(11,124,688,235)
Interests paid			(13,331,006,097)	(16,914,881,167)
Dividends received			3,750,000,000	0
Collected interest			41,185,890,068	51,375,425,366
Paid income tax			0	(11,354,466,397)
Net cash flows provided by operating activities			**74,843,542,168**	**(10,522,088,471)**
Cash flow from investment activities				
Increase in financial instruments at amortized cost			(2,315,357,340,645)	(2,118,984,380)
Decrease in financial instruments at amortized cost			2,265,171,939,401	8,882,723,475
Acquisition of property, furniture and equipment			34,670,169,762	(477,509,514)
Decrease for withdrawal and transfer of property, furniture and equipment			14,557,502	0
Acquisition of intangibles			(1,904,189,006)	0
Capital investments in other companies			(4,744,878,154)	0
Return of capital from subsidiaries			994,878,153	0
Cash flows (used for) provided by investment			**(21,154,862,987)**	**6,286,229,581**
Net increase (decrease) in cash and cash equivalents			**53,688,679,181**	**(4,235,858,890)**
Cash and cash equivalents at the beginning of the year			817,924,074,792	895,558,712,608
Effect on changes in exchange rates on cash			(760,084,986)	8,754,466,222
Cash and cash equivalents at the end of the year	4	¢	**870,852,668,987**	**900,077,319,940**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2021.06.11 08:30:42 -06'00'

Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA)

Ana Lorena Brenes B.
Accountant

JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Digitally signed by JOSE MANUEL RODRIGUEZ GUZMAN (FIRMA) Date: 2021.06.10 16:26:52 -06'00'

José Manuel Rodríguez G.
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 March 31, 2021, the Bank has 167 distributed among the national territory (169 and 186, for December and March 2020, respectively) has in operation 660 automated teller machines (676 y 674, for December and March 2020, respectively), and has 3.622 employees (3.645 y 3.721, for December and March, respectively).

The financial statements and notes thereto are expressed in colones (¢), the monetary 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.

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. As of March 31, 2020, SUGEF is evaluating its participation as part of the conglomerate.

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

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

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).

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

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

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

Issuing new IFRSs or interpretation 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).

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

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

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

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

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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, in order to avoid sharp exchange fluctuations.

(Continue)

- The Central Bank of Costa Rica may carry out direct operations or use forex held-for-trading instruments it deems appropriate in accordance with the current regulations.

- In its stabilization transactions, the Central Bank of Costa Rica will continue to use in the Foreign Currency Market (MONEX), the rules of engagement with the amendments provided for in this agreement. The Financial Stability Committee must determine the intervention procedures consistent with the strategy approved by the Board.

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of March 31, 2021, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢615.81 for US$1.00 (¢617.30 and ¢587.37, for December and March 2020, respectively).

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended March 31, 2021 gave rise to foreign exchange losses of ¢130.391.782.427 (¢849.881.228.102 and ¢245.498.656.030, for December and March, respectively) and gains for ¢130.191.150.517 (¢855.479.203.105 and ¢247.577.955.110, for December and March, respectively), which are presented net in the income statement.

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 March 31, 2021 valuation of other assets gave gains of ¢143.902.084 (¢1.099.526.635 and ¢854.018.382 for December and March 2020, respectively) and valuation of other liabilities gave rise to losses of ¢152.912.010 (¢1.449.369.458 and ¢525.799.056 for December and March 2020, 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 if this foreign subsidiary gave rise to net profits in the period ended el 31 de march de 2021 por ¢191.970.142 (¢864.341.486 and ¢604.174.406 for December and March 2020, respectively).

e. Basis of financial statements preparations

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. Financial instruments

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

(i) Classification

Financial instruments at fair value through profit or loss are those 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.

(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) *Fair value measurement principles*

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.

(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 aforementioned model undergoes significant or exceptional changes.

(Continue)

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 in order to collect contractual cash flows and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of principal plus interest, the asset will be valued at amortized cost.

- If the business model is aimed at both obtaining contractual cash flows and selling them to obtain liquidity and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest, the financial asset will be valued at its fair value through changes in other comprehensive income (equity). Interest, impairment, and exchange differences are recorded in results as in the amortized cost model. The rest of changes in fair value are recorded in equity items and may be recycled to profit and loss on their sale.

- Beside these scenarios, the rest of the assets will be valued at fair value through profit and loss. As indicated in the Financial Reporting Regulations, investment funds in open funds must be registered in this category. Due to their characteristics, open investment funds are those that do not present restrictions for their trading, therefore, within this category, mutual funds and money market type investment funds of international markets are included, which can be settled without restriction.

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

   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.

(Continue)

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:

- Main business model

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

- Secondary business model

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

In addition, and by 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 its credit portfolio will be subject to risk classification based on the delinquency of the debtor and the number of restructuring that the debtor has been subject of, in any of its operations carried out within the framework of Law 9274, according to the following criteria:

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

Risk Category	Classification Criteria
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.

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

(Continue)

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 disaccumulate, 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 as a result 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 March 31,2021, the total estimate of the loan portfolio in the accounting records amounts to ¢125.436.487.644, (As of December 31, 2020, the total estimate of the loan portfolio in the accounting records amounts to ¢119,006,689,665, of which ¢32,426,041,150 of additional estimates are recorded, of which ¢18,000,000,000 are for renegotiated operations for COVID-19 (the estimate in March 2020 was of ¢90.426.147.327).

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

Accounts and 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.

(Continue)

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.

The net realizable value of an asset should be used as its fair value. The net realizable value is determined by applying strictly conservative criteria and is calculated by subtracting expenses to be incurred on the sale of the asset from its estimated selling price.

The estimated selling price of the asset is determined by an appraiser based on current market conditions. Future expectations for market improvements are not considered and it is assumed that the assets must be sold in the shortest period of time possible to enable the Bank to recover the 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.

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.

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

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

(ii) Leased assets

Leases in terms of which the Bank assumes substantially all the risks and 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 2015 and the accounting record on November 30, 2015.

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, in order to determine the net realizable value of property and buildings, whose net book value exceeds 5% of the entity's equity. If the net realizable value of the assets appraised, taken as a whole, is less than the corresponding net carrying amount, the carrying amount is to be reduced to the appraisal value by adjusting assets that are significantly overstated. The decrease in the value of real property for use is 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. Obligations with the public

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

u. Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

v. Legal benefits (severance)

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.

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.

(Continue)

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.

(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.

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.

(Continue)

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. <u>Development Financing Fund</u>

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. <u>Development Credit Fund</u>

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:

		March 2021	December 2020	March 2020
Cash due from banks (see note 4)	¢	586.093.215.082	544.171.191.625	512.545.653.982
Investment in financial instruments (see note 5)		24.135.453.216	16.703.795.700	0
	¢	**610.228.668.298**	**560.874.987.325**	**512.545.653.982**

(3) Balances and transactions with related parties

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

		March 2021	December 2020	March 2020
Assets:				
Availabilities	¢	33.229.606.037	34.098.351.225	23.068.075.724
Loan portfolio		206.618.807	213.935.454	80.585.785
Accounts receivable		3.881.084.285	3.434.983.191	7.463.823.784
Interest in other companies		120.677.218.710	121.084.071.453	127.712.051.924
Total assets	¢	**157.994.527.839**	**158.831.341.323**	**158.324.537.217**
Liabilities:				
Obligations with the public	¢	6.577.522.024	3.911.120.768	4.796.841.095
Total liabilities	¢	**6.577.522.024**	**3.911.120.768**	**4.796.841.095**
Income:				
Financial income	¢	172.751.740	287.897.131	38.020.909
Income from investments in other companies		3.002.676.547	11.515.373.985	3.274.665.023
Sundry operating income		773.114.833	3.794.701.969	1.105.765.194
Total income	¢	**3.948.543.120**	**15.597.973.085**	**4.418.451.126**
Expenses:				
Finance expense	¢	9.592.693	62.384.389	25.555.479
Expense from investments in other companies		0	568,886,141	99.871.316
Sundry operating expenses		638.389.827	2,563,771,369	489.006.256
Total expenses	¢	**647.982.520**	**3.195.041.899**	**614.433.051**
Equity:				
Adjustment for valuation of investments in other companies	¢	**(3.245.529.138)**	**(1.526.419.740)**	**167.546.459**

(Continue)

As of March 31, 2021, 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 2020 there were no such investments and in March 2020 the amount was of ¢1.991.500.000.

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

		March 2021	December 2020	March 2020
Short-term benefits	¢	237.615.739	1.013.840.142	260.928.349
Board per-diem		34.059.610	106.641.917	24.369.362
	¢	**271.675.349**	**1.120.482.059**	**285.297.711**

(4) Availabilities

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

		March 2021	December 2020	March 2020
Cash	¢	99.827.165.322	118.489.634.777	75.436.987.467
Demand deposits BCCR		558.371.157.681	557.099.188.822	522.456.663.490
Checking accounts and demand deposits in local financial entities		0	0	2.183.470.063
Checking accounts and demand deposits in local financial entities		51.369.346.674	56.198.443.455	122.239.255.089
Notes payable on demand		1.461.768.531	932.337.980	4.068.578.887
Restricted availabilities		374.469.646	408.439.570	399.490.672
Total cash and due from Banks		**711.403.907.854**	**733.128.044.604**	**726.784.445.668**
Investment in financial instruments to be traded		159.448.761.133	84.796.030.188	173.292.874.272
Total cash and cash equivalents	¢	**870.852.668.987**	**817.924.074.792**	**900.077.319.940**

As of March 31, 2021, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢586.093.215.082 (¢544.171.191.625 and ¢512.545.653.982 for December and March, respectively).

As of March 31, 2021, there is a liability called “checks receivable” for an amount of ¢867.744.169 which are cleared with the account of immediate collection documents, in the clearinghouse the next day (¢1.185.956.937 and ¢1.616.766.598 for December and March 2020, respectively).

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		March 2021	**December 2020**	**March 2020**
At fair value through profit or loss	¢	102.881.027.129	128.357.115.178	140.942.171.089
At fair value through other comprehensive income		1.111.211.951.698	1.064.183.964.567	760.166.200.073
At amortized cost		105.047.900.583	54.863.522.058	0
Interest receivable for investments at fair value through profit or loss		340.819.495	555.024.500	14.883.899
Interest receivable for investments at fair value through other comprehensive income		11.940.137.725	15.994.435.849	9.241.766.833
Allowance for investments in default		(1.187.619)	(452.729)	0
	¢	**1.331.420.649.011**	**1.263.953.609.423**	**910.365.021.894**

		March 2021	**December 2020**	**March 2020**
At fair value through profit or loss		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Open investment funds	¢	78.248.627.129	70.330.915.178	58.710.371.089
		78.248.627.129	**70.330.915.178**	**58.710.371.089**
Issuers abroad:				
Private banks		24.632.400.000	58.026.200.000	82.231.800.000
	¢	**102.881.027.129**	**128.357.115.178**	**140.942.171.089**

		March 2021	December 2020	March 2020
At amortized cost		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Government	¢	105.047.900.583	54.863.522.058	0
	¢	**105.047.900.583**	**54.863.522.058**	**0**

		March 2021	December 2020	March 2020
At fair value through other comprehensive income		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Government	¢	914.821.789.375	862.442.828.548	630.508.390.570
State-owned Banks		160.113.182.147	162.394.942.096	119.841.955.215
Private Banks		26.162.590.870	29.216.521.428	3.259.554.413
Private issuers		10.114.389.306	10.129.672.495	6.556.299.875
	¢	**1.111.211.951.698**	**1.064.183.964.567**	**760.166.200.073**

As of March 31, 2021, the investment portfolio amounts to ¢127.386.189.966 (¢146.390.267.241 and ¢118.632.881.113 for December and March 2020, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from April 01, 2021 to May 20, 2024.

Purchased financial instruments earn annual yield rates as follows:

	March 2021	December 2020	March 2020
Colones	0,7499% to 8.8901%	0,0099% to 9,5288%	0,4000% to 5,5741%
US Dólares	0,0094% to 5.8756%	0,0099% to 9,5837%	0,1000% to 7,7122%

As of March 31, 2021, there are no collateral investments, to ¢24.135.453.216 (¢16.703.795.700 as of December 2020; in March 2020 there were no collateral investments) (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 March 31, 2021, purchased financial instruments remain under resale agreements.

Issuer		Asset´s balance	Guarantee´s four value	Repurchase date	Repurchase Price
Banco Central de Costa Rica	¢	19.000.108.054	19.000.108.054	01-04-2021 to 05/04/2021	100.00%
Local government		86.047.792.529	86.047.792.529	01-04-2021 to 05/04/2021	100.00%
	¢	**105.047.900.583**	**105.047.900.583**		

As of December 31, 2020, purchased financial instruments remain under resale agreements.

Issuer		Asset´s balance	Guarantee´s four value	Repurchase date	Repurchase Price
Local government	¢	38.533.178.993	38.533.178.993	01-01-2021 to 09/02/2021	100.00%
	¢	**38.533.178.993**	**38.533.178.993**		

As of March 31, 2020, purchased financial instruments remain under resale agreements as follows:

Issuers		Asset´s balance	Guarantee´s fair value	Repurchase date	Repurchase Price
Banco Central of Costa Rica		5.956.915.607	5.941.000.000	01-04-20 al 23-04-20	100.00%
Local Goverment	¢	28.306.852.495	31.249.863.937	01-04-20 al 14-05-20	100.00%
Others		222.380.452	300.000.000	01-04-20 al 20-04-20	100.00%
	¢	**34.486.148.554**	**37.490.863.937**		

BANCO DE COSTA RICA

Notes to the separate financial statements

(6) Loan portfolio

(a) Loan portfolio by sector

		March 2021	December 2020	March 2020
Current loans				
Loans – Personal	¢	1.195.885.089.320	1.167.141.012.514	980.282.681.734
Loans Development Banking System		62.063.836.532	52.169.272.262	52.654.026.794
Loans - Business		94.778.100.741	93.138.380.893	79.909.485.401
Loans - Corporate		1.225.451.714.875	1.223.916.945.949	1.041.841.116.276
Loans – Public Sector		106.134.872.735	106.937.583.896	110.888.354.258
Loans – Financial Sector		112.664.365.094	119.917.688.959	154.220.115.462
		2.796.977.979.297	2.763.220.884.473	2.419.795.779.925
Past due loans				
Loans – Personal		73.814.090.166	75.263.661.053	192.003.856.119
Loans Development Banking System		1.647.604.798	1.026.613.616	4.602.625.929
Loans - Business		13.154.005.183	15.541.804.550	28.582.649.014
Loans - Corporate		76.535.872.638	33.281.755.245	193.000.688.639
Loans – Public Sector		131.026.192	0	424.866
		165.282.598.977	125.113.834.464	418.190.244.567
Loans in legal collection				
Loans – Personal		33.351.752.927	35.271.822.067	38.273.446.770
Loans Development Banking System		97.872.634	96.844.502	402.480.477
Loans - Business		5.291.614.167	4.552.475.518	5,784,788,832
Loans - Corporative		5.812.613.587	7.385.366.030	3.388.660.694
		44.553.853.315	47.306.508.117	47.849.376.773
	¢	**3.006.814.431.589**	**2.935.641.227.054**	**2.885.835.401.265**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

(b) Loan porfolio by activity

Economic activity		March 2021	December 2020	March 2020
Agriculture, livestock, hunting and related services	¢	169.890.072.387	154.654.885.618	143.964.036.769
Fishing and aquaculture		23.672.166	11,172,166	0
Manufacturing		218,947,316,238	245.793.289.371	241.478.556.639
Telecommunications and public utilities		77.963.876.457	54,793,466,607	55.538.943.863
Mining and quarrying		433,183,435	41.301.001	40.833.796
Trade		16.471.617.042	13.459.233.392	11.137.580.299
Services		925.115.417.690	931.695.308.269	961.265.440.690
Transportation		39.049.321.238	38.252.582.196	37.043.316.213
Financial activity and stock exchange		3.985.414.230	4,064,820,107	4.348.947.061
Real estate, business and leasing		7.818.500.039	8,666,712,945	4.272.894.024
Construction, purchase and repair of real estate		1.144.837.226.981	1.081.892.577.381	1.017.590.834.280
Consumer		289.235.307.030	294.160.093.165	305.665.348.227
Hospitality		108,025,132,414	103.285.509.304	98.705.442.225
Education		3.622.103.677	3.431.935.531	3.299.420.036
Other activities of the non-financial private sector		1,396,270,565	1.438.340.001	1.483.807.143
		3.006.814.431.589	2.935.641.227.054	2.885.835.401.265
Interest receivable		29,348,743,167	32.602.387.644	21.494.422.504
Deferred income from loan portfolio		(17,781,708,175)	(17,174,110,485)	(16.444.310.633)
Less allowance for loan losses		(125,436,487,644)	(119,006,689,665)	(90.426.147.327)
	¢	**2.892.944.978.937**	**2.832.062.814.548**	**2.800.459.365.809**

(Continue)

(c) Loan porfolio by arreas

The loan portfolio by arrears is detailed as follows:

		March 2021	December 2020	March 2020
Current	¢	2.796.977.979.297	2.763.220.884.473	2.419.795.779.925
De 1 a 30 days		92.857.709.937	59.670.688.030	288.247.079.090
31 to 60 days		40.775.203.632	25.265.938.445	64.581.852.618
61 to 90 days		10.555.579.847	13.493.047.548	36.761.295.901
91 to 120 days		2.529.782.190	6.070.854.751	7.434.298.738
121 to 180 days		2.187.808.994	3.219.291.465	8.262.348.225
More tan 181 days		60.930.367.692	64.700.522.342	60.752.746.769
	¢	**3.006.814.431.589**	**2.935.641.227.054**	**2.885.835.401.266**

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:

		March 2021	December 2020	March 2020
Number of operations		2.624	2.482	2,296
Past due loan in nonaccrual status	¢	60.930.367.693	64.700.522.343	60.752.746.770
Past due loans in accrual status	¢	148.906.084.599	107.719.820.238	405.286.874.570
Total unearned interest	¢	12.735.663.468	14.951.149.687	7.941.958.101

(Continue)

Loans in legal collections as of March 31, 2021:

No. of loans	Percentage		Balance
1.233	1.48%	¢	44.553.853.315

As March 31, 2021, the average annual interest rate earned on loans is 8.46% in colones (9.09% y 9.69%, for December and March 2020, respectively) and 8.14% in US (6.38% and 7.51%, for December and March 2020, respectively).

