Banco de Costa Rica

Unaudited Separate Financial Statements

September 30, 2021

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Unaudited Separate financial statements

Unaudited Notes to separate financial statements

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of September 30, 2021
(In colones without cents)

	Note		September 2021	December 2020	September 2020
ASSETS					
Availabilities	**4**	¢	**761,246,224,718**	**733,128,044,604**	**701,863,097,004**
Cash			72,903,530,963	118,489,634,777	88,030,937,464
Central Bank of Costa Rica			623,328,729,704	557,099,188,822	557,496,767,778
Financial entities abroad			45,300,389,680	56,198,443,455	53,349,200,981
Demand documents receivable for collection			7,517,221,975	932,337,980	2,540,049,933
Restricted availabilities			12,196,352,396	408,439,570	446,140,848
Investment in financial instruments	**5**		**1,840,646,178,197**	**1,263,953,609,423**	**1,252,131,331,103**
At fair value through profit or loss			158,063,881,153	128,357,115,178	82,667,587,657
At fair value through other comprehensive income			1,506,046,887,210	1,064,183,964,567	967,130,672,998
At amortized cost			160,039,428,562	54,863,522,058	191,694,389,590
Interest receivable			16,496,984,653	16,549,460,349	10,638,783,524
(Allowance for impairment)			(1,003,381)	(452,729)	(102,666)
Loan portfolio	**6.b**		**2,906,203,019,291**	**2,832,062,814,548**	**2,827,556,101,963**
Current loans			2,775,683,889,301	2,763,220,884,473	2,619,604,465,626
Past due loans			213,947,631,053	125,113,834,464	237,420,257,212
Loans in legal collection			52,414,995,513	47,306,508,117	49,625,417,582
(Deferred income-loan portfolio)			(18,742,051,059)	(17,174,110,485)	(16,707,775,563)
Interest receivable	**6.e**		19,986,616,932	32,602,387,644	33,074,083,442
(Allowance for impairment)	**6.f**		(137,088,062,449)	(119,006,689,665)	(95,460,346,336)
Accounts and commissions receivable			**11,633,032,530**	**10,567,281,932**	**10,793,960,768**
Commissions receivable			975,182,249	802,979,752	837,069,273
Accounts receivable for transactions with related parties			74,951,443	3,582,818,901	6,663,792,579
Deferred income tax and income tax receivable	**15**		8,835,136,050	2,035,927,094	2,238,569,796
Other accounts receivable			14,094,372,454	14,798,778,916	10,977,754,337
(Allowance for impairment)			(12,346,609,666)	(10,653,222,731)	(9,923,225,217)
Foreclosed assets	**7**		**45,297,555,501**	**45,392,977,656**	**45,346,964,990**
Assets and securities acquired as recovery of loans			124,325,108,438	133,540,938,273	141,168,447,637
Other foreclosed assets			3,289,271,375	3,121,125,949	2,822,688,312
(Allowance for impairment and per legal requirements)			(82,316,824,312)	(91,269,086,566)	(98,644,170,959)
Interest in other companies capital, net	**8**		**125,511,370,639**	**121,084,071,453**	**118,137,052,695**
Property, furniture and equipment, net	**9**		**135,062,735,028**	**135,405,802,729**	**130,544,257,109**
Property investmests			**6,441,924,521**	**6,441,924,521**	**6,441,924,521**
Other assets	**10**		**64,337,097,708**	**82,013,309,024**	**74,786,407,080**
Deferred charges	**10.a**		6,288,253,499	9,282,601,103	7,782,438,258
Intangible assets, net	**10.b**		13,549,767,706	13,073,558,764	9,827,782,010
Other assets	**10.c**		44,499,076,503	59,657,149,157	57,176,186,812
TOTAL ASSETS		¢	**5,896,379,138,133**	**5,230,049,835,890**	**5,167,601,097,233**

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of September 30, 2021
(In colones without cents)

	Note		September 2021	December 2020	September 2020
LIABILITIES AND EQUITY					
LIABILITIES					
Obligations with the public		¢	**4,465,148,485,397**	**3,969,128,326,795**	**3,939,759,814,060**
Demand obligations	11		3,019,096,178,129	2,558,767,229,179	2,456,469,778,715
Term obligations	12		1,433,720,793,214	1,396,513,269,069	1,467,691,838,368
Other obligations with the public			504,141,147	535,535,578	571,694,336
Financial charges payable			11,827,372,907	13,312,292,969	15,026,502,641
Obligations with Central Bank of Costa Rica	14		**139,691,676,617**	**2,500,208,320**	**0**
Term obligations			139,320,785,417	2,500,208,320	0
Financial charges payable			370,891,200	0	0
Obligations with entities			**402,601,298,818**	**489,297,292,335**	**451,515,080,824**
Demand obligations	14		47,489,365,003	34,348,836,719	37,762,576,448
Term obligations	12		353,770,517,388	453,867,145,312	412,861,467,061
Financial charges payable			1,341,416,427	1,081,310,304	891,037,315
Accounts payable and provisions			**187,875,764,767**	**141,390,863,708**	**154,742,707,357**
Provisions	16		58,352,587,815	57,920,719,075	58,892,117,737
Accounts payable for brokerage services			5,103,745	6,492,472	7,235,051
Deferred income tax			35,655,996,175	7,803,704,977	7,829,201,949
Other accounts payable			93,862,077,032	75,659,947,184	88,014,152,620
Other liabilities			**15,544,029,839**	**34,156,939,757**	**26,956,720,101**
Deferred income			649,686,166	622,260,727	525,426,978
Other liabilities			14,894,343,673	33,534,679,030	26,431,293,123
TOTAL LIABILITIES		¢	**5,210,861,255,438**	**4,636,473,630,915**	**4,572,974,322,342**
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			**111,631,070,494**	**55,958,372,953**	**59,213,823,322**
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			**36,268,980,180**	**25,612,643,802**	**23,407,763,349**
Capital contributions in funds or special reserves			**36,212,011,410**	**33,309,728,460**	**33,309,728,460**
TOTAL EQUITY			**685,517,882,695**	**593,576,204,975**	**594,626,774,891**
TOTAL LIABILITIES AND EQUITY		¢	**5,896,379,138,133**	**5,230,049,835,890**	**5,167,601,097,233**
DEBIT CONTINGENT ACCOUNTS	19	¢	**309,202,427,037**	**314,178,618,537**	**312,213,658,216**
TRUST ASSETS	20		**929,906,970,734**	**919,788,849,805**	**863,713,999,161**
TRUST LIABILITIES			**356,451,529,182**	**379,680,643,674**	**372,016,190,461**
TRUST EQUITY			**573,455,441,552**	**540,108,206,131**	**491,697,808,701**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**31,071,518,265,902**	**20,374,911,227,431**	**20,324,754,918,872**
Own debit memoranda accounts			23,344,750,450,217	13,950,931,108,630	13,912,171,412,005
Third party debit memoranda accounts			91,318,316,314	93,322,936,545	77,169,273,540
Own debit memoranda accounts for custodial activities			1,175,314,482,861	753,477,291,918	820,198,925,335
Third party debit memoranda accounts for custodial activities			6,460,135,016,510	5,577,179,890,338	5,515,215,307,992

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2021.12.03 15:58:20 -06'00'

Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES (FIRMA) Firmado digitalmente por ANA LORENA BRENES BRENES (FIRMA) Fecha: 2021.11.18 09:05:18 -06'00'

Ana Lorena Brenes B.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2021.12.03 15:02:45 -06'00'

Rafael Mendoza M.
General Auditor a.i.