Loans in legal collections as of December 31, 2020:

No. of loans	Percentage		Balance
1.212	1.61%	¢	47.306.508.117

Loans in legal collections as of March 31, 2020:

No. of loans	Percentage		Balance
1.315	1.66%	¢	47.849.376.773

(e) Accrued interest receivable on loan portfolio

Interest receivable by economic sector are detailed as follows:

		March 2021	December 2020	March 2020
Loans – Personal	¢	15.963.899.389	14.577.255.983	9.708.557.583
Loans Development Banking System		309,962,824	262.038.379	204.415.998
Loans - Business		2.254.465.582	2.304.086.284	1.465.626.676
Loans - Corporate		9,592,155,771	14.456.474.860	8.629.792.705
Loans – Public Sector		777,139,556	536.825.042	823.725.690
Loans – Financial Sector		451,120,045	465.707.097	662.303.852
	¢	**29.348.743.167**	**32.602.387.644**	**21.494.422.504**

Interest receivable by aging are detailed as follows:

		March 2021	December 2020	March 2020
Current loans	¢	23.229.984.252	26.832.482.286	12.032.402.898
Past due loans		3.733.079.972	4.405.886.400	7.012.599.041
Loans in legal collections		2.385.678.943	1.364.018.958	2.449.420.565
	¢	**29.348.743.167**	**32.602.387.644**	**21.494.422.504**

(f) Allowance for loan impairment

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

2021 opening balance	¢	**119.006.689.665**
Plus:		
Allowance charged to profit or loss (see note 25)		8.553.206.254
Less:		
Adjustment for foreign exchange differences		(97,104,735)
Transfer paid balances		(106.479.857)
Reversal of allowance against income (see note 26)		(1.919.823.683)
Balance as of March 31, 2021	¢	**125.436.487.644**

Balance as of December 31, 2020

2020 opening balance	¢	**86.096.482.964**
Plus:		
Allowance charged to profit or loss (see note 25)		44.543.016.343
Transfer of balances		254.854.533
Adjustment for foreign exchange differences		3.158.257.818
Less:		
Adjustment for foreign exchange differences		(259.391.390)
Transfer paid balances		(4.497.371.710)
Reversal of allowance against income (see note 26)		(10.289.158.893)
Balance as of December 31, 2020	¢	**119.006.689.665**

(Continue)

Balance as of March 31, 2020

2020 starting balance	¢	**86.096.482.964**
Plus:		
Allowance charged to profit or loss (see note 25)		6.644.826.824
Movement of balances		285.590.362
Adjustment for foreign exchange differences		1.004.343.100
Less:		
Reversal of allowance against income (see note 26)		(3.605.095.923)
Balance as of March 31, 2020	¢	**90.426.147.327**

(g) Syndicated loans

As of March 31, 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	¢	5.860.531.814	11.105.557.204	16.966.089.018
	2	**¢**	**5.860.531.814**	**11.105.557.204**	**16.966.089.018**

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

As of December 31, 2020, 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	¢	6.069.784.699	11.460.449.161	17.530.233.860
	2	**¢**	**6.069.784.699**	**11.460.449.161**	**17.530.233.860**

As of March 31, 2020, 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.	3	¢	7.285.453.363	12.564.160.505	19.849.613.868
	3	**¢**	**7.285.453.363**	**12.564.160.505**	**19.849.613.868**

(Continue)

(7) Foreclosed assets, net

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

		March 2021	December 2020	March 2020
Real estate	¢	132.102.724.399	132.846.965.515	138.265.601.513
Other acquired assets		518.342.565	693.972.758	1.853.764.384
Purchased for sale		891.697.615	977.446.409	458.856.192
Idle property and equipment		2.153.197.033	2.143.679.540	3.426.490.925
		135.665.961.612	136.662.064.222	144.004.713.014
Allowance for impairment and per legal requirement		(88.299.893.182)	(91.269.086.566)	(102.492.019.953)
	¢	**47.366.068.430**	**45.392.977.656**	**41.512.693.061**

The movement of the foreclosed assets is as follows:

		March 2021	December 2020	March 2020
At the beginning of the year	¢	**136.662.064.222**	**134.898.824.316**	**134.898.824.316**
Increase of foreclosed assets		8.962.038.198	36.114.437.514	13.883.635.794
Transfer of property, furniture, and equipment out of use		9.517.492	81.847.646	23.502.512
Increase in acquired-for-sale assets		685.532.041	3.096.128.083	604.056.296
Sale of assets		(10.653.190.341)	(36.178.325.376)	(5.395.614.460)
Withdrawal of property, furniture and equipment out of use		0	(1.350.847.961)	(9.691.444)
Balance at the end of the period	¢	**135.665.961.612**	**136.662.064.222**	**144.004.713.014**

(Continue)

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

		March 2021	December 2020	March 2020
Opening balance	¢	**91.269.086.566**	**96.791.602.487**	**96.791.602.487**
Increases in allowance		4.933.500.369	24.784.945.878	10.076.956.519
Reversals in allowance		(7.902.693.753)	(29.609.811.572)	(4.366.848.163)
Transfer to unused accounts		0	(687.959.337)	0
Adjustment in allowance for revaluation surplus		0	(9.690.890)	(9.690.890)
Balance at the end of the period	¢	**88.299.893.182**	**91.269.086.566**	**102.492.019.953**

(8) Investments in other companies

Investments in other companies are as follows:

		March 2021	December 2020	March 2020
Local entities:				
BCR Valores, S.A. (brokerage firm)	¢	22.446.766.029	21.141.406.851	24.495.120.391
BCR Sociedad Administradora de Fondos de Inversión, S.A. (Investment Fund Manager Company)		9.789.456.022	9.073.349.274	11.358.493.221
BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)		5.389.126.780	5.848.128.095	6.321.471.840
BCR Corredora de Seguros, S.A. (Insurance Broker)		6.169.100.836	8.264.822.445	11.687.219.951
Capital interest in Banprocesa, S.R.L.		668.175.446	536.364.510	340.098.252
Capital interest in Depósito Agrícola de Cartago S.A.		896.873.878	889.438.648	937.162.315
Capital interest in Bancrédito Agencia de Seguros S.A.		0	0	1.008.801.801
		45.359.498.991	**45.753.509.823**	**56.148.367.771**
Foreign entities:				
Banco Internacional de Costa Rica, S.A. and subsidiary		75.317.719.719	75.330.561.630	71.563.684.153
	¢	**120.677.218.710**	**121.084.071.453**	**127.712.051.924**

(Continue)

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 December 31, 2020, 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 March 31, 2021 includes ¢191.970.142 (¢864.341.486 and ¢604.174.406 for December and March 2020, respectively) for BICSA’s result of operations.

The Bank’s statement of changes in equity for the period ended December 31, 2020, includes an increase in equity for ¢164.000.153 (¢6.092.994.523 and ¢2.145.824.779, for December and March 2020, respectively), corresponding to changes arising from translation of BICSA’s financial statements.

As of June 30, 2020, 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 20-2020, of June 2, 2020 and as of August 31, 2020 in the amount of ¢2.500.000.000.

As of July 17, 2020, BCR Pension Operadora de Planes de Pensiones Complementarias, S.A., distributed dividends in the amount of ¢1.158.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 20-2020, of June 2, 2020.

As of September 9, 2020, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢4.500.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 20-2020, of June 2, 2020.

As of September 25, 2020, BCR Valores, S.A., distributed dividends in the amount of ¢4.500.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 20-2020, of June 2, 2020.

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Notes to the separate financial statements

(9) Property and equipment

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

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance at 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	257.823.304	643.301.349	29.340.067	0	0	930.464.720
Withdrawals		0	0	(109.039.314)	(67.103.706)	0	0	(176.143.020)
Transfers		0	0	(65.832.239)	(21.460.120)	0	0	(87.292.359)
Revaluation		0	0	0	0	0	0	0
Balance at March 31, 2021		35.091.690.377	73.073.433.102	35.558.235.061	46.381.665.897	5.200.024.297	23.187.060.908	218.492.109.642
Accumulated depreciation and impairment								
Balance at 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	461.667.031	565.436.754	1.308.964.451	62.667.582	676.806.889	3.075.542.707
Withdrawals		0	0	(109.321.991)	(66.971.518)	(2)	0	(176.293.511)
Transfers		0	0	(51.189.333)	(21.395.033)	0	(97.130.367)	(169.714.733)
Balance at March 31, 2021	¢	0	24.699.557.029	22.581.915.398	31.304.028.988	3.858.153.515	2.705.157.106	85.148.812.036
Balances, net:								
March 31, 2021	¢	**35.091.690.377**	**48.373.876.073**	**12.976.319.663**	**15.077.636.909**	**1.341.870.782**	**20.481.903.802**	**133.343.297.606**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2020, property and equipment is as follows:

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance at December 31, 2019	¢	**34.441.191.347**	**70.190.737.721**	**35.605.059.007**	**43.026.103.436**	**5.077.339.307**	**0**	**188.340.430.818**
Additions		650.499.030	2.624.872.077	1.895.652.956	5.845.998.960	159.695.490	36.574.406.412	47.751.124.925
Withdrawals		0	0	(1.497.814.118)	(2.004.498.491)	0	(9.502.146.974)	(13.004.459.583)
Transfers		0	0	(913.092.580)	(426.714.249)	(37.010.500)	(3.885.198.530)	(5.262.015.859)
Revaluation		0	0	0	0	0	0	0
Balance at 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**
Accumulated depreciation and impairment								
Balance at December 31, 2019		**0**	**22.439.602.647**	**22.177.690.125**	**27.655.235.295**	**3.568.963.239**	**0**	**75.841.491.306**
Depreciation expense		0	1.798.287.351	2.251.269.783	4.860.933.109	263.533.197	2.942.155.926	12.116.179.366
Withdrawals		0	0	(1.421.416.602)	(1.997.546.744)	0	(460.532.144)	(3.879.495.490)
Transfers		0	0	(830.553.338)	(435.190.572)	(37.010.501)	(356.143.199)	(1.658.897.610)
Balance at 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**
December 31, 2020	¢	**35.091.690.377**	**48.577.719.800**	**12.912.815.297**	**16.357.458.568**	**1.404.538.362**	**21.061.580.325**	**135.405.802.729**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Finance leases**	**Total**
Balance at December, 31, 2019	**¢**	**34.441.191.347**	**70.190.737.721**	**35.605.059.007**	**43.026.103.436**	**5.077.339.307**	**0**	**188.340.430.818**
Additions		135.249.030	61.019.180	43.622.859	868.310.880	0	36.574.406.412	37.682.608.361
Withdrawals		0	0	(272.555.146)	(124.057.355)	0	(1.875.195.241)	(2.271.807.742)
Transfers		0	0	(764.848.127)	(1.140.567)	(37.010.499)	(7.085.899.197)	(7.888.898.390)
Balance at March, 31, 2020		34.576.440.377	70.251.756.901	34.611.278.593	43.769.216.394	5.040.328.808	27.613.311.974	215.862.333.047
Accumulated depreciation and Impairment:								
Balance at December, 31, 2019		**0**	**22.439.602.647**	**22.177.690.125**	**27.655.235.295**	**3.568.963.239**	**0**	**75.841.491.306**
Depreciation expense		0	444.076.674	559.128.492	1.193.979.994	65.727.965	594.582.631	2.857.495.756
Withdrawals		0	0	(953.096.321)	(123.766.071)	0	(15.626.627)	(1.092.489.019)
Transfers		0	0	(66.254.754)	(1.140.564)	0	(118.098.320)	(185.493.638)
Revaluation reversal		0	0	0	0	(37.010.501)	0	(37.010.501)
Balance at March, 31, 2020	¢	0	22.883.679.321	21.717.467.542	28.724.308.654	3.597.680.703	460.857.684	77.383.993.904
Balances, net:								
March, 31, 2020	**¢**	**34.576.440.377**	**47.368.077.580**	**12.893.811.051**	**15.044.907.740**	**1.442.648.105**	**27.152.454.290**	**138.478.339.143**

(Continue)

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		March 2021		December 2020		March 2020
Improvements in property in operating lease	¢	1.045.767.818	¢	847.109.714	¢	902.442.029
Pre-issuance costs of financial instruments		484.185.959		548.927.366		741.242.228
Other deferred charges		7.909.936.080		7.886.564.023		6.371.611.338
	¢	**9.439.889.857**	¢	**9.282.601.103**	¢	**8.015.295.595**

(b) Intangible assets

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

		2021
Cost:		
Balance as of December 31, 2020	¢	**36.626.210.835**
Additions to computer systems		1.904.189.006
Balance as of March 31, 2021		**38.530.399.841**
Accumulated amortization and impairment:		
Balance as of December 31, 2020		**23.552.652.071**
Expense for amortization of computer systems		1.613.778.930
Revaluation by price indices		0
Balance as of March 31, 2021		**25.166.431.001**
Balances, net:		
Balance as of March 31, 2021	¢	**13.363.968.840**

Balance as of December 31, 2020

		2020
Cost:		
Balance as of December 31, 2019	¢	**39.568.772.259**
Additions to computer systems		8.638.905.322
Transfer balances		(4.471.107)
Withdrawals		(11.576.995.639)
Balance as of December 31, 2020		**36.626.210.835**
Accumulated amortization and impairment:		
Balance as of December 31, 2019		**30.565.567.290**
Expense for amortization of computer systems		4.237.641.310
Transfer balances		(4.471.107)
Withdrawals		(11.246.085.422)
Balance as of December 31, 2020		**23.552.652.071**
Balances, net:		
Balance as of December 31, 2020	¢	**13.073.558.764**

Balance as of March 31, 2020

		March 2020
Cost:		
Balance as of December, 31, 2019	¢	**39.568.772.259**
Additions to computer systems		765.503.156
Transfers balances		(606.078.994)
Withdrawals		(288.841.519)
Balance as of March, 31, 2020		**39.439.354.902**
Accumulated amortization and impairment:		
Balance as of December, 31, 2019		**30.565.567.291**
Expense for amortization of computer systems		925.942.783
Transfers balances		(9.479.014)
Withdrawals		(606.926.871)
Balance as of March, 31, 2020		**30.875.104.189**
Balances, net:		
Balance as of March, 31, 2020	¢	**8.564.250.713**

(Continue)

(c) Other assets

Other assets are detailed as follows:

		March 2021	December 2020	March 2020
Prepaid taxes	¢	6.742.360.638	14.369.247.597	819.314.106
Prepaid rentals		72.293	72.293	78.393
Prepaid insurance policy		43.610.169	38.178.675	609.915.324
Prepaid expenses		6.786.043.100	14.407.498.565	1.429.307.823
Stationery, supplies and other materials		128.496.100	126.642.244	128.879.984
Library and works of art		2.057.412	2.057.412	2.057.391
Constructions in process		5.668.476.760	6.491.211.602	8.086.236.903
Amortized applications in development		2.890.113.390	2.779.943.569	3.349.248.849
Rights in social and union institutions		36,633,800	36.633.800	36.633.800
Other sundry assets		2.064.373.131	2.064.373.131	2.297.253.131
Sundry assets		10.790.150.593	11.500.861.758	13.900.310.058
Missing cash		42.798.532	78.186.600	84.103.228
Transactions to be settled		31.965.461.221	33.252.087.162	35.582.275.491
Other charge pending operations		121.403.238	200.028.769	0
Charge pending operations		32,129,662,991	33.530.302.531	35.666.378.719
Deposits in guarantee		216.351.413	218.486.303	211.366.928
Restricted assets		216.351.413	218.486.303	211.366.928
	¢	**49.922.208.097**	**59.657.149.157**	**51.207.363.528**

(11) Demand obligations with the public

Demand obligations with the public as follows:

		March 2021	December 2020	March 2020
Checking accounts	¢	1.829.618.665.132	1.684.542.352.579	1.408.560.578.846
Certification checks		149,619,683	103.293.252	161.724.200
Demand saving deposits		853.699.452.039	866.057.182.906	692.977.641.398
Matured term deposits		3.480.496.020	3.282.393.546	3.991.903.227
Other demand obligations with the public		3.984.015.984	4.782.006.896	5.185.576.200
	¢	**2.690.932.248.858**	**2.558.767.229.179**	**2.110.877.423.871**

(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:

		March 2021	December 2020	March 2020
		Demand	**Demand**	**Demand**
Public	¢	2.686.948.232.873	2.553.985.222.283	2.105.691.847.671
Other obligations with the public		3,984,015,985	4.782.006.896	5.185.576.200
		2.690.932.248.858	2.558.767.229.179	2.110.877.423.871
State-owned entities		13.840.608.618	5.719.231.057	9.771.764.215
Deposits from other banks		4.345.373.847	3.253.729.303	6.339.597.256
Other financial entities		27.111.001.819	25.375.876.359	18.953.017.390
		45.296.984.284	34.348.836.719	35.064.378.861
	¢	**2.736.229.233.142**	**2.593.116.065.898**	**2.145.941.802.732**

(Continue)

		March 2021	December 2020	March 2020
		Term	**Term**	**Term**
Public	¢	1.391.901.834.179	1.396.513.269.069	1.523.337.675.801
		1.391.901.834.179	1.396.513.269.069	1.523.337.675.801
State-owned entities		48,676,464,770	56.827.897.834	65.355.059.557
Deposits from other banks		6.296.315.843	6.302.842.901	4.611.488.791
Other financial entities		324.674.289.664	390.736.404.577	346.677.906.793
		379.647.070.277	453.867.145.312	416.644.455.141
	¢	**1.771.548.904.456**	**1.850.380.414.381**	**1.939.982.130.942**

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

As of March 31, 2021, the Bank has a total of 1.567.266 (1.979.536 and 1.926.977, for December and March 2020, respectively) customers with demand deposits and has a total 35.515 (35.689 and 36.780 for December and March 2020, 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 March 31, de 2021, December and March 2020, 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:

		March 2021	December 2020	March 2020
Demand obligations with Banco Central de Costa Rica	¢	1.243.490.384	0	0
Term deposits with the Central Bank of Costa Rica	¢	19.530.000.000	2.500.208.320	0
Charges payable for obligations with Banco Central de Costa Rica		24.738.000	0	0
		20.798.228.384	2.500.208.320	0
Checking accounts of local entities		40.669.483.815	27.544.898.693	25.931.377.238
Overdrafts on demand checking accounts in foreign financial entities		3.759.756.300	5.617.981.089	7.516.235.025
Obligations for checks to be cashed		867.744.169	1.185.956.937	1.616.766.598
Term deposits from local financial entities		76.947.682.762	84.287.771.110	85.585.573.838
Loans from foreign financial entities		116.551.098.540	162.404.367.657	149.520.216.183
Obligations for the right-of-use – leased properties		25.852.380.486	26.469.005.968	34.441.648.567
Obligations for deferred liquidity operations		2,463,250,266	12.615.079.150	0
Obligations with resources from the Development Credit Fund (DCF)		157.832.658.223	168.090.921.427	147.097.016.553
Charges payable for obligations with financial and non-financial entities		1.523.044.642	1.081.310.304	2.379.797.694
		426.467.099.203	489.297.292.335	454.088.631.696
	¢	**447.265.327.587**	**491.797.500.655**	**454.088.631.696**

Maturities of term obligations with entities are from April 1, 2021 to February 03, 2025.

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

	March 2021	December 2020	March
Colones	0,3571% to 1.50%	0,26 % a 3,750%	0,2657% to 2,75000%
US dollars	0,009% to 0,499%	0,009% a 3,2753%	0,4997% to 3.2753%

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

(a) Maturities of loans payable

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

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	0	2.463.250.266	53.883.375.000	24.632.400.000	80.979.025.266
Between one and two years		0	0	0	38.035.323.540	38.035.323.540
From three to five years		19.530.000.000	0	0	0	19.530.000.000
Total	¢	**19.530.000.000**	**2.463.250.266**	**53.883.375.000**	**62.667.723.540**	**138.544.348.806**

As of December 31, 2020, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	2.500.208.320	12.615.079.150	54.013.750.000	64.816.500.000	133.945.537.470
Between one and two years		0	0	0	43.574.117.657	43.574.117.657
Total	¢	**2.500.208.320**	**12.615.079.150**	**54.013.750.000**	**108.390.617.657**	**177.519.655.127**

As of March 31, 2020, the maturities of loans payable are detailed as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International Organizations	Total
Less than one year	¢	0	0	0	41.115.900.000	41.115.900.000
Between one and two years		0	0	51.394.875.000	57.009.441.183	108.404.316.183
	¢	**0**	**0**	**51.394.875.000**	**98.125.341.183**	**149.520.216.183**

(Continue)

(b) Lease obligations

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

		Cuota	Intereses	Mantenimiento	Amortización
Less than one year	¢	3.804.377.400	1.481.980.948	0	2.322.396.453
Between one and five years		29.454.321.910	5.924.337.877	0	23.529.984.033
	¢	**33.258.699.310**	**7.406.318.824**	**0**	**25.852.380.486**

As of December 31, 2020, the Bank has following obligations from financial leases:

		Cuota	Interest	Maintenance	Amortization
Less than one year	¢	3.812.768.809	1.519.542.903	0	2.293.225.906
Between one and five years		30.470.935.269	6.295.155.208	0	24.175.780.061
	¢	**34.283.704.078**	**7.814.698.111**	**0**	**26.469.005.967**

As of March 31, 2020, the Bank has the following obligations from financial leases:

		Cuota	Interest	Maintenance	Amortization
Less than one year	¢	7.820.811.334	2.090.148.323	0	5.730.663.011
Between one and five years		38.286.869.752	9.575.884.196	0	28.710.985.556
	¢	**46.107.681.086**	**11.666.032.519**	**0**	**34.441.648.567**

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

	Colones	US$ converted to colones
1 year	234.553.071	2.087.843.383
2 years	251.065.607	2.213.113.817
3 years	245.640.685	2.145.145.863
4 years	286.033.730	2.474.609.608
5 years	306.170.505	2.623.086.097
More than 5 years	1.387.041.209	11.598.076.913
	2.710.504.807	**23.141.875.680**

(Continue)

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

	Colones	US$ converted to colones
1 year	230.597.502	2.062.628.405
2 years	246.831.566	2.186.385.943
3 years	264.208.508	2.317.569.082
4 years	258.499.600	2.246.393.306
5 years	301.007.159	2.591.406.980
More than 5 years	1.465.547.531	12.297.930.386
	2.766.691.866	**23.702.314.102**

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

	Año	**Pagos**	**Valor presente**	**Amortización**	**Interés**	**Saldo del contrato**
1	31/12/2021	3.817.060.291	2.194.500.826	571.941.361	1.622.559.465	23.657.879.375
1	31/12/2022	3.817.060.291	2.477.623.283	1.138.186.275	1.339.437.008	21.180.256.092
2	31/12/2023	3.498.971.933	2.403.817.549	1.308.663.166	1.095.154.384	18.776.438.543
3	31/12/2024	4.135.148.648	3.014.495.631	1.893.840.614	1.120.654.017	15.761.943.912
4	31/12/2025	3.817.060.291	2.959.777.162	2.102.494.033	857.283.129	12.802.166.750
5	31/12/2026	3.817.060.291	3.140.566.164	2.464.072.038	676.494.126	9.661.600.586
6	31/12/2027	3.498.971.933	3.047.115.325	2.595.258.716	451.856.608	6.614.485.261
7	31/12/2028	4.135.148.648	3.821.355.088	3.507.561.529	313.793.560	2.793.130.173
8	31/12/2029	2.862.795.218	2.793.130.173	2.723.465.127	69.665.045	0
9	31/12/2030	0	0	0	0	0
		33.399.277.544	**25.852.381.201**	**18.305.482.859**	**7.546.897.342**	

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

	Year	**Payments**	**Present value**	**Amortization**	**Interest**	**Balance**
1	31-12-2021	3.825.298.530	2.161.772.650	498.246.769	1.663.525.881	24.307.233.064
2	31-12-2022	3.825.298.530	2.446.499.009	1.067.699.488	1.378.799.521	21.860.734.025
3	31-12-2023	3.825.298.530	2.595.855.994	1.366.413.457	1.229.442.537	19.264.878.031
4	31-12-2024	3.825.298.530	2.754.355.280	1.683.412.031	1.070.943.250	16.510.522.751
5	31-12-2025	3.825.298.530	2.922.557.788	2.019.817.046	902.740.742	13.587.964.963
6	31-12-2026	3.825.298.530	3.101.059.562	2.376.820.593	724.238.969	10.486.905.401
7	31-12-2027	3.825.298.530	3.290.493.013	2.755.687.496	534.805.517	7.196.412.388
8	31-12-2028	3.825.298.530	3.491.529.804	3.157.761.079	333.768.726	3.704.882.583
9	31-12-2029	3.825.298.530	3.704.882.583	3.584.466.637	120.415.947	0
10	31-12-2030	0	0	0	0	0
		34.427.686.772	**26.469.005.684**	**18.510.324.595**	**7.958.681.088**	

(Continue)

(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 March 31, 2021, the Bank's separate balances of income tax payable and expected income tax amount to ¢5.498.212.015 (¢10.254.574.344 and 2.808.800.025 for December and March 2020, respectively) (see note 17) and income tax advances for ¢6.742.360.638 (¢14.369.247.597 and ¢819.314.106, for December and March 2020, respectively) are recorded as "Other assets".

Income tax expense is detailed as follows:

		March 2021	December 2020	March 2020
Income tax	¢	5.498.212.015	13.624.899.236	5.265.791.778
Decrease in income tax		0	(913.333.140)	(38.106.911)
Adjustment of income tax of previous period		155,284,663	(2.456.991.752)	(2.456.991.753)
		5.653.496.678	10.254.574.344	2.770.693.114
Income tax expense:				
Expense for current tax of the period		5.498.212.015	11.167.907.483	2.808.800.025
Expense for income tax from previous period		0	2.456.991.753	2.456.991.753
		5.498.212.015	13.624.899.236	5.265.791.778
Decrease in income tax		0	(913.333.140)	0
		5.498.212.015	12.711.566.096	5.265.791.778
Deferred income tax				
Income for deferred income tax		(38.105.401)	(152.425.375)	(38.106.911)
Decrease of income tax from previous periods		(155.284.663)	0	0
Income tax	¢	5.304.821.951	12.559.140.721	5.227.684.867

		March 2021	December 2020	March 2020
Realization of deferred income tax	¢	38.105.401	152.425.375	38.106.911

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

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

		Assets	Liabilities	Net
Valuation of investments	¢	30.629.954	(8.750.032.297)	(8.719.402.343)
Revaluation of buildings		0	(5.086.549.340)	(5.086.549.340)
Total	¢	30.629.954	(13.836.581.638)	(13.805.951.684)

As of December 31, 2020, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	736.637.755	(2.679.050.235)	(1.942.412.480)
Revaluation of buildings		0	(5.124.654.741)	(5.124.654.741)
Total	**¢**	**736.637.755**	**(7.803.704.976)**	**(7.067.067.221)**

As of March 31, 2020, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	790.914.886	(2.789.059.904)	(1.998.145.018)
Revaluation of buildings		0	(5.238.973.205)	(5.238.973.205)
Total	**¢**	**790.914.886**	**(8.028.033.109)**	**(7.237.118.223)**

Movement of temporary differences is as follows:

As of March 31, 2021:

		December 31, 2020	Income statement	Equity	March 31, 2021
Liabilities account					
Valuation of investments	¢	(2.679.050.235)	0	(6.070.982.062)	(8.750.032.297)
Revaluation of buildings		(5.124.654.741)	38.105.401	0	(5.086.549.340)
Assets account					
Valuation of investments		736.637.755	0	(706.007.801)	30.629.954
Total	¢	(7.067.067.222)	38.105.401	(6.776.989.863)	(13.805.951.684)

Movement of temporary differences is as follows:

As of December 31, 2020:

		December 31, 2019	Income statement	Equity	December 31, 2020
Liabilities account					
Valuation of investments	¢	(3.834.489.662)	0	1.155.439.427	(2.679.050.235)
Revaluation of buildings		(5.277.080.116)	152.425.375	0	(5.124.654.741)
Assets account					
Valuation of investments		981.374.269	0	(244.736.514)	736.637.755
Total	¢	**(8.130.195.509)**	**152.425.375**	**910.702.913**	**(7.067.067.221)**

Movement of temporary differences is as follows:

As of March 31, 2020:

		December 31, 2019	Income statement	Equity	March, 31, 2020
Liabilities account					
Valuation of investments	¢	(3.834.489.662)	0	1.045.429.758	(2.789.059.904)
Revaluation of buildings		(5.277.080.116)	38.106.911	0	(5.238.973.205)
Assets accounts					
Valuation of investments		981.374.269	0	(190.459.383)	790.914.886
Total	¢	**(8.130.195.509)**	**38.106.911**	**854.970.375**	**(7.237.118.223)**

As of March 31, 2021, the Bank has a balance for income tax receivable of ¢131.142.429 (¢87.694.781 and ¢85.703.732, for December and March 2020, respectively), in addition to bear value added tax for ¢766.030.762 (¢1.211.556.671 and ¢624.258.423, for December and March 2020, respectively) and deductible value added tax ¢416.755(¢37.887 as of December 2020).

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.

(Continue)

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 December 31, the amount recorded by the Bank as provision is of ¢33.377.662.908 (¢33.377.662.908 and ¢35.072.116.918 for December and March 2020, respectively).

(16) Provisions

Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance at December 31, 2020	¢	**8.931.398.706**	**15.611.657.461**	**33.377.662.908**	**57.920.719.075**
Increase in provision		0	244.832.285	0	244,832,285
Use of provision		(7.618.429)	(672.819.411)	0	(680,437,840)
Adjustment for foreign exchange		00	(2.148.039)	0	(2,148,039)
Balance at March 31, 2022	¢	**8.923.780.277**	**15.181.522.296**	**33.377.662.908**	**57.482.965.481**

As of December 31, 2020, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance at December 31, 2019	¢	**8.995.447.418**	**16.284.350.888**	**35.072.116.918**	**60.351.915.224**
Increase in provision		0	4.199.552.984	40.527.785	4.240.080.769
Use of provision		(64.048.712)	(2.494.060.686)	0	(2.558.109.398)
Adjustment for foreign exchange		0	56.317.151	0	56.317.151
Reversal of provision		0	(2.434.502.876)	(1.734.981.795)	(4.169.484.671)
Balance at December 31, 2020	¢	**8.931.398.706**	**15.611.657.461**	**33.377.662.908**	**57.920.719.075**

(Continue)

As of March 31, 2020, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance at December 31, 2019	¢	**8.995.447.418**	**16.284.350.888**	**35.072.116.918**	**60.351.915.224**
Increase in provision		0	191.258.788	40.527.785	231.786.573
Use of provision		(587.486)	(1.915.575.047)	0	(1.916.162.533)
Adjustment for foreign exchange		0	25.382.980	0	25.382.980
Reversal of provision		0	(1.538.217.686)	0	(1.538.217.686)
Balance at March 31, 2020	¢	**8.994.859.932**	**13.047.199.923**	**35.112.644.703**	**57.154.704.558**

(Continue)

As of March 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 ¢25.135.812.413 and US$69.301.542 for which the Bank has provisioned ¢1.783.901.568 and US$1.395.500, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1.799.404.429 and $10.077, 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 ¢5.179.322.543 and $825.001 de for which the Bank has provisioned ¢1.868.413.533, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢10.504.406.145 and US$36.257, for which the Bank has provisioned ¢10.492.939.628 and US$34.057, respectively.

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

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

- Ordinary suits filed against the Bank estimated at ¢28.756.508.316 and US$69.193.922 for which the Bank has provisioned ¢1.754.726.808 and US$1.395.500, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢2.416.905.449 and US$10.077, for which the Bank has recorded a provision in the amount of ¢716.430.020.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.179.322.543 and US$825.001, for which the Bank has provisioned ¢1.868.413.533, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢10.394.615.080 and US$36.257 for which the Bank has provisioned ¢10.389.621.563 and US$34.057, respectively.

- 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.

(Continue)

- Reversal is made due to the 2015 prescription to IFRIC 23 (see note 39), recorded in other provisions.

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

- Ordinary suits filed against the Bank have been estimated at ₡₡26.184.572.157 and US$57.148.922, for which the Bank has provisioned ₡2.186.722.855 and US$1.492.115, respectively.

- The criminal lawsuits against the Bank have been estimated in ₡1.794.475.429 and US$10.077, for which the Bank has recorded a provision in the amount of ₡89.000.000.

- Labor suits are difficult to estimate due to their nature. However, they have been estimated at ₡4.526.028.717 and US$825.000, for which the Bank has provisioned ₡2.189.088.487, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages, it has been estimated in ₡7.176.849.269 and US$36.257, for which the Bank has provisioned ₡7.171.855.752 and US$34.057, respectively.

- In compliance with Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica” the amount of ₡514.105.087 was tranferred for pending proceedings.

(Continue)

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		March 2021	December 2020	March 2020
Fees payable	¢	66.276.159	41.113.008	1.848.114
Current income tax (see note 15)		5.653.496.678	10.254.574.344	2.808.800.025
UD Income Tax		338.685.614	333.133.221	332.555.986
Value added tax payable		136.803.467	320.375.269	128.196.260
Employer contributions		2.362.255.646	1.455.480.244	1.305.476.075
Withholdings by legal order		894.943.221	873.324.267	893.197.989
Retained taxes payable		1.871.628.268	3.015.450.378	2.792.446.985
Employer withholdings		1.880.784.290	906.571.850	700.479.827
Other third-party withholdings		11.185.502.553	10.851.508.326	19.004.363.681
Compensations and salaries payable		3.086.244.822	7.327.274.599	1.992.209.931
Distributions payable on results of the period (see note 30)		5.492.940.466	9.457.965.454	3.247.162.455
Accrued vacation payable		6.418.460.890	5.607.680.912	5.457.368.518
Accrued statutory Christmas bonus payable		1.674.396.196	481.488.682	1.681.525.621
Contributions to Superintendences´ budgets		0	0	37.258.203
Commissions payable for insurance placement		56.389.210	51.938.166	46.819.236
Commissions payable related parties		2.635.141.839	2.100.992.193	377.872.104
Sundry creditors		19.427.053.458	22.581.076.271	21.800.103.058
	¢	**63.181.002.777**	**75.659.947.184**	**62.607.684.068**

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:

		March 2021	December 2020	March 2020
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 28.120.000.000 for December and March 2020, respectively), for its capitalization, to stimulate the productive sectors, especially small and medium enterprises.

As of March 31, 2021, the amount for the constitution of the Development Financing Fund's equity is ¢36.212.011.410 (¢33.309.728.460 and ¢33.309.728.460 for December and March 2020, respectively). In compliance with Law 9605 "Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica." The amount of ¢2.627.265.346 of the equity was transferred.

b) Surplus from revaluation

Corresponding to the increase in fair value of property owned by the Bank, as of March 31, 2021, revaluation surplus amounts to ¢37.774.830.067 (¢37.774.830.067 and ¢37.774.830.067, for December and March 2020, respectively).

(Continue)

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 March 31, 2021, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net losses in the amount of ¢23.750.266.597 (¢7.546.666.277 and ¢7.952.290.306, for December and March 2020, 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 March 31, 2021, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢7.227.347.318 (¢10.636.876.609 and ¢8.383.673.063, for December and March 2020, respectively).

Regulatory Capital

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

		March 2021	December 2020	March 2020
Primary Capital				
Ordinary paid in capital	¢	181.409.990.601	181.409.990.601	181.409.990.601
Legal reserve		296.709.547.031	283.820.516.011	283.820.516.011
		478.119.537.632	465.230.506.612	465.230.506.612
Secondary Capital				
Adjustment for valuation of property		28.331.122.550	28.331.122.550	28.331.122.550
Adjustment for valuation of restricted financial instruments		0	(4.566.079)	(2.458.552)
Adjustment for valuation of shares in other companies		7.227.347.318	10.636.876.609	8.383.673.063
Retained earnings from previous periods		23,286,282,979	13.464.953.148	13.464.953.148
Results of the period		11.732.892.229	25.612.643.802	6.992.246.630
Development Financing Fund		36.212.011.410	33.309.728.460	33.309.728.460
		106.789.656.486	111.350.758.490	90.479.265.299
Deductions				
Interest in other companies		(120.677.218.710)	(121.084.071.453)	(127.712.051.924)
Total regulatory capital	¢	**464.231.975.408**	**455.497.193.649**	**427.997.719.987**

(Continue)

(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:

		March 2021	December 2020	March 2020
Guarantees:				
Performance bonds	¢	106.833.894.658	122.680.532.330	101.334.955.756
Bid bonds		674.248.680	898.266.860	11.257.338.945
Letters of credit issued, not negotiated		11,687,884,167	4.762.986.773	6.413.135.498
Credit lines to be used automatically		109,326,637,009	109.920.179.845	112.975.549.245
Other contingencies		70.707.585.399	74.386.976.783	61.228.188.227
Credits pending disbursement		112,872,068	1.529.675.946	1.465.633.476
	¢	**299.343.121.981**	**314.178.618.537**	**294.674.801.147**

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

		March 2021	December 2020	March 2020
With prior deposit	¢	7.177.043.818	7.226.846.987	11.817.972.891
Without prior deposit		221.458.492.763	232.564.794.767	221.628.640.029
Pending litigation and claims		70.707.585.400	74.386.976.783	61.228.188.227
Total deposits	¢	**299.343.121.981**	**314.178.618.537**	**294.674.801.147**

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 March 31, 2021, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

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

(Continue)

Other contingencies:

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

- Administrative suits against the Bank estimated at ¢27.001.781.507 and US$67.798.421. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Ordinary labor suits estimated at ¢3.310.909.009 and US$825.001.

- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.700.475.429 and US$10.077.

- Administrative proceedings against the Bank have been estimated in the amount of ¢4.993.517 and US$2.200.

  As of December 31, 2020, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢27.001.781.507 and US$67.798.421. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Ordinary labor suits estimated at ¢3.310.909.009 and US$825.001.

- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.700.475.429 and US$10.077.

- Administrative proceedings against the Bank have been estimated in the amount of ¢4.993.517 y US$2.200.

As of March 31, 2020, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢23.997.849.302 and US$55.656.807. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Ordinary labor suits estimated at ¢2.330.007.498 and US$825.000.

- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.705.475.429 and US$10.077.

- Administrative proceedings against the Bank have been estimated in the amount of ¢4.993.517 and US$2.200.