BANCO DE COSTA RICA
SEPARATE STATEMENT OF INCOME
As of September 30, 2021
(In colones without cents)

	Note		September 2021	September 2020	Quarter from July 1 to September 30 2021	2020
Financial income						
Cash		¢	551,224,798	627,170,609	172,359,273	207,409,795
Investments in financial instruments	**22**		59,961,081,096	40,202,267,328	21,293,221,872	14,933,583,653
Loan portfolio	**23**		173,831,808,679	184,263,660,344	60,029,668,163	57,988,841,281
For exchange differences and UD	**1-d**		1,936,886,304	5,346,740,875	1,452,232,322	4,056,003,203
For profit from financial instruments at fair value through profit or loss			600,397,572	2,830,627,432	205,216,377	266,608,202
For profit from financial instruments at fair value through other comprehensive income			7,520,243,488	6,975,100,131	5,629,176,122	3,689,577,584
Other financial income			778,625,977	1,082,941,168	251,575,294	591,679,799
Total financial income			**245,180,267,914**	**241,328,507,887**	**89,033,449,423**	**81,733,703,517**
Financial expenses						
Obligations with the public	**24**		74,612,791,621	96,237,726,624	25,351,535,080	30,152,804,818
Obligations with the Central Bank of Costa Rica			380,070,052	25,081,278	248,500,900	658,333
Obligations with financial and no-financial entities			5,670,416,994	7,723,294,664	1,007,118,700	2,618,476,250
For losses from financial instruments at fair value through profit or loss			135,271,024	5,102,213,631	6,893,831	11,735,537
For losses from financial instruments at fair value through other comprehensive income			22,747,536	65,074,299	12,202,339	36,631,949
Total financial expenses			**80,821,297,227**	**109,153,390,496**	**26,626,250,850**	**32,820,306,887**
Allowance for impairment of assets	**25**		27,161,307,971	26,674,010,894	11,860,621,423	2,945,285,080
Asset recovery and decrease in allowance and provisions	**26**		12,820,268,381	29,789,170,407	4,749,030,557	8,242,370,368
FINANCIAL INCOME			**150,017,931,097**	**135,290,276,904**	**55,295,607,707**	**54,210,481,918**
Other operating income						
Service fees	**27**		57,458,394,937	55,088,822,953	19,438,306,595	17,110,401,377
Foreclosed assets			23,618,388,391	17,877,458,686	8,580,557,001	7,088,581,480
Profit from capital investmets in other companies	**28**		1,228,294,168	1,050,331,746	490,378,039	242,856,298
Profit from capital investments in entities supervised by SUGEVAL	**28**		4,855,991,258	4,817,786,876	1,664,782,270	1,723,676,096
Profit from capital investments in entities supervised by SUPEN	**28**		833,932,066	628,132,482	279,530,852	251,299,264
Profit from capital investments in entities supervised by SUGESE	**28**		2,484,564,517	2,279,064,044	772,620,536	722,757,564
Foreign currency exchange and arbitrations			15,984,406,556	17,536,290,717	5,256,175,772	5,730,565,098
Other income from related parties			2,444,723,096	2,694,614,664	918,613,823	794,576,266
Other operating income			12,707,659,601	14,354,276,634	3,949,970,290	3,264,934,683
Total other operating income			**121,616,354,590**	**116,326,778,802**	**41,350,935,178**	**36,929,648,126**
Other operating expenses						
Service fees			19,259,847,221	16,362,707,447	6,605,409,437	4,952,713,656
Foreclosed assets			28,721,645,955	31,232,498,764	10,029,800,913	8,354,826,031
Loss from capital investments in other companies			1,149,000	153,032,646	0	6,046,649
Loss from capital investments in entities supervised by SUGEVAL			0	19,391,503	0	0
Loss from capital investments in entities supervised by SUGESE			0	14,507,008	0	0
Provisions			874,341,549	3,398,381,232	160,708,773	1,652,872,565
Foreingn currency exchange and arbitration			1,293,519,882	2,350,651,836	484,631,899	1,276,679,771
For other expenses with related parties			7,970,770	619,856,629	4,209,186	619,856,629
Other operating expenses			30,063,445,986	30,655,043,991	10,745,454,986	9,864,120,707
Total other operating expenses			**80,221,920,363**	**84,806,071,056**	**28,030,215,194**	**26,727,116,008**
OPERATING INCOME, GROSS			**191,412,365,324**	**166,810,984,650**	**68,616,327,691**	**64,413,014,036**
Administrative expenses						
Personnel expenses			71,741,972,823	71,167,367,714	24,167,042,427	24,005,663,405
Other administrative expenses			51,070,088,856	48,644,499,996	18,005,236,072	16,643,720,136
Total administrative expenses	**29**		**122,812,061,679**	**119,811,867,710**	**42,172,278,499**	**40,649,383,541**
NET OPERATING INCOME, BEFORE TAXES AND STATUTORY ALLOCATIONS			**68,600,303,645**	**46,999,116,940**	**26,444,049,192**	**23,763,630,495**
Income tax	**15**		16,943,733,600	13,237,309,078	6,590,772,079	5,929,221,583
Decrease in income tax			1,107,557,127	114,319,595	152,767,708	38,106,156
Statutory allocations over profit	**30**		16,495,146,992	10,468,364,108	6,474,601,203	5,801,607,834
RESULTS OF THE PERIOD, NET			**36,268,980,180**	**23,407,763,349**	**13,531,443,618**	**12,070,907,234**
Attributed to de comtroller			**36,268,980,180**	**23,407,763,349**	**13,531,443,618**	**12,070,907,234**
OTHER COMPREHENSIVE INCOME , NET OF TAX						
Adjustment for valuation of investments at fair value through other comprehensive income			40,980,864,548	8,853,287,539	11,340,342,612	4,329,484,172
Reclassification of unrealized profit to the income statement			(5,248,247,166)	(4,837,018,082)	(3,931,881,648)	(2,557,061,944)
Adjustment for valuation of restricted financial instruments, net of income tax			16,414,413,982	(20,628,367)	9,103,533,775	0
Other adjustments			3,525,666,177	3,977,659,881	1,612,385,583	3,187,222,488
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**31**		**55,672,697,541**	**7,973,300,971**	**18,124,380,322**	**4,959,644,716**
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		¢	**91,941,677,721**	**31,381,064,320**	**31,655,823,940**	**17,030,551,950**

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

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

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

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

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended September 30, 2021
(In colones without cents)

	Note		Capital stock	Surplus for revaluation of property, furniture and equipment	Adjustments to equity: Adjustment for valuation of investments at fair value through other comprehensive income	Adjustments to equity: Adjustment for translation of financial statements	Adjustments to equity: Total equity adjustment	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Total equity
Balance as of January 1, 2020		¢	**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**
Recognition of impairment – Investment 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 September 30, 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**
Other comprehensive income											
Total other comprehensive income			0	0	3,995,641,090	3,977,659,881	7,973,300,971	0	23,407,763,349	0	31,381,064,320
Balance as of September 30, 2020			**181,409,990,601**	**37,774,830,067**	**11,391,031,549**	**10,047,961,706**	**59,213,823,322**	**283,820,516,011**	**36,872,716,497**	**33,309,728,460**	**594,626,774,891**
Balance as of January 1, 2021			**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	(1)
Balance as of September 30, 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**
Other comprehensive income											
Total other comprehensive income			0	0	52,147,031,364	3,525,666,177	55,672,697,541	0	36,268,980,180	0	91,941,677,721
Balance as of September 30, 2021	**18**		**181,409,990,601**	**37,774,830,067**	**59,693,697,641**	**14,162,542,786**	**111,631,070,494**	**296,709,547,031**	**59,555,263,159**	**36,212,011,410**	**685,517,882,695**
Attributed to the Financial Conglomerate		¢	181,409,990,601	37,774,830,067	59,693,697,641	14,162,542,786	111,631,070,494	296,709,547,031	59,555,263,159	36,212,011,410	685,517,882,695

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

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

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

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

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CASH FLOWS
For the period ended September 30, 2021
(In colones without cents)

	Note		September 2021	September 2020
Cash flows from operating activities				
Profit of the year		¢	**36,268,980,180**	**23,407,763,349**
Items applied to results not requiring cash outlays			**(84,492,592,221)**	**(84,127,254,663)**
Increase or (decrease) for				
Allowance for impairment or devaluation of investments			1,730,845,480	4,648,579,622
Allowance for impairment of loan portfolio			22,986,894,412	18,737,527,753
Allowance for impairment and default of other accounts receivable			2,443,568,079	3,287,903,519
Allowance for impairment of assets in lieu of payment			14,388,741,698	19,922,517,262
Income from reversal of allowance for impairment or devaluation of investments			(383,128,946)	(3,673,549,538)
Income from reversal of allowance for impairment of loan portfolio			(2,378,091,815)	(24,144,937,678)
Income from reversal of allowance for impairment and default of accounts receivable			(756,217,076)	(1,970,683,191)
Income from reversal of allowance for impairment of assets in lieu of payment			(23,099,702,195)	(17,372,298,563)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment			11,115,902,109	7,801,727,658
Interest in net profit of other companies			(9,401,633,008)	(8,588,383,991)
Depreciation			9,608,029,344	9,140,633,373
Amortization			11,192,644,268	9,025,043,888
Provisions for pending lawsuits			874,341,549	3,357,853,448
Other provisions			0	243,854,712
Income from provisions			(119,275,616)	(2,471,301,700)
Income tax			16,943,733,600	13,237,309,078
Decrease in income tax			(952,272,464)	0
Decrease in income tax from previous periods			(155,284,663)	(114,319,595)
Legal allocations on profit			16,495,146,992	10,468,364,108
Interests for obligations with the public			74,612,791,621	96,237,726,624
Interests for obligations with financial entities			6,050,487,046	7,748,375,942
Income from availabilities			(551,224,798)	(627,170,609)
Income from investment in financial instruments			(59,961,081,096)	(40,202,267,328)
Income from loan portfolio			(173,831,808,679)	(184,263,660,344)
Gain or loss for exchange rate differences and UD (Development Units), net			(1,345,998,063)	(4,556,099,113)
Cash flows from operating activities			**(249,460,943,072)**	**141,659,760,173**
Net change in assets, increase or (decrease) for				
Increase in financial instruments - at fair value through profit or loss			(950,029,196,603)	(98,472,533,863)
Decrease in financial instruments - at fair value through profit or loss			920,322,430,628	136,388,985,391
Increase in financial instruments - at fair value through other comprehensive income			(1,799,991,552,497)	(236,317,570,154)
Decrease in financial instruments - at fair value through other comprehesive income			1,612,377,357,753	279,834,702,590
Loan portfolio			(113,580,563,657)	23,905,565,912
Accounts and commissions receivable			(3,296,261,470)	(7,848,610,594)
Available-for-sale assets			21,333,799,098	11,987,926,058
Interest receivable from financial instruments			16,549,460,349	8,750,467,339
Interest receivable from loan portfolio			29,627,606,980	16,421,315,851
Other assets			17,225,976,347	7,009,511,643
Net variations in liabilities, increase or (decrease)			**470,044,013,760**	**104,920,006,321**
Obligations with the public			469,565,869,044	161,975,701,790
Obligations with the Central Bank of Costa Rica and other entities			41,755,750,082	(10,330,759,014)
Obligations for accounts and commissions payable and provisions			(8,078,640,311)	(18,772,914,331)
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			(18,805,361,782)	(6,847,536,366)
Interests paid			(67,123,598,133)	(88,068,562,610)
Dividends received			9,000,000,000	15,658,000,001
Collected interest			200,835,293,652	184,101,305,916
Paid income tax			(5,049,644,840)	(15,116,370,753)
Net cash flows provided by operating activities			**310,021,509,326**	**282,434,647,734**
Cash flow from investment activities				
Increase in financial instruments at amortized cost			(14,279,395,679,312)	(12,015,078,417,283)
Decrease in financial instruments at amortized cost			14,174,217,420,069	11,823,361,925,352
Acquisition of property, furniture and equipment			(6,308,928,750)	(7,157,491,744)
Decrease for withdrawal and transfer of property, furniture and equipment			573,022,437	15,572,175,256
Acquisition of intangibles			(5,573,825,789)	(3,788,158,551)
Capital investments in other companies			(500,000,001)	0
Return of capital from subsidiaries			0	994,878,153
Cash flows (used for) provided by investment			**(116,987,991,346)**	**(186,095,088,817)**
Net increase (decrease) in cash and cash equivalents			**193,033,517,980**	**96,339,558,917**
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			6,366,160,063	16,918,805,861
Cash and cash equivalents at the end of the year	**4**	¢	**1,017,323,752,835**	**1,008,817,077,386**

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

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

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

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

(1) Summary of operations and significant accounting policies

a. Operations

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

The Banks website is www.bancobcr.com

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing certificates of deposit; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of September 30, 2021, the Bank has 166 distributed among the national territory (169 and 171, for December and September 2020, respectively) has in operation 619 automated teller machines (676 y 636, for December and September 2020, respectively), and has 3.652 employees (3.645 y 3.695, for December and September, respectively).