(Continue)

(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:

		March 2021	December 2020	March 2020
Cash and due from banks	¢	71.802.023.449	92.575.854.311	87.909.213.820
Investment		72.914.257.865	67.842.050.691	96.299.333.280
Loan portfolio		11.928.000.614	12.128.219.168	12.750.393.846
Allowance for loan losses		(9.042.076.530)	(9.162.850.564)	(9.638.638.972)
Assets held-for-sale		53.244.749.420	56.521.168.659	21.861.086.841
Investment in other companies		35.012.464.940	35.077.180.689	32.581.522.651
Other receivables		77.555.477.935	77.399.842.492	77.685.623.422
Property and equipment		376.159.996.279	400.990.434.662	306.866.665.127
Other assets		184.197.337.048	186.416.949.697	356.703.698.168
	¢	**873.772.231.020**	**919.788.849.805**	**983.018.898.183**

(Continue)

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Notes to the separate financial statements

(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		March 2021	December 2020	March 2020
Guarantees received and held in custody	¢	12.512.810.648.652	3.899.315.393	4.292.797.647
Guarantees received and held by third parties		3.719.983.443	4.217.017.643	3.191.361.887
Other memoranda accounts, unused authorized lines of credit		338.014.418.292	311.411.503.714	294.148.586.631
Write-offs		202.118.344.749	202.882.195.014	204.091.399.855
Suspense interest receivable		22.083.222.732	24.309.516.440	17.939.811.969
Other memoranda accounts		1.411.224.350.498	13.404.211.560.427	12.878.314.263.946
Assets and securities held in custody for third parties		84.009.224.414	93.322.936.545	92.141.063.071
Trading securities received as Guarantee (Guarantee Trust)		58.257.066.788	45.524.405.011	39.923.741.077
Own trading securities		902.036.937.225	707.952.886.907	443.143.721.788
Cash and accounts receivable custodial activities		212.678.212.473	152.792.708.207	195.239.597.945
Third party trading securities pledged as guarantee (Guarantee Trust)		13.693.239.914	44.883.495.750	62.581.131.894
Third parties trading securities		5.665.691.395.442	5.379.503.686.380	5.070.907.886.198
	¢	**21.426.337.044.622**	**20.374.911.227.431**	**19.305.915.363.908**

(Continue)

(22) Finance income on financial instruments

Finance income on financial instruments is as follows:

		March 2021	March 2020
Interest for investments in financial instruments at fair value through profit or loss	¢	0	286.079.571
Interest for investments in financial instruments at fair value through other comprehensive income		18.614.489.579	13.208.859.654
Interest for investments at amortized cost		72.612.424	0
Interest for expired and restricted investments in financial instruments		198.540.590	0
	¢	**18.885.642.593**	**13.494.939.225**

(Continue)

(23) Finance income on credit portfolio

Finance income on credit portfolio is as follows:

		March 2021	March 2020
Current loans			
Loans - Personal	¢	27.307.071.550	29.865.751.249
Loans - Development Financing Fund		565.146.149	669.010.100
Loans - Business		1.787.165.367	2.111.554.695
Loans – Corporate		23.722.941.677	23.370.380.743
Loans – Public Sector		1.985.838.176	2.242.451.679
Loans – Financial Sector		2.370.486.023	3.888.486.833
		57.738.648.942	62.147.635.299
Past due loans and loans in legal collection			
Past due loans – Personal		187.946.533	244.248.695
Past due loans – Development Banking System		13.535.695	13.943.116
Past due loans – Business		510.640.968	484.563.029
Past due loans – Corporate		379.173.699	573.032.826
Loans in legal collection		657.414.568	1.444.622.830
		1.748.711.463	2.760.410.496
Amortization of the net commission of the direct incremental cost associated to loans		926.134.602	926.958.663
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts		212.438.779	223.151.725
	¢	**60.625.933.786**	**66.058.156.183**

(Continue)

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

		March 2021	March 2020
Demand deposits	¢	10.080.534.732	9.018.026.508
Term deposits		14.054.993.300	26.201.558.497
	¢	**24.135.528.032**	**35.219.585.005**

(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:

		March 2021	March 2020
Allowance for loan losses (see note 6-e)	¢	8.493.506.561	6.473.129.616
Allowance for other doubtful receivables		1.034.242.199	952.419.548
Allowance for stand-by credit losses		0	30.753.892
Expenses generic estimation and against cyclic for loan (see note 6-e)		59.479.693	171.697.208
Expenses generic estimation and against cyclic for contingent credit portfolio		220.000	82
Expenses for allowance for impairment of securities at fair value through other comprehensive income		312.971.204	2.685.981.370
Expense for allowance of impairment of held-to-maturity investments		1.757.609	0
	¢	**9.902.177.266**	**10.313.981.716**

(Continue)

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

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

		March 2021	March 2020
Recovery of loan write-offs	¢	2.992.699.781	2.797.700.435
Decrease in allowance for loan losses (see note 6-e)		1.869.056.289	3.075.533.780
Decrease in allowance for other doubtful receivables		400.607.685	685.780.610
Decrease in allowance for stand-by credit losses		0	44.335.220
Decrease in generic estimation and against cyclic for loan (see note 6-e)		50.767.394	529.562.143
Decrease in generic estimation and against cyclic for contingent loans		0	42.085.728
Decrease in allowance for uncollectible investments securities		230.941.110	303.904.004
	¢	**5.544.072.259**	**7.478.901.920**

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

		March 2021	March 2020
Drafts and transfers	¢	558.274.118	526.823.456
Foreign trade		162.967.532	160.125.449
Certified checks		646.233	577.283
Trust management		908.594.929	1.082.785.697
Custodial services		72.939.902	88.518.857
By mandate		492.494	0
Collections		159.624.456	127.772.921
Credit cards		9.120.670.377	11.735.865.705
Authorized custodial services for securities		209.741.761	154.329.341
Commissions for transactions with related parties		326.899	4.794.955
Other commissions		7.881.642.369	8.360.950.802
	¢	**19.075.921.070**	**22.242.544.466**

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

		March 2021	March 2020
Local entities			
Interest in BCR Valores, S.A.- Puesto de Bolsa	¢	840.815.712	883.236.467
Interest in BCR Sociedad Administradora de de Fondos de Inversión, S.A.		688.839.085	669.626.479
Interest in BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A.		276.097.505	203.957.828
Interest in BCR Corredora de Seguros, S.A.		865.374.835	903.669.169
Interest in BANPROCESA-TI, S.A.		131,810,936	0
Interest in Depósito Agrícola de de Cartago S.A.		7.768.331	8.182.631
Interest in Bancrédito Agencia de Seguros S.A.		0	1.818.043
Entities abroad:			
Banco Internacional de Costa Rica, S.A. and subsidiarie		191.970.143	604.174.406
	¢	**3.002.676.547**	**3.274.665.023**

(Continue)

(29) Administrative expenses

Administrative expenses are as follows:

		March 2021	March 2020
Salaries and bonuses, permanent staff	¢	13.131.929.023	12.840.322.194
Salaries and bonuses, contractors		557.213.381	533.608.785
Compensation for directors and statutory examiners		34.059.610	24.369.362
Overtime		105.970.179	199.764.324
Per diem		61.857.191	89.254.346
Statutory Christmas bonus		1.150.627.023	1.144.230.537
Vacation		1.397.333.411	1.068.380.094
Other compensation		119.592.188	157.071.135
Severance payments		676.762.533	634.662.125
Employer social security taxes		4.795.940.736	4.514.818.007
Refreshments		3.855.733	23.045.159
Uniforms		657.390	887.929
Training		22.212.453	35.910.338
Employee insurance		43.035.431	40.324.520
Assets for personal use		18.216	190.030
“Back-to-school” bonus		1.269.774.063	1.804.141.278
Compulsory retirement savings account		435.963.433	412.533.991
Other personnel expenses		127.757.388	151.872.852
Outsourcing		3.342.261.710	3.049.995.946
Transportation and communications		899.729.534	1.328.120.042
Property insurance		124.506.499	781.845
Property maintenance and repairs		853.370.878	707.326.014
Public utilities		522.398.298	725.267.504
Leasing of property		676.806.889	594.582.631
Leasing of furniture and equipment		80.562.403	51.741.686
Depreciation of property and equipment		2,336,068,236	2.197.185.160
Amortization of leasehold property		107.025.387	99.944.370
Other infrastructure, expenses		956.442.613	1.258.914.863
Overhead		4.776.682.389	3.743.594.321
	¢	**38.610.414.218**	**37.432.841.388**

(Continue)

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

		March 2021	March 2020
Allocation for CONAPE	¢	984.163.138	614.615.901
Allocation for Instituto Nacional de Fomento Cooperativo		965.790.031	419.929.310
Allocation for the National Emergencies Commission		590.497.883	368.769.541
Allocation for Régimen de Invalidéz, Vejez y Muerte		2.952.489.414	1.843.847.703
	¢	**5.492.940.466**	**3.247.162.455**

As of March 31, 2021 and March 31, 2020, 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:

		March 2021		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Adjustment for valuation of available-for sale investments	¢	22.673.019.021	(6.776.989.863)	15.896.029.158
Exchange differences for conversion of financial statements, foreign entities		(164.000.153)	0	(164.000.153)
Changes in equity from foreign subsidiaries		(40.811.902)	0	(40.811.902)
Change in equity of subsidiaries from unrealized profit		(3.204.717.236)	0	(3.204.717.236)
	¢	**19.263.489.730**	**(6.776.989.863)**	**12.486.499.867**

(Continue)

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		March		
		2020		
		Amount before income tax	Profit (expense)	Net taxes
Adjustment for valuation of available-for sale investments		(298.070.528)	854.970.375	556.899.847
Exchange differences for conversation of financial statements. foreign entities		2.145.824.779	0	2.145.824.779
Changes in equity from foreign subsidiaries		(3.820.882)	0	(3.820.882)
Change in equity of subsidiaries from unrealized gain		171.367.341	0	171.367.341
	¢	**2.015.300.710**	**854.970.375**	**2.870.271.085**

(32) Operating leases

The Bank as tenant

Non-cancellable operating leases are payable as follows:

		March 2021	December 2020	March 2020
Less than one year	¢	481.705.800	481.705.800	456.803.400
Between one and five years		120.426.450	240.852.900	456.803.400
	¢	**602.132.250**	**722.558.700**	**913.606.800**

(Continue)

(33) Fair value

Fair values of financial instruments are as follows:

		March 2021		December 2020		March 2020	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and due from banks	¢	711.403.907.853	711.403.907.853	733.128.044.604	733.128.044.605	726.784.445.668	726.784.445.669
Investment		1.331.421.836.629	1.319.140.879.410	1.263.954.062.153	1.247.404.601.803	910.365.021.894	901.108.371.162
Loan portfolio		3.018.381.466.581	2.945.676.273.662	2.951.069.504.213	2.890.513.196.044	2.890.885.513.135	2.756.213.660.190
		5.061.207.211.063	4.976.221.060.925	4.948.151.610.970	4.871.045.842.452	4.528.034.980.697	4.384.106.477.021
Demand deposits		2.703.368.337.185	2.703.368.337.185	2.572.615.057.726	2.572.615.057.726	2.129.743.701.784	2.129.743.701.784
Term deposits		1.391.901.834.180	1.382.153.272.075	1.396.513.269.069	1.384.136.056.485	1.523.337.675.801	1.503.715.001.738
Financial obligations		447.265.327.587	440.657.689.489	491.797.500.655	496.094.012.678	454.088.631.697	459.000.969.495
	¢	4.542.535.498.952	4.526.179.298.749	4.460.925.827.450	4.452.845.126.889	4.107.170.009.282	4.092.459.673.017

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.

(e) Deposits and loans payable

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

(Continue)

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.

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>Crédit</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>

(Continue)

Types of risks related to the strategic plan

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

Related strategic objective	Process	Type of risk	Indicator (KRI´s)
1. Guarantee the financial solidity of the Conglomerate 2. Support the development of the country	1. Organizational strategy 1. Financial treasury operations	Strategic	ICL colones ICL dollars
	1. Security management 2. Management of processes and regulations 3. IT Security	Operative	Expected loss due to operational risk (last 12 months) Uptime Availability of the technology platform Vulnerability analysis Change management
	1. Loan granting 2. Monitoring of loans 3. Loans recovery	Credit	Expected credit loss of the loan portfolio, SUGEF Non-high-risk generators
	1. Financial treasury operations	Market	VaR of the investment portfolio 03-06 PPME sensibility to movements in the ER Elasticity of the financial margin to movements in interest rates
	2. Investment services	Liquidity	Maximum expected variation of deposits with the public (MVEC) colones Maximum expected variation of deposits with the public (MVEC) US dollars

Risk profile and limit structure

The members of the Conglomerate define a risk profile for each entity, which is approved by the corresponding Board of Directors, and according to which, parameters of acceptability, appetite, tolerance limits and risk indicators defining the exposure levels to assume, are established, thereby generating alerts to deviations from normal behavior, enabling timely decision making.

(Continue)

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.

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.

(Continue)

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

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

The credit risk is the possibility of economic losses due to non-compliance with the conditions agreed upon by the debtor.

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

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

Management methodology

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

The statistical support is complemented with expert criteria to analyze the borrower's ability to pay, as well a stress analysis on exposures to macroeconomic variables that are related to microeconomic and Bank's internal variables.

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.

(Continue)

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.

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.

Exposure and risk management

During the first months of 2020, the loan portfolio had been trending towards an acceptable risk level for all its indicators, however, due to the Covid-19 pandemic and its repercussions on the economy, many of the Bank´s clients had to suspend the production cycle, or they have stopped receiving their income in the case of individuals. In this situation, the Bank is in a third phase of granting grace periods to debtors affected by the pandemic, as well as renewal of the first phase.

As of March 2021, the percentage of arrears greater than 90 days was 2,20% (2,54% December 2020). The latter indicator is 1,80 percentage points below the regulatory limit to be in the normal range, with retail banking activities showing the highest delinquency.

The dollar portfolio accounts for 31.85% (32.26% December 2020, 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 commerce, as shown in note 6.a of the financial statements (Loan Portfolio by Sector), limits on exposition for the loan portfolio are defined, to achieve a loan structure in the medium and long term that is consistent with the risk appetite established by the Senior Management.

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

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

(Continue)

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 March 2021, the expected loss of the investment portfolio was of 0.22%, (0.21% in December 2020).

Expected losses are shown in the following table:

Banco de Costa Rica, expected losses of the investment portfolio by currency

December 2020 and March 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, 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
Value correction for losses As of March 31, 2020				
	Colones	1.418.835.428	170.183.000	5.753.000.000
	US dollars	1.655.862	0	0
	UDES	0	150.131	14.024.800
Transfer to 3-month expected credit losses				
	Colones	7.861.949	(4.536.197)	(980.000.000)
	US dollars	318.798	(14.672)	(21.065.000
	UDES	0	(33.769)	0

BANCO DE COSTA RICA

Notes to the separate financial statements

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

	Note		Direct loan portfolio March 2021	Contingent loan portfolio March 2021	Direct loan portfolio December 2020	Contingent loan portfolio December 2020	Direct loan portfolio March 2020	Contingent loan portfolio March 2020
Principal	6a	¢	3.006.814.431.589	221.458.492.763	2.935.641.227.054	232.564.794.767	2.885.835.401.265	221.628.640.029
Interest			29.348.743.167	0	32.602.387.644	0	21.494.422.504	0
			3.036.163.174.756	221.458.492.763	2.968.243.614.698	232.564.794.767	2.907.329.823.769	221.628.640.029
Allowance for loan losses			(125.112.703.021)	(323.784.623)	(118.682.677.549)	(324.012.116)	(90.426.147.327)	0
Carrying amount		¢	2.911.050.471.735	221.134.708.140	2.849.560.937.149	232.240.782.651	2.816.903.676.442	221.628.640.029
Loan Portfolio Total Balance:								
A1		¢	2.367.033.246.083	199.525.591.756	2.252.641.974.421	216.785.669.119	2.181.623.437.225	205.862.647.209
A2			46.781.534.632	1.044.554.667	51.079.575.869	993.773.116	29.829.912.462	802.990.390
B1			275.648.683.029	12.344.650.725	317.076.523.159	4.750.549.387	324.726.539.121	4.264.291.367
B2			27.460.200.908	153.961.897	18.952.645.155	111.877.247	30.555.407.225	295.825.063
C1			43.980.248.489	4.795.589.058	50.179.872.607	6.386.300.335	58.142.897.025	4.071.492.803
C2			15.795.818.565	75.146.118	17.670.359.057	73.620.031	18.737.292.428	84.382.385
D			42.902.771.895	1.249.977.218	46.374.944.688	1.036.645.186	59.075.258.593	4.199.714.864
E			153.436.056.687	2.268.506.641	161.787.877.221	2.426.360.346	148.068.598.278	2.033.264.643
1			61.957.123.938	514.683	51.254.492.919	0	52.593.175.022	14.031.305
2			14.145.467	0	63.731.314	0	790.022.572	0
3			373.140.036	0	348.996.233	0	2.329.901.799	0
4			678.657.630	0	723.703.593	0	413.761.060	0
5			15.480.892	0	0	0	197.688.911	0
6			86.066.505	0	88.918.462	0	245.932.048	0
			3.036.163.174.756	221.458.492.763	2.968.243.614.698	232.564.794.767	2.907.329.823.769	221.628.640.029
Allowance for loan losses			(76.449.757.618)	(258.685.337)	(81.874.379.225)	(301.501.990)	(74.270.452.351)	(276.809.599)
Carrying amount, net			2.959.713.417.138	221.199.807.426	2.886.369.235.473	232.263.292.777	2.833.059.371.418	221.351.830.430
Carrying amount			3.036.163.174.756	221.458.492.763	2.968.243.614.698	232.564.794.767	2.907.329.823.769	221.628.640.029
Allowance for loan losses			(76.449.757.618)	(258.685.337)	(81.874.379.225)	(301.501.990)	(74.270.452.351)	(276.809.599)
(Excess) inadequacy of allowance over structural estimate			(48.662.945.403)	(65.099.286)	(36.808.298.324)	(22.510.126)	(16.155.694.976)	276.809.599
Carrying amount, net	6a	¢	2.911.050.471.735	221.134.708.140	2.849.560.937.149	232.240.782.651	2.816.903.676.442	221.628.640.029

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

The assessed loan portfolio with allowance is detailed as follows:

As of March 31, 2021

		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.367.033.246.083	1.680.894.858.591	686.138.387.505	(11.835.166.287)	199.525.591.756	(123.342.436)
A2		46.781.534.632	38.681.142.023	8.100.392.608	(233.907.674)	1.044.554.667	0
		2.413.814.780.715	1.719.576.000.614	694.238.780.113	(12.069.073.961)	200.570.146.423	(123.342.436)
Direct specific allowance							
A1							
A2							
B1		275.648.683.029	256.260.201.863	19.388.481.166	(2.250.725.068)	12.344.650.725	(8.881.493)
B2		27.460.200.908	25.269.281.540	2.190.919.369	(345.438.346)	153.961.897	0
C1		43.980.248.489	38.335.391.438	5.644.857.051	(1.602.891.221)	4.795.589.058	(2.551.966)
C2		15.795.818.565	13.662.112.862	2.133.705.703	(1.135.163.417)	75.146.118	0
D		42.902.771.895	34.154.206.641	8.748.565.255	(6.495.968.108)	1.249.977.218	(121.915.243)
E		153.436.056.687	92.941.832.745	60.494.223.941	(52.333.987.415)	2.268.506.641	(1.994.135)
1		61.957.123.938	25.816.694.989	36.140.428.949	(158.398.991)	514.683	(64)
2		14.145.467	10.595.678	3.549.789	(230.468)	0	0
3		373.140.036	360.285.140	12.854.896	(5.015.150)	0	0
4		678.657.630	647.008.800	31.648.830	(19.059.459)	0	0
5		15.480.892	15.342.185	138.707	(173.806)	0	0
6		86.066.505	52.697.786	33.368.719	(33.632.208)	0	0
	¢	622.348.394.041	487.525.651.667	134.822.742.375	(64.380.683.657)	20.888.346.340	(135.342.901)
Loan Portfolio	¢	3.036.163.174.756	2.207.101.652.281	829.061.522.488	(76.449.757.618)	221.458.492.763	(258.685.337)

Aging of loan portfolio		Cartera de Crédito Directa				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2.366.287.049.493	1.680.221.432.738	686.065.616.755	(11.986.408.735)	200.526.146.420	(123.122.501)
Equal or less than 30 days		44.893.206.599	36.990.984.427	7.902.222.172	(227.891.593)	0	0
Equal or less than 60 days		2.095.945.109	1.860.730.847	235.214.263	(10.479.726)	0	0
More than 180 days		538.579.526	502.852.603	35.726.924	(2.692.898)	44.000.000	(220.000)
		2.413.814.780.727	1.719.576.000.615	694.238.780.114	(12.227.472.952)	200.570.146.420	(123.342.501)
Direct specific allowance							
Up to date		453.920.914.047	371.542.490.393	82.378.423.666	(24.137.597.396)	20.888.346.343	(135.342.836)
Equal or less than 30 days		42.647.097.807	32.792.397.693	9.854.700.114	(6.399.508.898)	0	0
Equal or less than 60 days		42.839.063.781	33.566.691.270	9.272.372.510	(2.786.687.529)	0	0
Equal or less than 90 days		10.759.072.559	7.634.732.524	3.124.340.034	(1.494.942.996)	0	0
Equal or less than 180 days		5.160.826.721	2.579.047.636	2.581.779.086	(2.435.578.229)	0	0
More than 180 days		67.021.419.114	39.410.292.150	27.611.126.964	(26.967.969.618)	0	0
	¢	622.348.394.029	487.525.651.666	134.822.742.374	(64.222.284.666)	20.888.346.343	(135.342.836)
	¢	3.036.163.174.756	2.207.101.652.281	829.061.522.488	(76.449.757.618)	221.458.492.763	(258.685.337)