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

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

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

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

(Continue)

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (pension fund operator) was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members.

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

Banprocesa, S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs.

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

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:

(Continue)

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50 floor, Avenida Balboa and Calle Aquilino de la Guardia, and its subsidiary in Miami, Florida, United States of America. The remaining 49% of BICSA's stocks are owned by Banco Nacional de Costa Rica.

b. Accounting policies for financial statement preparation

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

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

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

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

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

(Continue)

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.

c. <u>Interest in other companies</u>

<u>Valuation of investments by the equity method</u>

i. Subsidiaries

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

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

d. Foreign currency

i. Foreign currency transactions

Assets and liabilities held in foreign currency are converted to colones at the exchange rate ruling at the separate balance sheet date. Transactions in foreign currency during the year are converted at the foreign exchange rate ruling at the date of the transaction. Conversion gains or losses are presented in the income statement.

ii. Monetary unit and foreign exchange regulations

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

- In this regime, the Central Bank of Costa Rica will allow the exchange rate to be freely determined by the foreign exchange market but may participate in the market in a discretionary manner, to meet its own requirements of currency and those of the non-banking Public Sector, to avoid sharp exchange fluctuations.

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

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

(Continue)

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of September 30, 2021, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢629.71 for US$1.00 (¢617.30 and ¢600.68, for December and September 2020, respectively).

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended September 30, 2021, gave rise to foreign exchange losses of ¢409.778.259.678 (¢849.881.228.102 and ¢627.167.436.236, for December and September, respectively) and gains for ¢411.715.145.982 (¢855.479.203.105 and ¢623.514.177.112, for December and September, 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 September 30, 2021, valuation of other assets gave gains of ¢717.002.243 (¢1.099.526.635 and ¢1.384.175.754 for December and September 2020, respectively) and valuation of other liabilities gave rise to losses of ¢562.794.452 (¢1.449.369.458 and ¢1.103.473.045 for December and September 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 September 30, 2021 for ¢785.736.342 (¢6.092.994.523 and ¢926.32.205 for December and September 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. Instruments at fair value through other comprehensive income include some debt securities.

(ii) Recognition

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

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

(Continue)

(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.

(Continue)

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.

(Continue)

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.

(Continue)

- 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:

(Continue)

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

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

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

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

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

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%

(Continue)

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

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

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

Delinquency in the entity at the end of the month	Specific allowance percentage on the uncovered portion of the loan	Specific allowance percentage on the covered portion of the loan	Creditworthiness (Borrowers Group 1)	Creditworthiness (Borrowers Group 2)
To date	5%	0.5%	Level 1	Level 1
30 days or less	10%	0.5%	Level 1	Level 1
60 days or less	25%	0.5%	Level 1, Level 2,	Level 1, Level 2,
90 days or less	50%	0.5%	Level 1, Level 2, Level 3, Level 4	Level 1, Level 2, Level 3, Level 4
More than 90 days	100%	0.5%	Level 1, Level 2, Level 3, Level 4	Level 1, Level 2, Level 3, Level 4

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

As of March 31, 2019, the entity reached the target level of contracyclical allowance and is under the regulation of the formula established in Article 4 of the “Calculation of the requirement of contracyclical allowance” of the Regulation to determine and record countercyclical allowances”, SUGEF 19-16. The entity will continue to accumulate or 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 September 30, 2021, the total estimate of the loan portfolio in the accounting records amounts to ¢137.088.062.449, (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 September 2020 was of ¢95.460.346.336).

As of September 30, 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.

(Continue)

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

Accounts and accrued interest receivable

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

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

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

k. Securities sold under repurchase agreements

The Bank enters sales of securities under repurchase agreements for a certain date in the future at a fixed price. The obligation to repurchase securities sold is reflected as a liability in the separate balance sheet and stated at the value of the original agreement. The underlying securities are held in asset accounts. Finance expense recognized is calculated by the effective interest method. Interest is presented as finance expense in the separate income statement, and accrued interest payable in the separate balance sheet.

l. Accounting for accrued interest receivable

Interest receivable is accounted for on the accrual basis. Under current regulations, interest accrual is suspended on loan operations that are more than 180 days past due. Accrued interest receivable on those loans is recorded when collected.

(Continue)

m. Other receivables

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

n. Foreclosed assets

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

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

As market value, the net realizable value must be used, which must be determined by applying strictly conservative criteria and is calculated by subtracting the expenses to be incurred for the sale of the asset from the estimated sale price of the asset. The estimated selling price of the asset is determined by an appraiser based on current market conditions. Future expectations for market improvements are not considered and it is assumed that the assets must be sold in the shortest period of time possible to enable the Bank to recover the money invested and use it for its business activities. For all foreclosed assets, the Bank should have reports from the appraisers who made the appraisals, and those reports are to be updated at least annually. If an asset recorded in this group is used by the Bank, it should be reclassified to the appropriate account in the corresponding group.

(Continue)

Supervised entities must record an estimate equivalent to their carrying amount for assets withdrawn from use and for held-for-sale assets that were not sold or leased, either through operating or financial leasing, within a period of two years, counted from the date of its acquisition or production. Pursuant to article 20-b of SUGEF Directive 1-05, the Regulated Entities are required to book an allowance for retired assets and for foreclosed assets that were not sold or leased under operating or finance leases within two years from the acquisition or production date for an amount equivalent to the carrying amount of the assets. The allowance must be established gradually by recording one-twenty-fourth of the value of such assets each month until the allowance is equivalent to 100% of the carrying amount of the assets, without exception. The recording of the allowance shall begin at month-end of the month in which the asset was i) acquired, ii) produced for sale or lease, or iii) retired from use.

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

o. Offsetting

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

p. Property, furniture and equipment

(i) Own assets

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

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

(Continue)

(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.

(Continue)

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.

(Continue)

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.

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.

(Continue)

(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.

(Continue)

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.

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.

(Continue)

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

dd. Development Financing Fund

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

ee. Development Credit Fund

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

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

(Continue)

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

a) Administrators' banks can perform services with the beneficiaries of the Development Banking System as recognized by Article 6 of Law 8634.

b) In accordance with Article 35 of the Law 8634 with funds from the Development Credit Fund the Banks can perform services for other financial entities, except for private banks provided they meet the objectives and obligations under Law 8634 and that are duly accredited by the Board.

c) The Banks may proceed or carry on in accordance with Article 35 Law 8634 the resources of the Development Credit Fund through: associations, cooperatives, foundations, NGO, producers' organizations, or other entities if they have credit operations in programs that meet the objectives established in the Law 8634 and are duly accredited by the Board.