(Continue)

As of December 31, 2020:

Loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.252.641.974.421	1.616.745.472.141	635.896.502.295	(11.263.209.927)	216.785.669.119	(150.417.045)
A2		51.079.575.869	43.707.121.566	7.372.454.303	(255.397.880)	993.773.116	0
1		51.254.492.919	24.067.555.806	27.186.937.112	(131.646.647)	0	0
		2.303.721.550.290	1.660.452.593.707	643.268.956.598	(11.518.607.807)	217.779.442.235	(150.417.045)
Direct specific allowance							
B1		317.076.523.159	242.166.880.501	74.909.642.657	(4.956.316.537)	4.750.549.387	(17.061.287)
B2		18.952.645.155	17.753.340.695	1.199.304.460	(208.697.151)	111.877.247	0
C1		50.179.872.607	41.371.337.690	8.808.534.917	(2.418.190.331)	6.386.300.335	(14.894.140)
C2		17.670.359.057	15.524.240.196	2.146.118.861	(1.150.680.632)	73.620.031	0
D		46.374.944.688	36.814.962.263	9.559.982.425	(7.027.310.418)	1.036.645.186	(117.047.059)
E		161.787.877.221	99.737.215.863	62.050.661.358	(54.442.469.520)	2.426.360.346	(2.082.459)
1		51.254.492.919	24.067.555.806	27.186.937.112	(131.646.647)	0	0
2		63.731.314	61.710.563	2.020.751	(409.590)	0	0
3		348.996.233	336.391.423	12.604.810	(4.833.160)	0	0
4		723.703.593	705.766.328	17.937.265	(12.497.464)	0	0
6		88.918.462	86.631.652	2.286.810	(2.719.968)	0	0
		664.522.064.408	478.626.032.980	185.896.031.426	(70.355.771.418)	14.785.352.532	(151.084.945)
		2.968.243.614.698	2.139.078.626.687	829.164.988.024	(81.874.379.225)	232.564.794.767	(301.501.990)

Loan Portfolio							
Aging of loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2.267.270.150.153	1.630.532.744.207	636.737.405.959	(11.466.141.660)	217.779.442.235	(150.417.046)
Equal or less than 30 days		35.941.488.451	29.533.210.561	6.408.277.890	(181.544.128)	0	0
Equal or less than 60 days		509.911.688	386.638.939	123.272.749	(2.568.667)	0	0
		2.303.721.550.292	1.660.452.593.707	643.268.956.598	(11.650.254.455)	217.779.442.235	(150.417.046)
Direct specific allowance							
Up to date		522.783.216.599	386.234.620.346	136.548.596.253	(30.572.674.886)	14.741.352.532	(149.284.855)
Equal or less than 30 days		23.306.055.364	17.517.152.270	5.788.903.094	(4.422.115.734)	0	0
Equal or less than 60 days		26.170.163.849	18.632.086.433	7.538.077.416	(2.072.318.302)	0	0
Equal or less than 90 days		12.930.556.366	9.033.452.404	3.897.103.963	(1.922.228.958)	0	0
Equal or less than 180 days		10.277.689.598	6.267.983.386	4.009.706.211	(3.422.480.751)	0	0
More than 180 days		69.054.382.630	40.940.738.141	28.113.644.489	(27.812.306.139)	44.000.000	(1.800.089)
	¢	664.522.064.406	478.626.032.980	185.896.031.426	(70.224.124.770)	14.785.352.532	(151.084.944)
	¢	2.968.243.614.698	2.139.078.626.687	829.164.988.024	(81.874.379.225)	232.564.794.767	(301.501.990)

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2020:

Loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.181.623.437.225	1.474.102.912.273	707.520.524.952	10.908.117.215	205.862.647.209	125.707.442
A2		29.829.912.462	25.510.750.156	4.319.162.306	149.149.563	802.990.390	0
1		52.593.175.022	20.489.165.952	32.104.009.071	133.812.727	14.031.306	6.159
		2.264.046.524.709	1.520.102.828.381	743.943.696.329	11.191.079.505	206.679.668.905	125.713.601
Direct specific allowance							
B1		324.726.539.121	268.632.403.881	56.094.135.239	4.147.868.783	4.264.291.367	9.507.649
B2		30.555.407.225	27.740.144.555	2.815.262.669	420.226.991	295.825.063	722.680
C1		58.142.897.025	55.855.674.164	2.287.222.861	851.084.088	4.071.492.803	31.619.838
C2		18.737.292.428	17.101.263.163	1.636.029.265	903.520.949	84.382.385	0
D		59.075.258.593	50.083.125.106	8.992.133.487	6.882.649.425	4.199.714.864	108.870.183
E		148.068.598.278	91.826.810.625	56.241.787.653	49.758.017.193	2.033.264.642	375.648
2		790.022.572	741.903.481	48.119.091	6.115.472	0	0
3		2.329.901.799	2.025.962.757	303.939.041	86.114.574	0	0
4		413.761.060	393.299.564	20.461.496	12.197.246	0	0
5		197.688.911	192.543.657	5.145.255	4.564.397	0	0
6		245.932.048	240.118.924	5.813.135	7.013.728	0	0
		643.283.299.060	514.833.249.877	128.450.049.192	63.079.372.846	14.948.971.124	151.095.998
	¢	2.907.329.823.769	2.034.936.078.258	872.393.745.521	74.270.452.351	221.628.640.029	276.809.599

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	¢	2.042.389.006.235	1.350.981.546.309	691.407.459.925	10.339.756.864	206.665.637.600	125.713.601
Equal or less than 30 days		163.022.584.012	143.287.835.001	19.734.749.011	821.113.843	0	0
Equal or less than 60 days		6.041.745.401	5.344.281.119	697.464.282	30.208.727	0	0
More than 180 days		14.040	0	14.040	70	0	0
		2.211.453.349.688	1.499.613.662.429	711.839.687.258	11.191.079.504	206.665.637.600	125.713.601
Direct specific allowance							
Up to date		389.439.191.944	287.949.344.605	101.489.847.339	17.169.772.679	14.963.002.429	151.095.998
Equal or less than 30 days		118.961.156.374	112.250.007.971	6.711.148.403	3.160.843.201	0	0
Equal or less than 60 days		68.131.662.255	57.400.668.809	10.730.993.445	4.000.700.461	0	0
Equal or less than 90 days		36.792.356.865	29.277.460.029	7.514.896.836	6.327.853.330	0	0
Equal or less than 180 days		18.139.229.605	11.701.884.126	6.437.345.480	5.997.952.483	0	0
More than 180 days		64.412.877.038	36.743.050.289	27.669.826.760	26.422.250.693	0	0
	¢	695.876.474.081	535.322.415.829	160.554.058.263	63.079.372.847	14.963.002.429	151.095.998
	¢	2.907.329.823.769	2.034.936.078.258	872.393.745.521	74.270.452.351	221.628.640.029	276.809.599

(Continue)

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 March 31, 2021		Gross	Net
Risk Category:			
A1	¢	2.367.033.246.083	2.355.198.079.796
A2		46.781.534.632	46.547.626.958
B1		275.648.683.029	273.397.957.960
B2		27.460.200.908	27.114.762.563
C1		43.980.248.489	42.377.357.268
C2		15.795.818.565	14.660.655.148
D		42.902.771.895	36.406.803.787
E		153.436.056.687	101.102.069.272
1		61.957.123.938	61.798.724.947
2		14.145.467	13.914.999
3		373.140.036	368.124.886
4		678.657.630	659.598.171
5		15.480.892	15.307.086
6		86.066.505	52.434.297
	¢	3.036.163.174.756	2.959.713.417.138

		Loans receivable from customer	
On December 31, 2020		Gross	Net
Risk Category:			
A1	¢	2.252.641.974.421	2.241.378.764.495
A2		51.079.575.869	50.824.177.989
B1		317.076.523.159	312.120.206.622
B2		18.952.645.155	18.743.948.005
C1		50.179.872.607	47.761.682.276
C2		17.670.359.057	16.519.678.424
D		46.374.944.688	39.347.634.270
E		161.787.877.221	107.345.407.701
1		51.254.492.919	51.122.846.271
2		63.731.314	63.321.724
3		348.996.233	344.163.073
4		723.703.593	711.206.129
5		0	0
6		88.918.462	86.198.494
	¢	2.968.243.614.698	2.886.369.235.473

On March 31, 2020		Loans receivable from customer	
		Gross	Net
Risk Category:			
A1	¢	2.181.623.437.225	2.170.715.320.010
A2		29.829.912.462	29.680.762.899
B1		324.726.539.121	320.578.670.338
B2		30.555.407.225	30.135.180.234
C1		58.142.897.025	57.291.812.937
C2		18.737.292.428	17.833.771.479
D		59.075.258.593	52.192.609.168
E		148.068.598.278	98.310.581.085
1		52.593.175.022	52.459.362.296
2		790.022.572	783.907.100
3		2.329.901.799	2.243.787.225
4		413.761.060	401.563.814
5		197.688.911	193.124.515
6		245.932.048	238.918.318
	¢	2.907.329.823.769	2.833.059.371.418

In compliance with SUGEF Directive 1-05, as of March 31, 2021, the Bank must maintain a minimum allowance in the amount of ¢76.708.442.955 (¢82.175.881.215 and ¢74.547.261.950, for December and March 2020, respectively) of which ¢76.449.757.618 (¢81.874.379.225 and ¢74.270.452.351, for December and March 2020, respectively) is allocated to the valuation of the direct loan portfolio and ¢258.685.337 (¢301.501.990 and ¢276.809.599, for December and March 20200, respectively) to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 and ¢8.573.550.97, for December and March 2020, respectively).

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

		March 2021		**December 2020**		**March 2020**	
		Loan Portfolio	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**
Trade	¢	16.471.617.042	26.125.898.994	13.459.233.392	18.756.586.239	11.137.580.299	18.530.751.863
Manufacturing		218.947.316.238	7.754.821	245.793.289.371	7.754.821	241.478.556.639	37.952.682
Construction, purchase and repair of real estate		1.144.837.226.981	63.324.972	1.081.892.577.381	64.882.118	1.017.590.834.280	80.188.742
Agriculture, livestock, hunting and related services		169.890.072.387	7.000.000	154.654.885.618	7.000.000	143.964.036.769	8.341.350
Fishing and aquaculture		23.672.166	0	11.172.166	0	0	0
Consumer		289.235.307.030	109.274.483.973	294.160.093.165	109.881.603.385	305.665.348.227	112.913.171.312
Education		3.622.103.677	0	3.431.935.531	0	3.299.420.036	0
Transportation		39.049.321.238	83.590.241	38.252.582.196	83.687.143	37.043.316.213	63.946.442
Financial and stock Exchange		3.985.414.230	0	4.064.820.107	0	4.348.947.061	0
Telecommunications and public utilities		77.963.876.457	0	54.793.466.607	0	55.538.943.863	0
Services		925.115.417.690	91.855.905.047	931.695.308.269	109.216.110.093	961.265.440.690	96.886.694.561
Hospitality		108.025.132.414	0	103.285.509.304	0	98.705.442.225	0
Mining and quarrying		433.183.435	0	41.301.001	0	40.833.796	0
Real estate, business and leasing activities		7.818.500.039	0	8.666.712.945	0	4.272.894.024	0
Public Administration		0	1.197.984.712	0	1.754.376.726	0	4.906.877.029
Other activities from the non-financial private sector		1.396.270.565	19.593.843	1.438.340.001	19.641.251	1.483.807.143	18.688.939
		3.006.814.431.589	228.635.536.603	2.935.641.227.054	239.791.641.776	2.885.835.401.265	233.446.612.920
Other contingencies		0	70.707.585.378	0	74.386.976.761	0	61.228.188.227
	¢	**3.006.814.431.589**	**299.343.121.981**	**2.935.641.227.054**	**314.178.618.537**	**2.885.835.401.265**	**294.674.801.147**

(Continue)

As of March 31, 2021, December and March 2020, the Bank's risk associated to the loan portfolio is concentrated in Costa Rica.

As of December 31, 2020, the Bank has banking mandates for ¢2.495.102 (¢1.545 and ¢101.904, for December and March, respectively).

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

		March 2021	December 2020	March 2020
Properties	¢	132.102.724.399	132.846.965.515	138.265.601.513
Other		518.342.565	693.972.758	1.853.764.384
	¢	**132.621.066.964**	**133.540.938.273**	**140.119.365.897**

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:

		March 2021		December 2020		March 2020	
		Loan portfolio	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**
Guarantee:							
Fiduciary	¢	391.412.272.322	0	361.734.405.218	0	464.425.107	113.026.405.486
Mortage		1.403.012.664.335	0	1.386.339.777.972	64.933.762	1.492.937.102.531	0
Chattel mortage		119.062.353.760	0	122.047.249.502	0	363.664.749.924	1.342.959.831
Other		1.093.327.141.172	228.635.536.603	1.065.519.794.362	239.726.708.014	1.028.769.123.704	119.077.247.603
	¢	**3.006.814.431.589**	**228.635.536.603**	**2.935.641.227.054**	**239.791.641.776**	**2.885.835.401.266**	**233.446.612.920**

See notes 6 y 19.

As of March 31, 2021, 51% of the loan portfolio is secured by mortgage or chattel collaterals (51% and 64%, foe December and March 2020, 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 March 31, 2021, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

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

As of March 31, 2021:

No.	Percentage	Band		Total value	Nº customers
1	0-4,99%	23.905.976.882	¢	15.283.489.483	1
2	5-9,99%	47.811.953.763		136.921.067.961	3
3	10-14,99%	71.717.930.645		0	0
4	15-20%	95.623.907.526		0	0
Total			¢	**152.204.557.444**	**4**

As of December 31, 2020:

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 March 31, 2020:

No.	Percentage	Band		Total value	Nº customers
1	0-4,99%	23.261.525.331	¢	15.525.367.040	1
2	5-9,99%	46.523.050.661		46.439.555.417	1
3	10-14,99%	69.784.575.992		-	0
4	15-20%	93.046.101.322		-	0
Total			¢	**61.964.922.457**	**2**

(b) Market risk management

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.

(Continue)

The liquidity risk is generated when the financial entity cannot meet the requirements or obligations with third parties due to insufficient cash flow, resulting from the outcome between term recoveries (asset operations) and term obligations (liability operations), or to improper price formation mechanism that disables the price to transform an asset and/or liability into cash.

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

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

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

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.

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

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

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

(Continue)

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

Cash and cash equivalents show a year-on-year decrease of 14,37%, in almost all items except cash, checking accounts and demand deposits in foreign financial institutions and restricted availabilities (see cash and cash equivalents table in note 4).

Demand deposits increased by 27,48% on a year-on-year basis, due to the increase in current account balances, demand savings deposits and other demand obligations with the public (see chart of demand obligations with the public in note 11).

Wholesale funding decreases by 1,50% 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 14 of this document).

In the following table, the results for the end of December 2020 are observed:

	March 2021	**December 2020**	**March 2020**
Liquidity coverage indicator (colones)	1,41	1,35	1,64
Liquidity coverage indicator (US dollars)	1,24	1,58	1,90
Regulatory limit	1,00	1,00	1,00

On the other hand, the term matches, another regulatory indicator, had the following results as of March 31, 2020:

Regulatory liquidity matches by currency and term

Indicator	Interpretation	Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.95	Limit:	1,10
1-month term matching colones		2.10	Limit:	1.00
3-months term matching US dollars		1.23	Limit:	0,94
3-months term matching colones		1.33	Limit:	0,85

As of December 31, 2020

Regulatory liquidity matches by currency and term

Indicator	Interpretation	Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.70	Limit:	1,10
1-month term matching colones		1.44	Limit:	1.00
3-months term matching US dollars		1.16	Limit:	0,94
3-months term matching colones		1.12	Limit:	0,85

As of March 31, 2020

Regulatory liquidity matches by currency and term

Indicator	Interpretation	Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.85	Limit:	1,10
1-month term matching colones		1.61	Limit:	1.00
3-months term matching US dollars		1.65	Limit:	0,94
3-months term matching colones		1.06	Limit:	0,85

(Continue)

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

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

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

(Continue)

The Bank’s assets and liabilities mature as follows:

As of March 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	¢	159.638.926.701	0	0	0	0	0	0	0	159.638.926.701
Cash reserve- BCCR		361.821.065.410	35.169.149.029	19.018.776.242	18.792.346.157	47.875.687.218	49.211.306.302	19.876.650.795	0	551.764.981.153
Investments		0	231.750.762.849	30.579.025.408	47.736.811.179	50.356.382.755	165.950.553.074	792.767.344.144	0	1.319.140.879.409
Interest on investments		0	2.492.210.993	2.152.363.461	2.467.319.008	5.160.956.643	8.107.115	0	0	12.280.957.220
Loan portfolio		0	38.438.772.960	41.463.645.967	36.685.618.308	64.901.549.667	131.046.460.799	2.531.936.702.655	144.559.973.058	2.989.032.723.414
Interest on loans		0	6.836.940.612	2.946.463.978	663.620.793	8.365.599.086	2.281.828.328	8.090.634.217	163.656.152	29.348.743.166
	¢	**521.459.992.111**	**314.687.836.443**	**96.160.275.056**	**106.345.715.445**	**176.660.175.369**	**348.498.255.618**	**3.352.671.331.811**	**144.723.629.210**	**5.061.207.211.063**
Liabilities										
Obligations with the public	¢	2.690.932.248.859	241.612.008.263	138.512.943.244	138.997.182.677	360.453.722.028	379.200.396.792	133.623.001.068	0	4.083.331.502.931
Obligations with BCCR		1.243.490.384	0	0	0	0	0	19.530.000.000	0	20.773.490.384
Obligations with financial entities		45.296.984.284	173.676.133.790	45.322.443.981	65.051.501.673	33.196.174.199	38.870.832.601	23.529.984.033	0	424.944.054.561
Charges payable		1.132.359.371	2.601.136.497	2.187.850.700	1.754.148.489	3.340.882.489	1.743.433.825	726.639.705	0	13.486.451.076
		2.738.605.082.898	**417.889.278.550**	**186.023.237.925**	**205.802.832.839**	**396.990.778.716**	**419.814.663.218**	**177.409.624.806**	**0**	**4.542.535.498.952**
Assets and liabilities spread	¢	**(2.217.145.090.787)**	**(103.201.442.107)**	**(89.862.962.869)**	**(99.457.117.394)**	**(220.330.603.347)**	**(71.316.407.600)**	**3.175.261.707.005**	**144.723.629.210**	**518.671.712.111**

(Continue)

As of December 31, 2020

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	¢	195.887.586.180	0	0	0	0	0	0	0	195.887.586.180
Cash reserve- BCCR		343.996.390.339	50.777.837.368	23.238.100.402	19.448.809.375	39.271.332.953	40.970.726.749	19.537.261.238	0	537.240.458.424
Investments		0	196.497.980.121	16.655.165.246	15.980.984.890	117.270.028.503	196.824.695.844	704.175.747.199	0	1.247.404.601.803
Interest on investments		0	6.722.169.749	6.603.631.746	1.331.611.539	1.892.047.315	0	0	0	16.549.460.349
Loan portfolio		0	33.828.358.650	33.145.313.111	27.951.311.765	98.962.003.408	122.965.456.363	2.477.396.338.675	124.218.334.598	2.918.467.116.570
Interest on loans		0	5.655.495.897	5.446.631.200	5.083.144.978	3.049.781.986	5.781.558.796	155.443.312	7.430.331.475	32.602.387.644
	¢	**539.883.976.519**	**293.481.841.785**	**85.088.841.705**	**69.795.862.547**	**260.445.194.165**	**366.542.437.752**	**3.201.264.790.424**	**131.648.666.073**	**4.948.151.610.970**
Liabilities										
Obligations with the public	¢	2.558.767.229.179	364.686.667.204	174.566.417.367	146.944.627.076	284.925.298.866	294.889.327.523	131.036.466.611	0	3.955.816.033.826
Obligations with BCCR		0	2.500.208.320	0	0	0	0	0	0	2.500.208.320
Obligations with financial entities		34.348.836.719	211.230.333.154	36.893.498.619	69.962.249.665	51.467.130.745	60.138.153.068	24.175.780.061	0	488.215.982.031
Charges payable		1.184.108.503	3.397.682.463	2.632.524.482	1.628.076.778	2.749.193.771	2.040.480.391	761.536.885	0	14.393.603.273
		2.594.300.174.401	**581.814.891.141**	**214.092.440.468**	**218.534.953.519**	**339.141.623.382**	**357.067.960.982**	**155.973.783.557**	**0**	**4.460.925.827.450**
Assets and liabilities spread	¢	**(2.054.416.197.882)**	**(288.333.049.356)**	**(129.003.598.763)**	**(148.739.090.972)**	**(78.696.429.217)**	**9.474.476.770**	**3.045.291.006.867**	**131.648.666.073**	**487.225.783.520**

(Continue)

As of March 31, 2020

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	¢	224.801.197.441	0	0	0	0	0	0	0	224.801.197.441
Cash reserve- BCCR		291.697.739.465	36.175.324.315	21.323.201.718	22.322.062.465	60.634.093.296	46.017.133.235	23.813.693.733	0	501.983.248.227
Investments		0	248.140.328.632	43.741.233.742	35.326.522.423	80.082.673.580	169.197.862.653	324.619.750.132	0	901.108.371.162
Interest on investments		0	3.006.325.786	2.779.815.205	1.702.215.787	1.768.293.953	0	0	0	9.256.650.731
Loan portfolio		0	50.816.631.935	41.838.263.041	77.377.421.909	103.317.186.186	152.578.402.188	2.265.649.029.287	177.814.156.086	2.869.391.090.632
Interest on loans		0	9.015.254.377	2.486.788.482	78.533.355	14.620.164	136.834.607	20.283.762	9.742.107.757	21.494.422.504
	¢	**516.498.936.906**	**347.153.865.045**	**112.169.302.188**	**136.806.755.939**	**245.816.867.179**	**367.930.232.683**	**2.614.102.756.914**	**187.556.263.843**	**4.528.034.980.697**
Liabilities										
Obligations with the public	¢	2.110.877.423.871	253.240.440.812	158.417.286.884	163.048.368.019	447.977.193.461	337.923.836.961	162.965.938.544	0	3.634.450.488.552
Obligations with BCCR										
Obligations with financial entities		35.064.378.861	153.548.280.383	24.425.342.584	19.160.253.302	46.688.041.545	86.986.013.760	85.836.523.567	0	451.708.834.002
Charges payable		1.184.131.444	5.019.131.541	4.442.209.353	3.358.643.229	4.069.019.117	2.229.567.821	707.984.222	0	21.010.686.727
		2.147.125.934.176	**411.807.852.736**	**187.284.838.821**	**185.567.264.550**	**498.734.254.123**	**427.139.418.542**	**249.510.446.333**	**0**	**4.107.170.009.281**
Assets and liabilities spread	¢	**(1.630.626.997.270)**	**(64.653.987.691)**	**(75.115.536.633)**	**(48.760.508.611)**	**(252.917.386.944)**	**(59.209.185.859)**	**2.364.592.310.581**	**187.556.263.843**	**420.864.971.416**

(Continue)

(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 60.90% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

		March 2021	December 2020	March 2020
VaR	¢	8.288.605.358	7.128.609.927	2.581.350.035

The year-on-year increase in the indicator is an effect of the increase in price volatility of investment securities because of the global pandemic.

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk. As of March 31, 2021, a sensitivity analysis on possible variations in interest rates has been developed.

Sensitivity to an increase in the interest rate of investments

		March 2021	December 2020	March 2020
Investment in financial instruments	¢	1.167.469.677.538	753.655.659.848	522.399.141.021
Increase in rates by 1%		161.045.689	193.762.699	163.297.856
Increase in rates by 2%	¢	322.091.379	387.525.398	326.595.713

Sensitivity to a decrease in the interest rate of investments

		March 2021	December 2020	March 2020
Investment in financial instruments	¢	1.167.469.677.538	753.655.659.848	522.399.141.021
Decrease in rates by 1%		161.045.689	193.762.699	163.297.856
Decrease in rates by 2%	¢	322.091.379	387.525.398	326.595.713

Sensitivity to an increase in the interest rate of loan portfolio

		March 2021	December 2020	March 2020
Loan portfolio	¢	3.118.833.415.310	3.056.756.166.060	2.885.835.401.271
Increase in rates by 1%		1.463.461.494	1.346.553.773	1.043.699.706
Increase in rates by 2%	¢	2.960.176.264	2.730.186.649	2.261.900.146

Sensitivity to a decrease in the interest rate of loan portfolio

		March 2021	December 2020	March 2020
Loan portfolio	¢	3.118.833.415.310	3.056.756.166.060	2.885.835.401.271
Decrease in rates by 1%		1.463.461.494	1.297.609.468	775.205.714
Decrease in rates by 2%	¢	2.960.176.264	2.992.331.781	1.598.053.873

Sensitivity to an increase in rates of obligations with the public

		March 2021	December 2020	March 2020
Obligations with the public	¢	4.075.219.951.350	3.947.112.080.455	3.644.042.699.225
Increase in rates by 1%		2.490.826.803	3.127.746.509	1.969.097.810
Increase in rates by 2%	¢	4.981.653.606	6.225.493.017	3.938.195.620

Sensitivity to a decrease in rates of obligations with the public

		March 2021	December 2020	March 2020
Obligations with the public	¢	4.075.219.951.350	3.947.112.080.455	3.644.042.699.225
Decrease in rates by 1%		2.490.826.803	3.127.746.509	1.969.097.810
Decrease in rates by 2%	¢	4.981.653.606	6.225.493.017	3.938.195.620

Sensitivity to an increase in rates of term financial obligations

		March 2021	December 2020	March 2020
Term financial obligations	¢	19.723.264.706	287.572.604	254.558.824
Increase in rates by 1%		10.121.486.365	147.932.140	124.600.180
Increase in rates by 2%	¢	20.242.972.731	295.864.280	249.200.360

Sensitivity to a decrease in rates of term financial obligations

		March 2021	December 2020	March 2020
Term financial obligations	¢	19.723.264.706	287.572.604	254.558.824
Decrease in rates by 1%		10.121.486.365	147.932.140	124.600.180
Decrease in rates by 2%	¢	20.242.972.731	295.864.280	249.200.360

(Continue)

As of March 31, 2021, 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	7,69%	¢	116.286.781.055	62.930.002.650	55.989.931.386	129.849.603.073	87.091.100.000	438.143.599.036	890.291.017.200
Loan portfolio	8,46%		1.303.458.098.754	176.837.109.557	179.126.978.682	141.416.140.532	92.976.351.048	167.619.659.232	2.061.434.337.805
Total recovered assets (*)			**1.419.744.879.809**	**239.767.112.207**	**235.116.910.068**	**271.265.743.605**	**180.067.451.048**	**605.763.258.268**	**2.951.725.355.005**
Liabilities									
Obligations with the public			115.080.119.872	184.731.551.472	299.619.619.785	29.425.071.949	265.169.241.829	34.266.473.510	928.292.078.417
Demand	1,62%								
Term	4,22%								
Obligations with financial entities	0,42%		16.181.262.535	26.615.861.552	4.943.332.540	0	50.604.099.990	0	98.344.556.617
Total matured liabilities (*)			**132.511.538.657**	**211.347.413.024**	**304.562.952.325**	**29.425.071.949**	**315.773.341.819**	**34.266.473.510**	**1.027.886.791.284**
Assets and liabilities spread		¢	**1.287.233.341.152**	**28.419.699.183**	**(69.446.042.257)**	**241.840.671.656**	**(135.705.890.771)**	**571.496.784.758**	**1.923.838.563.721**
Dollars									
Assets									
Investments	4,37%	¢	121.125.030.739	153.338.202.348	22.441.936.396	34.686.729.870	101.506.425.540	166.516.255.620	599.614.580.513
Loan portfolio	8,14%		589.621.687.803	55.454.434.660	173.596.877.662	36.490.775.723	21.912.313.749	33.640.030.799	910.716.120.396
Total recovered assets (*)			**710.746.718.542**	**208.792.637.008**	**196.038.814.058**	**71.177.505.593**	**123.418.739.289**	**200.156.286.419**	**1.510.330.700.909**
Liabilities									
Obligations with the public			9.317.641.728	6.101.134.712	13.857.657.636	14.843.198.173	16.085.032.674	11.349.678.376	71.554.343.299
Demand	0,60%								
Term	3,04%								
Obligations with financial entities	2,22%		2.834.661.224	84.509.341.552	801.063.394	33.783.683.110	4.982.180.101	21.276.776.560	148.187.705.941
Total matured liabilities (*)			**12.152.302.952**	**90.610.476.264**	**14.658.721.030**	**48.626.881.283**	**21.067.212.775**	**32.626.454.936**	**219.742.049.240**
Assets and liabilities spread		¢	**698.594.415.590**	**118.182.160.744**	**181.380.093.028**	**22.550.624.310**	**102.351.526.514**	**167.529.831.483**	**1.290.588.651.669**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31,2020

	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	6.78%	¢	75.184.111.107	33.139.918.761	98.363.065.758	135.980.000.000	70.582.009.838	424.799.198.270	838.048.303.734
Loan portfolio	9.06%		1.060.621.611.327	206.664.539.378	175.220.476.416	273.324.955.888	114.073.710.830	172.315.940.626	2.002.221.234.465
Total recovered assets (*)			**1.135.805.722.434**	**239.804.458.139**	**273.583.542.174**	**409.304.955.888**	**184.655.720.668**	**597.115.138.896**	**2.840.269.538.199**
Liabilities									
Obligations with the public			230.007.845.703	236.233.880.968	182.034.748.935	30.607.021.726	189.156.036.130	34.433.506.881	902.473.040.343
Demand	1.66%		2.500.208.320						2.500.208.320
Term	4.86%								
Obligations with financial entities	0.00%		17.515.399.324	22.162.645.796	24.594.204.486	0	30.933.372.248	0	95.205.621.854
Total matured liabilities (*)			**250.023.453.347**	**258.396.526.764**	**206.628.953.421**	**30.607.021.726**	**220.089.408.378**	**34.433.506.881**	**1.000.178.870.517**
Assets and liabilities spread		¢	**885.782.269.087**	**(18.592.068.625)**	**66.954.588.753**	**378.697.934.162**	**(35.433.687.710)**	**562.681.632.015**	**1.840.090.667.682**
Dollars									
Assets									
Investments	3,86%	¢	168.872.868.465	72.902.569.109	119.512.749.375	66.230.117.000	76.195.808.200	138.531.996.800	642.246.108.949
Loan portfolio	6.38%		550.742.747.506	250.298.638.969	24.542.690.931	58.266.481.286	26.335.459.134	35.228.374.508	945.414.392.334
Total recovered assets (*)			**719.615.615.971**	**323.201.208.078**	**144.055.440.306**	**124.496.598.286**	**102.531.267.334**	**173.760.371.308**	**1.587.660.501.283**
Liabilities									
Obligations with the public			12.518.308.327	15.701.542.794	15.726.103.742	9.504.322.883	15.806.862.745	11.157.214.656	80.414.355.147
Demand	0,42%								
Term	3,03%								
Obligations with financial entities	2,29%		25.695.069.625	85.106.185.029	23.670.218.922	33.058.982.923	1.358.058.359	24.175.780.062	193.064.294.920
Total matured liabilities (*)			**38.213.377.952**	**100.807.727.823**	**39.396.322.664**	**42.563.305.806**	**17.164.921.104**	**35.332.994.718**	**273.478.650.067**
Assets and liabilities spread		¢	**681,402,238,019**	**222.393.480.255**	**104.659.117.642**	**81.933.292.480**	**85.366.346.230**	**138.427.376.590**	**1.314.181.851.216**

(*) Rate sensitive

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31,2020

	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	7,70%	¢	123.749.967.338	54.404.084.003	98.314.732.142	104.831.650.000	154.792.933.833	38.019.437.478	574.112.804.794
Loan portfolio	9,69%		1.297.671.868.208	140.728.939.697	31.730.029.019	40.218.137.343	204.624.959.644	234.807.679.947	1.949.781.613.858
Total recovered assets (*)			**1.421.421.835.546**	**195.133.023.700**	**130.044.761.161**	**145.049.787.343**	**359.417.893.477**	**272.827.117.425**	**2.523.894.418.652**
Liabilities									
Obligations with the public			138.349.438.621	236.338.584.951	255.437.210.862	46.552.976.200	297.046.408.723	34.470.475.299	1.008.195.094.656
Demand	2,07%								
Term	7,54%								
Obligations with financial entities	0,00%		6.424.612.326	39.253.529.878	2.763.696.949	0	37.908.512.994	0	86.350.352.147
Total matured liabilities (*)			**144.774.050.947**	**275.592.114.829**	**258.200.907.811**	**46.552.976.200**	**334.954.921.717**	**34.470.475.299**	**1.094.545.446.803**
Assets and liabilities spread		¢	**1.276.647.784.599**	**(80.459.091.129)**	**(128.156.146.650)**	**98.496.811.143**	**24.462.971.760**	**238.356.642.126**	**1.429.348.971.849**
Dollars									
Assets									
Investments	2,35%	¢	131.211.676.631	52.123.537.977	11.143.335.300	41.013.110.250	57.313.802.490	42.760.536.000	335.565.998.648
Loan portfolio	7,51%		753.350.779.718	41.349.786.069	6.533.178.833	19.010.038.567	16.247.242.802	32.789.310.876	869.280.336.865
Total recovered assets (*)			**884.562.456.349**	**93.473.324.046**	**17.676.514.133**	**60.023.148.817**	**73.561.045.292**	**75.549.846.876**	**1.204.846.335.513**
Liabilities									
Obligations with the public			2.207.668.036	6.432.776.325	5.178.593.326	16.395.470.210	18.509.359.019	8.757.446.625	57.481.313.541
Demand	0,58%								
Term	3,54%								
Obligations with financial entities	2,93%		232.025.234	5.365.611.054	9.117.334.018	84.141.130.661	2.385.569.700	51.394.875.000	152.636.545.667
Total matured liabilities (*)			**2.439.693.270**	**11.798.387.379**	**14.295.927.344**	**100.536.600.871**	**20.894.928.719**	**60.152.321.625**	**210.117.859.208**
Assets and liabilities spread		¢	**882.122.763.079**	**81.674.936.667**	**3.380.586.789**	**(40.513.452.054)**	**52.666.116.573**	**15.397.525.251**	**994.728.476.305**

(Continue)

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of March 31, 2021, for ¢2.951.725.355.005 (¢1.840.090.667.682 and ¢1.429.348.971.849, for December and March 2020, respectively) while in foreign currency the same difference is of ¢1.027.886.791.285 (¢1.314.181.851.216 and ¢994.728.456.305, for December and March 2020, 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 March 2021, the total amount in local currency was of ¢1.510.330.700.909 (¢357.313.761.351 and ¢332.230.496.397, for December and March 2020, respectively) while in foreign currency, the collected data for the compliance of obligations was of ¢219.742.049.240 (¢129.912.022.169 and ¢88.634.475.017, for December and March 2020, 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.

During the first quarter of 2021 the exchange rate has had a stable behavior, resulting in a volatility of 0.56%.

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

(Continue)

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

		March 2021	December 2020	March 2020
Assets				
Cash and due from banks	US$	505.685.609	514.562.695	587.508.345
Investments in financial instruments		734.265.413	720.617.678	567.764.540
Loan portfolio		1.497.036.550	1.483.241.702	1.491.477.914
Accounts and accrued interest receivable		1.392.349	1.867.767	1.179.842
Investments in other companies		122.306.749	122.032.336	121.837.486
Other		13.368.515	12.731.211	23.152.993
Total assets		2.874.055.185	2.855.053.389	2.792.921.120
Liabilities				
Obligations with the public	US$	2.209.223.573	2.098.156.468	2.071.579.806
Obligations with the Central Bank of Costa Rica		2.019.276	0	0
Other financial obligations		393.973.030	475.065.079	482.844.629
Other account payable and provisions		19.484.445	22.957.958	33.721.308
Other liabilities		21.349.541	22.086.296	10.569.744
Total liabilities		**2.646.049.865**	**2.618.265.801**	**2.598.715.487**
Net position (excess of monetary assets over monetary liabilities)	US$	**228.005.320**	**236.787.588**	**194.205.633**

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 March 31, 2021, that rate was ¢615.81 for US$1.00 (¢617,30 for US$1,00 in December 2020).