The contract signed for a five-year term will be renewable for equal and successive periods unless otherwise decided by the Governing Board, notified in writing at least three months in advance. It may be terminated as provided for in Article 12 paragraph j) of the Law 8634 and its executive regulations, if the Banks Administrators demonstrate proven lack of capacity and expertise. (See note 36).

ff. Economic period

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

(2) Collateralized or restricted assets

The collateralized or restricted assets are as follows:

		September 2021	December 2020	September 2020
Cash due from banks (see note 4)	¢	599.821.042.371	544.171.191.625	573.004.495.135
Investment in financial instruments (see note 5)		177.175.186.300	16.703.795.700	0
	¢	**776.996.228.671**	**560.874.987.325**	**573.004.495.135**

(3) Balances and transactions with related parties

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

		September 2021	December 2020	September 2020
Assets:				
Availabilities	¢	28.986.741.962	34.098.351.225	36.484.920.144
Loan portfolio		196.962.611	213.935.454	217.856.600
Accounts receivable		515.210.587	3.434.983.191	7.126.336.366
Interest in other companies		125.511.370.639	121.084.071.453	118.137.052.695
Total assets	¢	**155.210.285.799**	**158.831.341.323**	**161.966.165.805**
Liabilities:				
Obligations with the public	¢	6.487.064.897	3.911.120.768	4.418.693.241
Total liabilities	¢	**6.487.064.897**	**3.911.120.768**	**4.418.693.241**
Income:				
Financial income	¢	474.091.897	287.897.131	287.897.131
Income from investments in other companies		9.402.782.009	11.515.373.985	8.775.315.148
Sundry operating income		2.635.666.565	3.794.701.969	2.877.165.424
Total income	¢	**12.512.540.471**	**15.597.973.085**	**11.940.377.703**
Expenses:				
Finance expense	¢	39.071.955	62.384.389	57.281.229
Expense from investments in other companies		1.149.000	568.886.141	186.931.157
Sundry operating expenses		478.458.748	2.563.771.369	1.705.440.528
Total expenses	¢	**518.679.703**	**3.195.041.899**	**1.949.652.914**
Equity:				
Adjustment for valuation of investments in other companies	¢	**1.863.877.261**	**(1.526.419.740)**	**(737.754.804)**

As of September 30, 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 and September 2020 there were no such investments).

(Continue)

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

		September 2021	December 2020	September 2020
Short-term benefits	¢	712.641.130	1.013.840.142	687.365.983
Board per-diem		95.761.669	106.641.917	66.694.476
	¢	**808.402.799**	**1.120.482.059**	**754.060.459**

(4) Availabilities

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

		September 2021	December 2020	September 2020
Cash	¢	72.903.530.963	118.489.634.777	88,030,937,464
Demand deposits BCCR		623.328.729.704	557.099.188.822	557.496.767.778
Checking accounts and demand deposits in local financial entities		45.300.389.680	56.198.443.455	53.349.200.981
Notes payable on demand		7.517.221.975	932.337.980	2.540.049.933
Restricted availabilities		12.196.352.396	408.439.570	446.140.848
Total cash and due from Banks		**761.246.224.718**	**733.128.044.604**	**701.863.097.004**
Investment in financial instruments to be traded		256.077.528.117	84.796.030.188	306.953.980.382
Total cash and cash equivalents	¢	**1.017.323.752.835**	**817.924.074.792**	**1.008.817.077.386**

As of September 30, 2021, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢599.821.042.371 (¢544.171.191.625 and ¢573.004.495.135 for December and September, respectively).

As of September 30, 2021, there is a liability called "checks receivable" for an amount of ¢1.193.944.724 which are cleared with the account of immediate collection documents, in the clearinghouse the next day (¢1.185.956.937 and ¢1.467.209.640 for December and September 2020, respectively).

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		September 2021	December 2020	September 2020
At fair value through profit or loss	¢	158.063.881.153	128.357.115.178	82.667.587.657
At fair value through other comprehensive income		1.506.046.887.210	1.064.183.964.567	967.130.672.998
At amortized cost		160.039.428.562	54.863.522.058	191.694.389.590
Interest receivable for investments at fair value through profit or loss		2.289.503.389	555.024.500	0
Interest receivable for investments at fair value through other comprehensive income		14.207.481.264	15.994.435.849	10.638.783.524
Allowance for investments in default		(1.003.381)	(452.729)	(102.666)
	¢	**1.840.646.178.197**	**1.263.953.609.423**	**1.252.131.331.103**

		September 2021	December 2020	September 2020
At fair value through profit or loss		**Fair value**	**Fair value**	**Fair value**
Local issuers:				
Open investment funds	¢	110.835.631.153	70.330.915.178	82.667.587.657
		110.835.631.153	**70.330.915.178**	**82.667.587.657**
Issuers abroad:				
Private banks		47.228.250.000	58.026.200.000	0
	¢	**158.063.881.153**	**128.357.115.178**	**82.667.587.657**

(Continue)

At amortized cost		September 2021 Fair value	December 2020 Fair value	September 2020 Fair value
Local issuers:				
Government	¢	160.039.428.562	54.863.522.058	190.773.194.690
State-owned Banks		0	0	921.194.900
		160.039.428.562	54.863.522.058	191.694.389.590
	¢	**160.039.428.562**	**54.863.522.058**	**191.694.389.590**

At fair value through other comprehensive income		September 2021 Fair value	December 2020 Fair value	September 2020 Fair value
Local issuers:				
Government	¢	1.344.125.210.700	862.442.828.548	792.172.718.665
State-owned Banks		127.306.420.288	162.394.942.096	161.607.998.377
Private Banks		23.299.304.950	29.216.521.428	3.254.961.057
Private issuers		11.315.951.272	10.129.672.495	10.094.994.899
	¢	**1.506.046.887.210**	**1.064.183.964.567**	**967.130.672.998**

As of September 30, 2021, the investment portfolio amounts to ¢161.915.591.401 (¢146.390.267.241 and ¢156.670.321.744 for December and September 2020, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from October 01, 2021 to July 16, 2031.