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 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

	March 2021	December 2020	March 2020
Net position	228.005.319	236.787.587	194.205.633
Closing exchange rate	615,81	617,30	587,37
Increase in the exchange rate by 5%	30,79	30,87	29,37

(Continue)

Profit	7.020.283.772	7.309.632.811	5.703.819.441

Sensitivity to a decrease in the exchange rate

	March 2021	**December 2020**	**March 2020**
Net position	228.005.319	236.787.587	194.205.633
Closing exchange rate	615,81	617,30	587,37
Decrease in the exchange rate by 5%	(30,79)	(30,87)	(29,37)
Loss	(7.020.283.772)	(7.309.632.811)	(5.703.819.441)

Monetary assets and liabilities in Euros are detailed as follows:

		March 2021	**December 2020**	**March 2020**
Assets:				
Cash and due from banks	EUR€	7.692.482	7.344.314	6.123.715
Other assets		8.991	74	-
Total assets		7.701.473	7.344.388	6.123.715
Liabilities:				
Obligations with the public		5.641.914	5.020.732	5.047.115
Other financial obligations		660.593	643.414	587.261
Other accounts payable and provisions		21.877	32.776	22.893
Other liabilities		9.937	773.368	-
Total liabilities		6.334.321	6.470.290	5.657.269
Net position (excess of monetary assets over monetary liabilities)	EUR€	**1.367.152**	**874.098**	**466.446**

(Continue)

As of March 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$	132.322.065	0	0	0	0	0	0	0	132.322.065
Cash reserve- BCCR		236.455.544	35.569.670	14.279.856	12.763.814	28.515.628	23.827.593	21.951.441	0	373.363.546
Investments		0	192.624.566	45.732.834	21.049.534	12.386.332	58.259.936	398.469.801	0	728.523.003
Interest on investments		0	37.397	2.789.583	327.430	2.588.000	0	0	0	5.742.410
Loan portfolio		0	13.090.552	16.022.477	18.632.930	29.652.973	70.015.917	1.289.073.446	114.045.680	1.550.533.975
Interest on loans		0	2.340.609	116.615	337.481	2.955.402	834.573	4.689.680	0	11.274.360
		368.777.609	**243.662.794**	**78.941.365**	**53.111.189**	**76.098.335**	**152.938.019**	**1.714.184.368**	**114.045.680**	**2.801.759.359**
Liabilities										
Obligations with public		1.394.914.413	209.834.981	84.240.683	75.297.147	168.221.305	140.565.334	129.497.412	0	2.202.571.275
Obligations with financial Entities		10.703.722	151.444.460	40.275.049	96.606.017	4.837.262	55.321.649	34.189.169	0	393.377.328
Charges payable		238.013	1.290.231	1.478.398	1.207.620	1.772.605	754.036	507.097	0	7.248.000
		1.407.875.424	**362.569.672**	**125.994.130**	**173.110.784**	**174.831.172**	**196.641.019**	**164.193.678**	**0**	**2.605.215.879**
Assets and liabilities spread	US$	**(1.039.097.815)**	**(118.906.878)**	**(47.052.765)**	**(119.999.595)**	**(98.732.837)**	**(43.703.000)**	**1.549.990.690**	**114.045.680**	**196.543.480**

(Continue)

As of December 31, 2020

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$	158.781.694	0	0	0	0	0	0	0	158.781.694
Cash reserve- BCCR		211.148.502	39.557.157	13.159.665	10.470.076	28.738.228	31.506.404	21.200.970	0	355.781.002
Investments		0	232.346.048	11.096.862	2.003.263	74.640.659	93.840.152	300.230.574	0	714.157.558
Interest on investments		0	856.268	4.227.029	37.011	1.339.812	0	0	0	6.460.120
Loan portfolio		0	9.558.024	12.843.368	13.280.013	52.524.247	60.322.742	1.311.308.291	69.448.283	1.529.284.968
Interest on loans		0	2.407.293	5.534.741	5.097.759	1.100.192	1.491.497	0	3.576.729	19.208.211
		369.930.196	**284.724.790**	**46.861.665**	**30.888.122**	**158.343.138**	**187.160.795**	**1.632.739.835**	**73.025.012**	**2.783.673.553**
Liabilities										
Obligations with public		1.240.959.771	232.484.913	77.341.845	61.534.620	168.900.011	185.169.106	124.602.117	0	2.090.992.383
Obligations with financial Entities		11.992.100	196.513.602	40.613.635	97.091.209	34.381.067	58.913.931	35.055.379	0	474.560.923
Charges payable		318.437	1.223.884	1.408.309	1.297.938	1.696.065	1.260.824	462.783	0	7.668.240
		1.253.270.308	**430.222.399**	**119.363.789**	**159.923.767**	**204.977.143**	**245.343.861**	**160.120.279**	**0**	**2.573.221.546**
Assets and liabilities spread	US$	**(883.340.112)**	**(145.497.609)**	**(72.502.124)**	**(129.035.645)**	**(46.634.005)**	**(58.183.066)**	**1.472.619.556**	**73.025.012**	**210.452.007**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2020

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$	257.095.960	0	0	0	0	0	0	0	257.095.960
Cash reserve- BCCR		193.119.977	32.916.629	9.801.904	13.189.133	30.490.072	25.302.237	25.592.434	0	330.412.386
Investments		0	223.160.151	60.561.606	22.178.305	16.857.507	69.825.721	170.254.037	0	562.837.327
Interest on investments		0	219.303	3.580.948	636.827	490.136	0	0	0	4.927.214
Loan portfolio		0	34.845.715	30.436.570	60.542.671	87.499.602	99.670.826	1.126.036.834	102.440.881	1.541.473.099
Interest on loans		0	3.315.110	12.401	106.626	0	211.675	0	4.933.223	8.579.035
		450.215.937	**294.456.908**	**104.393.429**	**96.653.562**	**135.337.317**	**195.010.459**	**1.321.883.305**	**107.374.104**	**2.705.325.021**
LIABILITIES										
Obligations with public		1.206.074.541	205.571.217	61.214.934	82.368.889	190.416.859	158.017.746	159.830.088	0	2.063.494.274
Obligations with financial entities		18.266.398	152.117.297	0	8.829.029	19.000.000	143.729.257	140.564.738	0	482.506.719
Charges payable		338.589	1.740.538	1.589.722	1.194.928	1.823.882	1.217.330	518.451	0	8.423.440
		1.224.679.528	**359.429.052**	**62.804.656**	**92.392.846**	**211.240.741**	**302.964.333**	**300.913.277**	**0**	**2.554.424.433**
Assets and liabilities spread	US$	**(774.463.591)**	**(64.972.144)**	**41.588.773**	**4.260.716**	**(75.903.424)**	**(107.953.874)**	**1.020.970.028**	**107.374.104**	**150.900.588**

(Continue)

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 March 31, 2020, the separate accumulated financial statements show a net foreign exchange profit of ¢200.631.910 (¢5.597.975.003 and ¢2.079.299.080, for December and March 2020, 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. However, the results at the end of September show that the Bank's capital levels are sufficient to cover the risks associated with its business.

(h) Systemic risk

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

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

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

For its size and the complexity of its operations, the BCR is a systemic entity; therefore, its performance and the decisions taken have effects on the National Financial System.

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

(Continue)

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.

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

Systemic risks, in their essence of correlation of losses, has made it necessary to strengthen the evaluation of operational risk as such, so that the identification and treatment of external factors that may directly affect the potential risk events. Currently the Institution has identified events originating from external incidents, as well as those caused by failures in processes, systems, or people.

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

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

(Continue)

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

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

Given the nature of the entity and the risks inherent to its activities, the risk of 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 18-16. 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.

(Continue)

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	January to March 2021
Business interruption and system failures	69,00%
External fraud	29,00%
Execution, delivery, and management of processes	1,00%
Clients, products, and business practices	1,00%
Total	100,00%

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	December 2020
Clients, products and business practices	0,02%
Execution, delivery and management of processes	34,02%
External fraud	56,53%
Internal fraud	0,01%
Business interruption and system failures	6,28%
Labor relations and safety in the workplace	3,13%
Total	100,00%

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

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

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 process began to identify new indicators on fraud issues.

(Continue)

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

All this is worked in accordance with current regulations: Corporate Risk Regulations, Corporate Risk Provisions and Procedures to manage IT risks in the BCR Financial Conglomerate. In addition, to strengthen technological risk management, a methodology is being developed to evaluate it.

Business Continuity

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

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

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

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

In addition, as part of the Business Continuity Management System, the Technology Management develops a test plan for the applications that support the critical business processes, with the objective of validating the effectiveness of the recovery protocols for each critical application.

Finally, in terms of managing the risk of money laundering, financing of terrorism and financing 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.

(Continue)

(35) Financial Information of the Development Financing Fund

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

Development Financing Fund
Statement of financial position
As of March 31, 2021
Financial Information
(In colones without cents)

		March 2021	December 2020	March 2020
ASSETS				
Availabilities	¢	**274.565.092**	**1.246.277.231**	**518.985.591**
Cash		274.565.092	1.246.277.231	518.985.591
Investments in financial instruments		**4.958.034.936**	**3.258.275.841**	**3.519.576.742**
At fair value with changes through profit or less		2.009.222.658	2.506.287.491	0
At fair value with changes through other comprehensive income		2.927.302.261	750.000.000	3.501.356.000
Interest receivable		21.510.017	1.988.350	18.220.742
Loan Portfolio		**31.306.747.797**	**30.075.564.068**	**29.584.917.864**
Current loans		29.938.582.224	29.303.490.006	25.384.224.083
Past due loans		1.539.104.178	915.738.825	4.208.018.258
Loans on legal collection		84.928.223	83.900.091	389.536.066
(Deferred income loan portfolio)		(276.464.716)	(265.160.672)	(288.132.813)
Interest receivable		181.008.011	176.680.224	97.797.011
(Allowance for impairment)		(160.410.123)	(139.084.406)	(206.524.741)
Accounts and commissions receivable		**3.574.875**	**2.871.750**	**185.009**
Other accounts receivable		4.344.907	3.627.432	370.017
(Allowance for impairment)		(770.032)	(755.682)	(185.008)
Other assets		**4.358.015**	**4.358.015**	**4.330.698**
Intangible assets		4.358.015	4.358.015	4.330.698
TOTAL ASSETS	¢	**36.547.280.715**	**34.587.346.905**	**33.627.995.904**
Liabilities				
Accounts payable and provisions	¢	**22.117.785**	**22.720.587**	**17.057.054**
Other sundry accounts payable		22.117.785	22.720.587	17.057.054
Other liabilities		**1.040.071**	**455.119**	**726.016**
Other liabilities		1.040.071	455.119	726.016
TOTAL LIABILITIES	¢	**23.157.856**	**23.175.706**	**17.783.070**
EQUITY				
Contributions from Banco de Costa Rica	¢	**26.014.386.470**	**24.366.546.259**	**24.366.546.259**
Adjustment to equity-Other comprehensive income		**0**	**0**	**(815)**
Retained earnings from previous periods		**10.197.624.940**	**8.943.182.201**	**8.943.182.201**
Result of current period		**312.111.449**	**1.254.442.739**	**300.485.189**
TOTAL EQUITY	¢	**36.524.122.859**	**34.564.171.199**	**33.610.212.834**
TOTAL EQUITY AND LIABILITIES	¢	**36.547.280.715**	**34.587.346.905**	**33.627.995.904**
DEBIT CONTINGENT ACCOUNTS	¢	**0**	**0**	**14.031.306**
OTHER DEBIT MEMORANDA ACCOUNTS	¢	**0**	**5.753.706.249**	**0**
Own debit memoranda accounts		**0**	**0**	**3.805.437.212**

(Continue)

Development Financing Fund
Income Statement
As of March 31, 2021
Financial Information
(In colones without cents)

		March 2021	March 2020
Financial income			
For loan portfolio	¢	369.327.881	470.162.396
For profit on exchange differences		0	4.815.366
For other financial income		2.723.424	815
Total financial income		**372.051.305**	**474.978.577**
Financial expenses			
For losses in exchange differences		371.902	0
Total financial expenses		**371.902**	**0**
For allowance on asset impairment		21.593.592	4.939.580
For asset recovery and decrease in allowance		2.062.116	7.563.710
FINANCIAL INCOME		**352.147.927**	**477.602.707**
Other operating income			
For other operating income		95.000	0
For services commissions		3.886.499	7.415.218
Total other operating income		**3.981.499**	**7.415.218**
Other operating expenses			
For foreclosed assets		411.364	0
For other operating expenses		43.606.613	184.532.736
Total other operating expenses		**44.017.977**	**184.532.736**
RESULT OF THE PERIOD	¢	**312.111.449**	**300.485.189**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		March 2021	December 2020	March 2020
Activity				
Agriculture, livestock, hunting and related services	¢	10.034.544.089	9.819.784.391	8.975.556.631
Fishing and aquaculture		23.672.166	11.172.166	0
Manufacturing		4.671.573.056	4.683.555.594	4.434.995.743
Trade		280.969.748	124.626.151	47.657.490
Services		14.802.469.861	13.905.247.401	14.613.060.216
Transportation		161.521.509	167.919.566	182.979.682
Financial and stock exchange activities		1.049.378.730	1.106.957.428	1.262.205.797
Construction, purchase, and repair of real estate		209.274.649	193.800.359	191.698.592
Hospitality		219.634.815	224.491.195	229.319.525
Education		109.576.002	65.574.671	44.304.731
		31.562.614.625	30.303.128.922	29.981.778.407
Plus: interest receivable		181.008.011	176.680.224	97.797.011
Less Deferred income in loan portfolio		(276.464.716)	(265.160.672)	(288.132.813)
Allowance for impairment		(160.410.123)	(139.084.406)	(206.524.741)
	¢	**31.306.747.797**	**30.075.564.068**	**29.584.917.864**

(Continue)

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		March 2021	December 2020	March 2020
Up to date	¢	29.938.582.224	29.303.490.006	25.384.224.083
From 1 to 30 days		1.428.787.487	753.633.934	2.808.193.282
From 31 to 60 days		101.629.669	102.520.739	892.192.651
From 61 to 90 days		0	9.835.341	388.687.569
From 91 to 120 days		4.687.022	47.748.810	97.236.566
From 121 to 180 days		2.000.000	0	174.693.007
More than 180 days		2.000.000	2.000.000	236.551.249
Legal collection		84.928.223	83.900.092	0
	¢	**31.562.614.625**	**30.303.128.922**	**29.981.778.407**

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:

		March 2021	December 2020	March 2020
Number of operations		8	7	12
Past due loans in non- accrual status of interest	¢	86.928.223	85.900.092	236.551.249
Past due loans for which interest is recognized	¢	1.537.104.178	913.738.824	4.361.003.075
Total unearned interest	¢	21.482.836	38.562.236	21.116.143

(Continue)

Loans on legal collection as of March 31, 2021:

# operations	Percentage		Balance
7	0,27%	¢	84.928.223

Loans on legal collection as of December 31, 2020:

# operations	Percentage		Balance
6	0,28%	¢	83.900.091

Loans on legal collection as of March 31, 2020:

# operations	Percentage		Balance
11	1,30%	¢	389.536.066

d) Interest receivable on loan portfolio:

Interest receivables are as follows:

		March 2021	December 2020	March 2020
Current loans	¢	170.422.048	167.578.015	42.554.757
Past due loans		8.143.199	6.119.658	33.623.775
Loans in judicial collection		2.442.764	2.982.551	19.267.253
	¢	**181.008.011**	**176.680.224**	**95.445.785**

e) Allowance for bad loans:

The movement of allowance for bad loans is as follows:

Opening balance 2021	¢	**139.084.406**
Plus:		
Allowance charged to profit or loss		21.572.277
Transfer of balances		5.306
Less:		
Adjustment for exchange differences		(2.078)
Reversal of allowance against income		(249.788)
Balance as of March 31, 2021	¢	**160.410.123**

As of December 31, 2020

Opening balance 2020	¢	**197.505.723**
Plus:		
Allowance charged to profit or loss		173.117.759
Transfer of balances		52.104
Adjustment for exchange differences		22.040.303
Less:		
Transfer to insolute		(10.681.080)
Reversal of allowance against income		(242.950.403)
Balance as of December 31, 2020	¢	**139.084.406**

As of March 31, 2020

Opening balance 2020	¢	**197.505.723**
Plus:		
Allowance charged to profit or loss		6.367.114
Adjustment for exchange differences		20.401.248
Less:		
Transfer to insolute		(10.681.080)
Reversal of allowance against income		(7.068.264)
Balance as of March 31, 2020	¢	**206.524.741**

f) Loan portfolio by type of guarantee:

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

		March 2021	December 2020	March 2020
Guarantee				
Fiduciary	¢	158.099.715	162.133.222	0
Mortgage		19.929.673.969	19.106.693.082	7.135.642.139
Chattel		679.282.218	686.037.251	9.244.163.981
Others		10.795.558.723	10.348.265.367	13.601.972.287
	¢	**31.562.614.625**	**30.303.128.922**	**29.981.778.407**

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

			Direct Loan Portfolio	
		March	December	March
		2021	2020	2020
Principal	¢	31.562.614.625	30.303.128.922	29.981.778.407
Interest receivable		181.008.011	176.680.224	97.797.011
		31.743.622.636	30.479.809.146	30.079.575.418
Allowance for bad loans		(160.410.123)	(139.084.406)	(206.524.741)
Carrying amount	¢	31.583.212.513	30.340.724.740	29.873.050.677
Loan portfolio				
Total balances:				
A1	¢	1.064.082.240	1.113.040.692	0
C2		2.230.009	3.291.111	0
1		29.898.052.066	28.529.599.737	26.498.662.409
2		14.145.467	63.731.314	790.022.572
3		263.956.118	237.251.665	1.930.450.376
4		399.609.339	443.976.165	413.761.060
5		15.480.892	0	197.688.911
6		86.066.505	88.918.462	248.990.090
		31.743.622.636	30.479.809.146	30.079.575.418
Minimum allowance		(136.669.519)	(95.859.116)	(177.505.649)
Carrying amount, net	¢	31.606.953.117	30.383.950.030	29.902.069.769
Carrying amount		31.743.622.636	30.479.809.146	30.079.575.418
Allowance for bad loans		(136.669.519)	(95.859.116)	(177.505.649)
Allowance (surplus) deficit on minimum allowance		(23.740.604)	(43.225.290)	(29.019.092)
Carrying amount, net	6a ¢	31.583.212.513	30.340.724.740	29.873.050.677

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Notes to the separate financial statements

The assessed loan portfolio including allowance is detailed as follows:

As of March 31, 2021

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	29.898.052.067	18.772.114.446	11.125.937.622	75.168.028
A1		1.064.082.239	0	1.064.082.239	5.320.411
		30.962.134.306	18.772.114.446	12.190.019.861	80.488.439
Direct specific allowance					
2		14.145.467	10.595.678	3.549.789	230.468
3		263.956.118	251.101.222	12.854.896	4.469.230
4		399.609.339	367.960.508	31.648.830	17.664.218
5		15.480.892	15.342.185	138.707	173.806
6		86.066.505	52.697.786	33.368.719	33.632.208
C2		2.230.009	2.230.009	0	11.150
		781.488.330	699.927.388	81.560.941	56.181.080
	¢	31.743.622.636	19.472.041.834	12.271.580.802	136.669.519

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	30.109.004.272	18.015.943.310	12.093.060.963	71.742.467
Equal or less than 30 days		1.433.886.847	1.294.884.045	139.002.802	3.425.560
Equal or less than 180 days		0	0	0	5.320.411
		31.542.891.119	19.310.827.355	12.232.063.765	80.488.438
Direct specific allowance					
Equal or less than 60 days		104.578.360	98.430.041	6.148.318	22.487.290
Equal or less than 180 days		10.086.652	10.086.652	0	61.583
More than 180 days		86.066.505	52.697.786	33.368.719	33.632.208
		200.731.517	161.214.479	39.517.037	56.181.081
	¢	31.743.622.636	19.472.041.834	12.271.580.802	136.669.519

(Continue)

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	28.523.458.442	18.186.453.734	10.337.004.707	71.743.928
A1		1.119.181.987	477.529	1.118.704.459	5.595.910
		29.642.640.429	18.186.931.263	11.455.709.166	77.339.838
Direct specific allowance					
2		63.731.314	61.710.563	2.020.751	409.590
3		237.251.665	224.646.855	12.604.810	4.274.437
4		443.976.165	426.038.900	17.937.265	11.098.827
6		88.918.462	86.631.652	2.286.810	2.719.968
D		3.291.111	3.291.111	0	16.456
		837.168.717	802.319.081	34.849.636	18.519.278
	¢	30.479.809.146	18.989.250.344	11.490.558.802	95.859.116

Loan Portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	1.119.181.988	477.529	1.118.704.459	77.339.838
		1.119.181.988	477.529	1.118.704.459	77.339.838
Direct specific allowance					
Up to date		28.351.886.034	18.020.730.072	10.331.155.963	14.777.852
Equal or less than 30 days		749.786.317	713.537.808	36.248.509	75.561
Equal or less than 60 days		111.848.964	109.868.869	1.980.095	610.133
Equal or less than 90 days		9.847.080	9.664.113	182.966	94.062
Equal or less than 180 days		48.340.301	48.340.301	0	241.702
More than 180 days		88.918.462	86.631.652	2.286.810	2.719.968
		29.360.627.158	18.988.772.815	10.371.854.343	18.519.278
	¢	30.479.809.146	18.989.250.344	11.490.558.802	95.859.116

(Continue)

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Notes to the separate financial statements

As of March 31, 2020

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	26.498.662.409	15.482.884.430	11.015.777.979	63.497.489
		26.498.662.409	15.482.884.430	11.015.777.979	63.497.489
Direct specific allowance					
2		790.022.572	741.903.481	48.119.091	6.115.472
3		1.930.450.376	1.626.511.335	303.939.041	84.117.317
4		413.761.060	393.299.564	20.461.496	12.197.246
5		197.688.911	192.543.657	5.145.255	4.564.397
6		248.990.090	243.176.955	5.813.134	7.013.728
		3.580.913.009	3.197.434.992	383.478.017	114.008.160
	¢	30.079.575.418	18.680.319.422	11.399.255.996	177.505.649

Loan Portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	25.429.449.259	14.561.959.000	10.867.490.258	57.496.566
Equal or less than 30 days		2.823.429.470	2.407.479.453	415.950.017	6.000.923
		28.252.878.729	16.969.438.453	11.283.440.275	63.497.489
Direct specific allowance					
Equal or less than 60 days		902.166.569	837.137.012	68.087.588	85.167.601
Equal or less than 90 days		396.980.279	357.152.505	36.769.743	16.858.080
Equal or less than 180 days		278.559.752	273.414.497	5.145.255	4.968.751
More than 180 days		248.990.089	243.176.955	5.813.135	7.013.728
		1.826.696.689	1.710.880.969	115.815.721	114.008.160
	¢	30.079.575.418	18.680.319.422	11.399.255.996	177.505.649

		Loans receivable from clients	
As of March 31, 2021		**Gross**	**Net**
Risk category:			
1	¢	29.898.052.067	29.822.884.039
2		14.145.467	13.914.999
3		263.956.118	259.486.888
4		399.609.339	381.945.121
5		15.480.892	15.307.086
6		86.066.505	52.434.297
A1		1.064.082.239	1.058.761.828
C2		2.230.009	2.218.859
	¢	31.743.622.636	31.606.953.117

(Continue)

		Loans receivable from clients	
As of December, 2020		Gross	Net
Risk category:			
1	¢	28.523.458.442	28.457.855.809
2		63.731.314	63.321.724
3		237.251.665	232.977.228
4		443.976.165	432.877.338
6		88.918.462	86.198.494
A1		1.119.181.987	1.107.444.782
C2		3.291.111	3.274.655
	¢	30.479.809.146	30.383.950.030

		Loans receivable from clients	
As of March 31, 2020		Gross	Net
Risk category:			
1	¢	26.498.662.409	26.435.164.920
2		790.022.572	783.907.100
3		1.930.450.376	1.846.333.059
4		413.761.060	401.563.814
5		197.688.911	193.124.515
6		248.990.090	241.976.361
	¢	30.079.575.418	29.902.069.769

(Continue)

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

		March 2021	December 2020	March 2020
ASSETS				
Availabilities	¢	**808.959.851**	**572.602.946**	**998.709.026**
Central Bank of Costa Rica		808.959.851	572.602.946	998.709.026
Investment in financial instruments		**128.627.449.715**	**148.054.359.961**	**119.901.550.353**
At fair value through profit or loss		2.982.428.660	5.202.208.883	0
At fair value through other comprehensive income		124.162.175.998	141.088.054.191	118.632.881.113
At amortized cost		241.585.308	100.004.167	180.004.000
Interest receivable		1.241.259.749	1.664.092.720	1.088.665.240
Loan Portfolio		**31.968.645.406**	**22.741.655.708**	**27.356.923.554**
Current loans		32.211.007.626	22.921.063.273	27.255.701.512
Past due loans		108.500.620	110.874.791	394.545.510
(Deferred income loan portfolio)		(382.318.299)	(308.265.463)	(316.139.581)
Interest receivable		127.795.835	84.427.114	105.922.811
(Allowance for impairment)		(96.340.376)	(66.444.007)	(83.106.698)
Accounts and commissions receivable		**429.796**	**198.395.367**	**0**
Tax and deferred income tax		429.796	198.395.367	0
Other assets		**557.051.979**	**394.071.324**	**0**
Other assets		557.051.979	394.071.324	0
TOTAL ASSETS	¢	**161.962.536.747**	**171.961.085.306**	**148.077.178.933**
LIABILITIES				
Obligations with entities	¢	**157.832.658.223**	**168.090.921.427**	**147.097.016.553**
Demand		157.832.658.223	168.090.921.427	147.097.016.553
Accounts payable and provisions		**863.279.023**	**378.106.823**	**0**
Deferred income tax		863.279.023	378.106.823	0
Other liabilities		**378.160.500**	**697.720.716**	**513.223.664**
Other liabilities		378.160.500	697.720.716	342.398.762
Deferred income		0	0	170.824.902
TOTAL LIABILITIES	¢	**159.074.097.746**	**169.166.748.966**	**147.439.415.315**
EQUITY				
Adjustment to equity-Other comprehensive income	¢	**0**	**0**	**(13.200.637)**
Results of the previous period	¢	**2.363.155.670**	**844.374.416**	**0**
Results of the current period		**525.283.331**	**1.949.961.924**	**650.964.255**
TOTAL EQUITY	¢	**2.888.439.001**	**2.794.336.340**	**637.763.618**
TOTAL LIABILITIES AND EQUITY	¢	**161.962.536.747**	**171.961.085.306**	**148.077.178.933**
TOTAL LIABILITIES AND EQUITY				
Own debit memoranda account	¢	12.994.506.521	16.243.717.176	16.038.982.041
Interest receivable memoranda accounts	¢	13.802.790	6.083.172	12.467.213

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

DEVELOPMENT CREDIT FUND
INCOME STATEMENT
Fort the period ended March 31, 2021
Financial Information
(In colones without cents)

		March 2021	March 2021
Financial income			
For investments in financial instruments	¢	1.771.669.592	1.249.854.131
For loan portfolio		313.671.828	278.208.703
For exchange rate differences		0	538.653.091
Other financial incomes		97.399.105	210.106.946
Total financial income		**2.182.740.525**	**2.276.822.871**
Financial expenses			
For obligations with the public		312.316.824	498.700.934
For losses in exchange differences		102.538.345	0
For losses in available for-sale financial instruments		0	0
Other financial expenses		2.592.200	4.688.251
Total financial expenses		**417.447.369**	**503.389.185**
For allowance of asset impairment		37.910.614	530.254.193
Asset recovery and decrease in allowance		83.149.824	30.766.911
Financial result	¢	**1.810.532.366**	**1.273.946.404**
Other operating income			
For commission for services		980	-
For arbitrage and currency exchange		51.078.043	105.024.516
For other operating income		2.322.462	186.501.446
Total other operating income	¢	**53.401.485**	**291.525.962**
Other operating expenses			
For exchange and arbitration, foreign currency		16.999.657	59.048.641
For other operating expenses		15.028.885	155.319.948
Total other operating expenses	¢	**32.028.542**	**214.368.589**
Gross operating income	¢	**1.831.905.309**	**1.351.103.777**
Earnings transferred to the National Development Trust		1.306.621.978	700.139.522
Result of the period	¢	**525.283.331**	**650.964.255**
Profit sharing			
Profit transferred to the National Development Trust	¢	1.306.621.978	700.139.522
Commission for management of the Development Credit Fund		525.283.331	650.964.255
	¢	**1.831.905.309**	**1.351.103.777**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

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:

		March 2021	December 2020	March 2020
At fair value through profit or loss	¢	2.982.428.660	5.202.208.883	0
At fair value through other comprehensive income		124.162.175.998	141.088.054.191	118.632.881.113
At amortized cost		241.585.308	100.004.167	0
Interest receivable for investments at fair value through comprehensive income		1.241.259.749	1.664.092.720	1.088.665.240
	¢	**128.627.449.715**	**148.054.359.961**	**119.721.546.353**

		March 2021	December 2020	March 2020
At fair value through profit or loss		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
State-owned Banks	¢	2.982.428.660	5.202.208.883	0
	¢	**2.982.428.660**	**5.202.208.883**	**0**

		March 2021	December 2020	March 2020
At fair value through other comprehensive income		**Fair value**	**Fair value**	**Fair value**
Issuers abroad:				
Government	¢	84.769.850.870	0	2.573.379.150
State-owned Banks		39.392.325.128	141.088.054.191	116.059.501.963
	¢	**124.162.175.998**	**141.088.054.191**	**118.632.881.113**

(Continue)

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

		March 2021	December 2020	March 2020
Sector				
Agriculture, livestock, hunting and related services	¢	22.014.252.546	9.538.035.262	16.848.308.878
Manufacturing		9.972.966.842	11.398.279.034	8.126.265.021
Trading		6.000.000	6.000.000	8.000.000
Services		326.288.858	2.089.623.768	2.667.673.123
		32.319.508.246	23.031.938.064	27.650.247.022
Plus, interest receivable		127.795.835	84.427.114	105.922.811
Less deferred income loan portfolio		(382.318.299)	(308.265.463)	(316.139.581)
Allowance for impairment		(96.340.376)	(66.444.007)	(83.106.698)
	¢	**31.968.645.406**	**23.049.921.171**	**27.673.063.135**

b) Loan portfolio by arrears:

Loan portfolio by arrears is detailed as follows:

		March 2021	December 2020	March 2020
Up to date	¢	32.211.007.626	22.921.063.273	27.255.701.512
From 31 to 60 days		108.500.620	0	394.545.510
From 61 to 90 days		0	110.874.791	0
	¢	**32.319.508.246**	**23.031.938.064**	**27.650.247.022**

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:

		March 2021	December 2020	March 2020
Delinquent and past due loans with interest recognition	¢	108.500.620	110.874.791	394.545.510
Total of not received interest	¢	13.802.790	6.083.172	12.467.213

d) Interest receivable for loan portfolio

Interest receivable are detailed as follows:

		March 2021	December 2020	March 2020
Current loans	¢	127.112.537	83.557.337	101.016.899
Past due loans		683.298	869.777	4.905.912
	¢	**127.795.835**	**84.427.114**	**105.922.811**

e) Allowance for bad loans

Balance at the beginning of 2021	¢	**66.444.007**
Plus:		
Allowance charged to profit or loss		29.967.665
Less:		
Adjustment for exchange differences		(71.296)
Balance as of March 31, 2021	¢	**96.340.376**

December 2020

Balance at the beginning of 2020	¢	**70.058.329**
Plus:		
Allowance charged to profit or loss		23.137.384
Adjustment for exchange differences		2.598.947
Less:		
Adjustment for exchange differences		(488.607)
Reversion of allowance against income		(28.862.046)
Balance as of December 31, 2020	¢	**66.444.007**

March 2020

Balance at the beginning of 2020	¢	**70.058.329**
Plus:		
Allowance charged to profit or loss		20.632.838
Adjustment for exchange differences		1.188.940
Less:		
Reversion of allowance against income		(8.773.409)
Balance as of March 31, 2020	¢	**83.106.698**

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

		March 2021	December 2020	March 2020
Guarantee				
Mortgage	¢	484.228.890	489.542.633	4.910.620.903
Chattel		812.752.002	846.792.078	11.429.540.941
Other		31.022.527.354	21.695.603.353	11.310.085.178
	¢	**32.319.508.246**	**23.031.938.064**	**27.650.247.022**

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

			Direct Credit Portfolio	
		March 2021	December 2020	March 2020
Principal	¢	32.319.508.246	23.031.938.064	27.650.247.022
Interest receivable		127.795.835	84.427.114	105.922.811
		32.447.304.081	23.116.365.178	27.756.169.833
Allowance for bad loans		(96.340.376)	(66.444.007)	(83.106.698)
Carrying amount	¢	32.350.963.705	23.049.921.171	27.673.063.135
Loan portfolio				
Total balances				
1	¢	32.059.071.872	22.724.893.182	27.356.718.411
3		109.183.918	111.744.568	399.451.422
4		279.048.291	279.727.428	0
		32.447.304.081	23.116.365.178	27.756.169.833
Minimun allowance		(85.172.124)	(61.860.080)	(72.312.495)
Carrying amount, net	¢	32.362.131.957	23.054.505.098	27.683.857.338
Carrying amount		32.447.304.081	23.116.365.178	27.756.169.833
Allowance for loans		(85.172.124)	(61.860.080)	(72.312.495)
(Surplus) inadequacy of allowance		(11.168.252)	(4.583.927)	(10.794.203)
Carrying amount, net	6a ¢	32.350.963.705	23.049.921.171	27.673.063.135

The assessed loan portfolio including allowance is detailed as follows:

As of March 31, 2021

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	32.059.071.872	7.044.580.543	25.014.491.329	83.230.963
		32.059.071.872	7.044.580.543	25.014.491.329	83.230.963
Direct specific allowance					
2		109.183.918	109.183.918	0	545.920
3		279.048.291	279.048.291	0	1.395.241
		388.232.209	388.232.209	0	1.941.161
	¢	32.447.304.081	7.432.812.752	25.014.491.329	85.172.124

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	32.338.120.163	7.323.628.835	25.014.491.329	83.230.963
		32.338.120.163	7.323.628.835	25.014.491.329	83.230.963
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date					
Equal or less than 30 days		109.183.918	109.183.917	0	1.941.161
		109.183.918	109.183.917	0	1.941.161
	¢	32.447.304.081	7.432.812.752	25.014.491.329	85.172.124

As of December 31, 2020

Loan portfolio

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	22.724.893.182	5.874.960.777	16.849.932.405	59.902.720
		22.724.893.182	5.874.960.777	16.849.932.405	59.902.720
Direct specific allowance					
3		111.744.568	111.744.568	0	558.723
4		279.727.428	279.727.428	0	1.398.637
		391.471.996	391.471.996	0	1.957.360
	¢	23.116.365.178	6.266.432.773	16.849.932.405	61.860.080

Loan portfolio
Aging of loan portfolio

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	23.004.620.610	6.154.688.205	16.849.932.405	59.902.720
		23.004.620.610	6.154.688.205	16.849.932.405	59.902.720
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Equal or less than 90 days		111.744.568	111.744.568	0	1.957.360
		111.744.568	111.744.568	0	1.957.360
	¢	23.116.365.178	6.266.432.773	16.849.932.405	61.860.080

As of March 31, 2020

Loan portfolio

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	27.356.718.411	6.268.487.319	21.088.231.092	70.315.238
		27.356.718.411	6.268.487.319	21.088.231.092	70.315.238
Direct specific allowance					
3		399.451.422	399.451.422	0	1.997.257
		399.451.422	399.451.422	0	1.997.257
	¢	27.756.169.833	6.667.938.741	21.088.231.092	72.312.495

Loan portfolio
Aging of loan portfolio

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	27.356.718.411	6.268.487.319	21.088.231.092	70.315.238
		27.356.718.411	6.268.487.319	21.088.231.092	70.315.238
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Equal or less than 30 days		177.755.527	177.755.527	0	888.778
Equal or less than 90 days		221.695.895	221.695.895	0	1.108.479
		399.451.422	399.451.422	0	1.997.257
	¢	27.756.169.833	6.667.938.741	21.088.231.092	72.312.495

(Continue)

As of March 31, 2021		Loans receivable from clients Gross	Net
Risk category			
1	¢	32.059.071.872	31.975.840.909
3		109.183.918	108.637.998
4		279.048.291	277.653.050
	¢	32.447.304.081	32.362.131.957

As of December 31, 2020		Loans receivable from clients Gross	Net
Risk category			
1	¢	22.724.893.182	22.664.990.462
3		111.744.568	111.185.845
4		279.727.428	278.328.791
	¢	23.116.365.178	23.054.505.098

As of March 31, 2020		Loans receivable from clients Gross	Net
Risk category			
1	¢	27.356.718.411	27.286.403.172
3		399.451.422	397.454.165
	¢	27.756.169.833	27.683.857.338

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 December 31, 2020, no transfers of resources have been made from the Development Credit Fund.

		March 2021	December 2020	March 2020
Banco Scotiabank	¢	8.533.361.610	0	0
Banco Promerica		661.995.750	10.198.963.905	0
	¢	**9.195.357.360**	**10.198.963.905**	**0**

(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.

c) IAS 7: Statements of Cash Flows

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

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

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

Accounting estimates are the best approximations of values or items that are included in the financial statements to measure the effects of events or economic transactions that have already occurred, or a current situation that is typical of an asset or liability, 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:

(Continue)

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.

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.

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.

(Continue)

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.

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.

(Continue)

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.

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 les sales costs.

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 2020

As of December 31, 2020, financial statement figures have not been reclassified for comparison with those of 2019, 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.

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

(Continue)

(39) Relevant and subsequent events

As of March 2020, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

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

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

On January 14, 2015, according to the last Proposed Regularization, the Tax authorities notified the Bank, in respect of the items presented, together constituting a tax contingency, which from the point of view of legal risk would mean their eventual confirmation of payment obligation or dismissal in the future. For making the corresponding provision, the total of the adjustments confirmed for tax plus interest and proportional penalties to January 8, 2015, date of the liquidation, is the amount of ¢5.116.774.222.

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

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

On January 2, 2019, the Bank proceeds with the payment of ¢14,138,113,417 to the Ministry of Finance, corresponding to the amounts determined in the audit procedures for the periods from 2010 to 2014, under the tax amnesty, as indicated in Transitory XXIV of the Law on Strengthening of Public Finances No. 9635.

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

Thus, the Bank's first partial payment was not made, in order to minimize the economic effects of the pandemic in the institution.

The amounts of the payment are presented as follows:

Period		Income tax	Penalties	Total
2010	¢	679.647.526	33.982.376	713.629.902
2011		1.059.187.613	52.959.381	1.112.146.994
2012		987.937.205	98.793.721	1.086.730.926
2013		272.356.511	27.235.651	299.592.162
2014		9.932.739.485	993.273.948	10.926.013.433
	¢	**12.931.868.340**	**1.206.245.077**	**14.138.113.417**

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, 2020, an adjustment for reversal of the IFRIC 23 provision corresponding to 2015 is carried out for ¢1,734,981,794.69.

<u>Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica</u>

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

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

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

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

In the event that at the time of the merger Bancrédito's equity is negative or less than the amount required for Bancrédito to comply with a minimum capital adequacy equal to the BCR's capital adequacy indicator at the effective date of merger, with a minimum limit of ten percent (10%), this difference will be contributed by the Government to Banco de Costa Rica; the amount of the contribution during the 2018 period was of ¢18,907,432,694.

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

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

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

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

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2. <u>Integration of the assets of the extinct Banco Crédito Agrícola de Cartago into the equity of Banco de Costa Rica</u>

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

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

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

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

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

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

3. <u>About the employees and the directors of Banco Crédito Agrícola de Cartago</u>

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

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

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

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

4. <u>Other liabilities or supervening contingencies</u>

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

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

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

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

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5. Settlement of the closed Collective Capitalization Fund

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

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

6. Transitory dispositions

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

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

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

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

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

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

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

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

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

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

Dissolution of Bancrédito Sociedad Agencia de Seguros S.A.

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

Properties investment

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

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

Given the increase in confirmed cases, on March 8, 2020 the Ministry of Health and the National Commission for Risk Prevention and Emergency Attention decided to decree the yellow alert throughout the country, due to the health emergency caused by the presence of COVID-19.

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

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

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:

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 June 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.

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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 that 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.

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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. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020.

b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and

c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: "during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights ". This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).

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d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones in the markets with one-day and up to thirty-days terms.

e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in a one-day term.

f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.

g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.

h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

<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.

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.

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

Effects of the implementation of the Financial Information Regulation

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

		March 2021		December, 2021		March 2020
Reclassification due to change in investment categories	¢	0	¢	225.806.217.067	¢	0
Adjustment for recognition of assets for the right-of-use		0		36.574.406.412		0
Adjustment for impairment of investments at fair value through other comprehensive income		0		1.601.529.951		0
	¢	**0**	¢	**263.982.153.430**	¢	**0**

Distribution of dividends

As of April 5, 2021, BCR Operadora de Pensiones S.A. distributes dividends in the amount of ¢750,000,000, according to the agreement of the Extraordinary General Shareholders' Meeting No. 02-21, of March 23, 2021.

As of March 18, 2021, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3,000,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 02-21, of March 23, 2021.

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

The issuance of the separate financial statements was authorized on April 27, 2021 by the General Management of the Bank.

SUGEF can require modifications to the financial statements after the authorization for issuance date.