Purchased financial instruments earn annual yield rates as follows:

	September 2021	December 2020	September 2020
Colones	0,45000% to 11.50%	0,0099% to 9,5288%	0,0099% to 9,5288%
US dollar	0,003062% to 9.20%	0,0099% to 9,5837%	0,0099% to 9,5837%

As of September 30, 2021, there are no collateral investments, to ¢177.175.186.300 (¢16.703.795.700 as of December 2020; in September 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 September 30, 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	¢	105.342.194.583	105.342.194.583	01/09/2021 to 21/11/2021	100.00%
Local government		16.106.094.009	16.106.094.009	01/09/2021 to 21/11/2021	100.00%
Other		37.917.347.461	37.917.347.461	01/09/2021 to 21/11/2021	
	¢	**159.365.636.053**	**159.365.636.053**		

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

Issuer		Asset´s balance	Guarantee´s fair 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 September 30, 2020, purchased financial instruments remain under resale agreements

Issuer		Asset´s balance	Guarantee´s fair value	Repurchase date	Repurchase Price
Local government	¢	30.669.749.982	36.656.282.280	01-10-2020 to 30/10/2020	100.00%
Other		921.194.899	1.000.000.000	23-10-2020 to 06-11-2020	100.00%
	¢	**31.590.944.881**	**37.656.282.280**		

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(6) Loan portfolio

(a) Loan portfolio by sector

		September 2021	December 2020	September 2020
Current loans				
Loans – Personal	¢	1.247.044.015.371	1.167.141.012.514	1.077.871.493.459
Loans Development Banking System		47.050.623.127	52.169.272.262	44.993.843.369
Loans - Business		92.155.201.521	93.138.380.893	86.292.431.950
Loans - Corporate		1.189.596.824.299	1.223.916.945.949	1.166.425.494.970
Loans – Public Sector		106.939.554.541	106.937.583.896	115.123.601.038
Loans – Financial Sector		92.897.670.442	119.917.688.959	128.897.600.840
		2.775.683.889.301	2.763.220.884.473	2.619.604.465.626
Past due loans				
Loans – Personal		119.025.299.471	75.263.661.053	133.042.241.082
Loans Development Banking System		2,490,567,990	1.026.613.616	2.093.342.142
Loans - Business		14.656.250.643	15.541.804.550	20.677.648.047
Loans - Corporate		77.775.512.949	33.281.755.245	81.606.765.248
Loans – Public Sector		0	0	260.693
		213.947.631.053	125.113.834.464	237.420.257.212
Loans in legal collection				
Loans – Personal		30.682.327.307	35.271.822.067	37.742.992.680
Loans Development Banking System		53.376.648	96.844.502	195.860.386
Loans - Business		4.412.269.270	4.552.475.518	4.971.292.541
Loans - Corporative		17.267.022.288	7.385.366.030	6.715.271.975
		52.414.995.513	47.306.508.117	49.625.417.582
	¢	**3.042.046.515.867**	**2.935.641.227.054**	**2.906.650.140.420**

(Continue)

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

(b) Loan porfolio by activity

Economic activity		**September 2021**	**December 2020**	**September 2020**
Agriculture, livestock, hunting and related services	¢	140.095.954.060	154.654.885.618	151.155.278.905
Public administration		238.914.272.312	0	0
Fishing and aquaculture		41.532.983	11.172.166	0
Manufacturing		259.429.341.041	245.793.289.371	246.429.096.808
Telecommunications and public utilities		104.154.976.472	54.793.466.607	55.039.038.547
Mining and quarrying		37.002.763	41.301.001	40.481.134
Trade		194.632.960.288	13.459.233.392	13.086.843.303
Services		392.272.820.096	931.695.308.269	947.778.973.346
Transportation		38.387.946.953	38.252.582.196	38.401.700.006
Financial activity and stock exchange		3.815.783.428	4.064.820.107	4.136.656.952
Real estate, business and lease activities		37.733.934.955	8.666.712.945	3.799.076.434
Construction, purchase, and repair of real estate		1.229.202.733.215	1.081.892.577.381	1.044.044.202.694
Consumer		287.179.663.676	294.160.093.165	297.289.999.668
Hospitality		114.621.806.011	103.285.509.304	100.920.715.017
Education		829.091.167	3.431.935.531	3.051.917.116
Other activities of the non- financial private sector		696.696.448	1.438.340.001	1.476.160.490
		3.042.046.515.868	2.935.641.227.054	2.906.650.140.420
Interest receivable		19.986.616.932	32.602.387.644	33.074.083.442
Deferred income from loan portfolio		(18.742.051.060)	(17.174.110.485)	(16.707.775.563)
Less allowance for loan losses		(137.088.062.449)	(119.006.689.665)	(95.460.346.336)
	¢	**2.906.203.019.291**	**2.832.062.814.548**	**2.827.556.101.963**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(c) Loan porfolio by arreas

The loan portfolio by arrears is detailed as follows:

		September 2021	December 2020	December 2020
Current	¢	2.775.683.889.301	2.763.220.884.473	2.619.604.465.626
01 to 30 days		118.459.842.491	59.670.688.030	116.837.253.836
31 to 60 days		40.912.249.148	25.265.938.445	54.476.075.529
61 to 90 days		20.203.889.346	13.493.047.548	16.576.422.879
91 to 120 days		3.780.454.852	6.070.854.751	12.102.146.779
121 to 180 days		5.268.007.296	3.219.291.465	11.569.593.682
More than 181 days		77.738.183.434	64.700.522.342	75.484.182.090
	¢	**3.042.046.515.868**	**2.935.641.227.054**	**2.906.650.140.421**

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

(d) Past due loans

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

		September 2021	December 2020	September 2020
Number of operations		2.672	2.482	2,881
Past due loan in non-accrual status	¢	77.738.183.435	64.700.522.343	75.484.182.091
Past due loans in accrual status	¢	188.624.443.131	107.719.820.238	211.561.492.703
Total unearned interest	¢	13.742.063.562	14.951.149.687	10.689.617.662

(Continue)

Loans in legal collections as of September 30, 2021:

No. of loans	**Percentage**		**Balance**
1,143	1.72%	¢	52.414.995.513

As September 30, 2021, the average annual interest rate earned on loans is 8.15% in colones (9.09% y 8.74%, for December and September 2020, respectively) and 6.40% in US (6.38% and 5.66%, for December and September 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 September 30, 2020:

No. of loans	**Percentage**		**Balance**
1,319	1.71%	¢	49.625.417.582

(e) Accrued interest receivable on loan portfolio

Interest receivable by economic sector are detailed as follows:

		September 2021	**December 2020**	**September 2020**
Loans – Personal	¢	9.615.103.371	14.577.255.983	14.259.129.859
Loans Development Banking System		149,737,891	262.038.379	244.117.880
Loans - Business		1.250.057.144	2.304.086.284	2.151.969.140
Loans - Corporate		7.918.190.831	14.456.474.860	15.138.059.673
Loans – Public Sector		747.695.724	536.825.042	781.749.856
Loans – Financial Sector		305.831.971	465.707.097	499.057.034
	¢	**19.986.616.932**	**32.602.387.644**	**33.074.083.442**

(Continue)

Interest receivable by aging is detailed as follows:

		September 2021	December 2020	September 2020
Current loans	¢	12.868.258.908	26.832.482.286	25.043.935.327
Past due loans		4.397.670.806	4.405.886.400	5.455.620.478
Loans in legal collection		2.720.687.218	1.364.018.958	2.574.527.637
	¢	**19.986.616.932**	**32.602.387.644**	**33.074.083.442**

(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)		22.986.894.412
Movement of balances		28.164
Adjustment for foreign exchange differences		1.093.204.736
Less:		
Adjustment for foreign exchange differences		(97.104.735)
Transfer paid balances		(3.523.564.914)
Reversal of allowance against income (see note 26)		(2.378.084.879)
Balance as of September 30, 2021	¢	**137.088.062.449**

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**

Balance as of September 30, 2020

2020 starting balance	¢	**86.096.482.964**
Plus:		
Allowance charged to profit or loss (see note 25)		18.706.803.234
Movement of balances		285,579,312
Adjustment for foreign exchange differences		2.473.023.094
Less:		
Adjustment for foreign exchange differences		(259.391.390)
Transfer to unpaid		(2.248.118.540)
Reversal of allowance against income (see note 26)		(9.594.032.338)
Balance as of September 30, 2020	¢	**95.460.346.336**

(g) Syndicated loans

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

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

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**

(Continue)

As of September 30, 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	2	¢	6.122.445.891	11.498.548.780	17.620.994.671
	2	**¢**	**6.122.445.891**	**11.498.548.780**	**17.620.994.671**

(7) Foreclosed assets, net

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

		September 2021	December 2020	September 2020
Real estate	¢	123.748.131.643	132.846.965.515	140.428.751.626
Other acquired assets		576.976.795	693.972.758	739.696.011
Purchased for sale		1.113.954.044	977.446.409	663.973.814
Idle property and equipment		2.175.317.332	2.143.679.540	2.158.714.499
		127.614.379.814	136.662.064.222	143.991.135.950
Allowance for impairment and per legal requirement		(82.316.824.313)	(91.269.086.566)	(98.644.170.960)
	¢	**45.297.555.501**	**45.392.977.656**	**45.346.964.990**

The movement of the foreclosed assets is as follows:

		September 2021	December 2020	September 2020
At the beginning of the year	**¢**	**136.662.064.222**	**134.898.824.316**	**134,898,824,316**
Increase of foreclosed assets		23.643.318.555	36.114.437.514	29.579.615.576
Transfer of property, furniture, and equipment out of use		331.256.354	81.847.646	51.471.091
Increase in acquired-for-sale assets		2,383,666,313	3.096.128.083	1.805.774.399
Sale of assets		(35.106.307.068)	(36.178.325.376)	(21,039,112,984)
Withdrawal of property, furniture and equipment out of use		(299.618.563)	(1.350.847.961)	(1.305.436.449)
Balance at the end of the period	**¢**	**127.614.379.813**	**136.662.064.222**	**143.991.135.949**

(Continue)

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

		September 2021	December 2020	September 2020
Opening balance	**¢**	**91.269.086.566**	**96.791.602.487**	**96.791.602.487**
Increases in allowance		14.388.741.698	24.784.945.878	19.922.517.262
Reversals in allowance		(23.099.702.195)	(29.609.811.572)	(17.372.298.563)
Transfer to unused accounts		(241.301.757)	(687.959.337)	(687.959.336)
Adjustment in allowance for revaluation surplus		0	(9.690.890)	(9.690.890)
Balance at the end of the period	**¢**	**82.316.824.312**	**91.269.086.566**	**98.644.170.960**

(8) Investments in other companies

Investments in other companies are as follows:

		September 2021	December 2020	September 2020
Local entities:				
BCR Valores, S.A. (brokerage firm)	¢	23.452.755.471	21.141.406.851	21.114.845.362
BCR Sociedad Administradora de Fondos de Inversión, S.A. (Investment Fund Manager Company)		8.335.071.887	9.073.349.274	8.418.368.297
Participación en BCR Pensión, Operadora de BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)		6.479.874.074	5.848.128.095	5.593.603.411
BCR Corredora de Seguros, S.A. (Insurance Broker)		7.812.876.165	8.264.822.445	7.558.487.021
Capital interest in Banprocesa, S.R.L.		951.603.089	536.364.510	415.554.557
Capital interest in Depósito Agrícola de Cartago S.A.		915.694.687	889.438.648	904.391.726
		47.947.875.373	**45.753.509.823**	**44.005.250.374**
Foreign entities:				
Banco Internacional de Costa Rica, S.A. and subsidiary		77.563.495.266	75.330.561.630	74.131.802.321
	¢	**125.511.370.639**	**121.084.071.453**	**118.137.052.695**

(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 September 30, 2021, that ownership interest is represented by 6.772.137 ordinary shares of US$10 par value each. Banco Nacional de Costa Rica owns the remaining 49% of shares.

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

The Bank’s income statement as of September 30, 2021, includes ¢785.736.342 (¢864.341.486 and ¢926.327.205 for December and September 2020, respectively) for BICSA’s result of operations.

The Bank’s statement of changes in equity for the period ended September 30, 2021, includes an increase in equity for ¢1.661.788.916 (¢6.092.994.523 and ¢4.715.414.685, for December and September 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 March 18, 2021, BCR Corredora de Seguros, S.A. distributed dividends in the amount of ¢3.000.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-21, of March 23, 2021.

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

(Continue)

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

As of 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.

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

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

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(9) Property and equipment

As of September 30, 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	1.040.416.206	3.809.863.586	1.228.983.147	13.000.000	0	6,092,262,939
Withdrawals		0	0	(701.145.308)	(77.148.466)	0	0	(778,293,774)
Transfers		0	0	(307.621.452)	(132.015.139)	0	3.885.198.529	3,445,561,938
Balance at September 30, 2021		35.091.690.377	73.856.026.004	37.890.902.091	47.460.709.198	5.213.024.297	27.072.259.437	226.584.611.404
Accumulated depreciation and impairment								
Balance 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	1.402.132.592	1.839.749.404	3.930.734.333	188.327.747	2.030.419.456	9,391,363,532
Withdrawals		0	0	(444.936.498)	(76.474.670)	0	0	(521,411,168)
Transfers		0	0	(1.304.023)	(122.192.737)	0	356.143.199	232,646,439
Balance at September 30, 2021	¢	0	25.640.022.590	23.570.498.851	33.815.498.014	3.983.813.682	4.512.043.239	91.521.876.376
September 30, 2021	¢	**35.091.690.377**	**48.216.003.414**	**14.320.403.240**	**13.645.211.184**	**1.229.210.615**	**22.560.216.198**	**135.062.735.028**

(Continúa)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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**

(Continúa)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

As of September 30, 2020, property and equipment is as follows:

Cost:		Land	Bulding	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	1.772.267.165	1.247.144.381	2.522.590.134	159.695.489	36.405.930.027	42.758.126.226
Withdrawals		0	0	(1.028.058.512)	(1.682.818.897)	0	(9.502.146.974)	(12.213.024.383)
Transfers		0	0	(753.717.915)	(300.707.757)	(37.010.500)	(6.917.422.813)	(8.008.858.985)
Balance at September 30, 2020		35.091.690.377	71.963.004.886	35.070.426.961	43.565.166.916	5.200.024.296	19.986.360.240	210.876.673.676
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	1.339.367.758	1.676.828.280	3.660.572.718	198.514.691	2.265.349.926	9.140.633.373
Withdrawals		0	0	(992.902.376)	(1.676.126.646)	0	(460.532.145)	(3.129.561.167)
Transfers		0	0	(701.558.598)	(309.184.082)	(37.010.500)	(472.393.765)	(1.520.146.945)
Balance at September 30, 2020	¢	0	23.778.970.405	22.160.057.431	29.330.497.285	3.730.467.430	1.332.424.016	80.332.416.567
September 30, 2020	¢	**35.091.690.377**	**48.184.034.481**	**12.910.369.530**	**14.234.669.631**	**1.469.556.866**	**18.653.936.224**	**130.544.257.109**

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		September 2021	December 2020	September 2020
Improvements in property in operating lease	¢	1.195.460.679	847.109.714	949.890.821
Pre-issuance costs of financial instruments		348.980.661	548.927.366	614.180.297
Other deferred charges		4.743.812.159	7.886.564.023	6.218.367.140
	¢	**6.288.253.499**	**9.282.601.103**	**7.782.438.258**

(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		5.573.825.789
Withdrawals		(86.491.181)
Balance as of September 30, 2021		**42.113.545.443**
Balance as of December 31, 2020		**23.552.652.071**
Expense for amortization of computer systems		5.097.616.847
Withdrawals		(86.491.181)
Balance as of September 30, 2021		**28.563.777.737**
Balance as of September 30, 2021	¢	**13.549.767.706**

(Continue)

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 September 30, 2020

Cost:		
Balance as of December 31, 2019	¢	**39.568.772.259**
Additions to computer systems		3.512.989.773
Transfer balances		(742.211.295)
Balance as of September 30, 2020		**42.339.550.737**
Accumulated amortization and impairment:		
Balance as of December 31, 2019		**30.565.567.290**
Expense for amortization of computer systems		2.963.581.509
Adjustment against loan portfolio allowance		9.479.014
Withdrawals		(1.026.859.086)
Balance as of September 30, 2020		**32.511.768.727**
Balances, net:		
Balance as of September 30, 2020	¢	**9.827.782.010**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(c) Other assets

Other assets are detailed as follows:

		September 2021		December 2020		September 2020
Prepaid taxes	¢	14.135.716.916	¢	14.369.247.597	¢	8.302.269.932
Prepaid rentals		78.383		72.293		78.383
Prepaid insurance policy		150.513.190		38.178.675		73.291.726
Prepaid expenses		14.286.308.489		14.407.498.565		8.375.640.041
Stationery, supplies and other materials		173.878.922		126.642.244		144.459.451
Library and works of art		2.057.413		2.057.412		2.057.394
Constructions in process		4.433.226.625		6.491.211.602		6.896.766.980
Amortized applications in development		3.588.901.376		2.779.943.569		4.126.871.093
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		2.064.373.131
Miscellaneous goods		10.299.071.267		11.500.861.758		13.271.161.849
Missing cash		38.825.597		78.186.600		66.961.143
Transactions to be settled		19.543.356.767		33.252.087.162		35.067.037.163
Other charge pending operations		111,856,612		200.028.769		179.426.466
Operations pending ascription		19,694,038,976		33.530.302.531		35.313.424.772
Deposits in guarantee		219.657.771		218.486.303		215.960.150
Restricted assets		219.657.771		218.486.303		215.960.150
	¢	**44.499.076.503**	¢	**59.657.149.157**	¢	**57.176.186.812**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(11) Demand obligations with the public

Demand obligations with the public as follows:

		September 2021	December 2020	September 2020
Checking accounts	¢	2.116.725.577.035	1.684.542.352.579	1.688.550.462.761
Certification checks		80.510.387	103.293.252	122.074.368
Demand saving deposits		881,979,213,853	866.057.182.906	757.588.396.351
Matured term deposits		2,847,123,935	3.282.393.546	4.812.802.463
Other demand obligations with the public		17,463,752,919	4.782.006.896	5.396.042.772
	¢	**3.019.096.178.129**	**2.558.767.229.179**	**2.456.469.778.715**

(12) Term and demand deposits from clients

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

		September 2021	December 2020	September 2020
		Demand	**Demand**	**Demand**
Public	¢	3.001.632.425.209	2.553.985.222.283	2.451.073.735.944
Other obligations with the public		17.463.752.920	4.782.006.896	5.396.042.771
		3.019.096.178.129	2.558.767.229.179	2.456.469.778.715
State-owned entities		7.382.586.627	5.719.231.057	14.329.026.243
Deposits from other banks		4.494.386.061	3.253.729.303	3.815.547.079
Other financial entities		35.612.392.315	25.375.876.359	19.618.003.126
		47.489.365.003	34.348.836.719	37.762.576.448
	¢	**3.066.585.543.132**	**2.593.116.065.898**	**2.494.232.355.163**

(Continue)

		September 2021	December 2020	September 2020
		Term	Term	Term
Public	¢	1.433.720.793.214	1.396.513.269.069	1.467.691.838.368
		1.433.720.793.214	1.396.513.269.069	1.467.691.838.368
State-owned entities		81,775,859,874	56.827.897.834	45.708.112.000
Deposits from other banks		10.483.043.794	6.302.842.901	6.241.591.532
Other financial entities		261.511.613.720	390.736.404.577	360.911.763.529
		353.770.517.388	453.867.145.312	412.861.467.061
	¢	**1.787.491.310.602**	**1.850.380.414.381**	**1.880.553.305.429**

As of September 30, 2021, demand deposits from customers include court-ordered deposits for ¢236.748.341.340 (¢224.285.191.705 and ¢227.360.329.283, for December and September 2020, respectively) which are restricted because of their nature.

As of September 30, 2021, the Bank has a total of 1.732.275 (1.979.536 and 1.965.282, for December and September 2020, respectively) customers with demand deposits and has a total 35.999 (35.689 and 37.116 for December and September 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 September 30, de 2021, December and September 2020, the Bank does not hold repurchase agreements.

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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

Obligations with entities are as follows:

		September 2021	December 2020	September 2020
Term deposits with the Central Central de Costa Rica	¢	139.320.785.417	2.500.208.320	0
Charges payable for obligations with Central Bank of Costa Rica		370,891,200	0	0
		139.691.676.617	2.500.208.320	0
Checking accounts of local entities		33.234.981.370	27.544.898.693	28.153.257.310
Overdrafts on demand checking accounts in foreign financial entities		13,060,438,909	5.617.981.089	8.142.109.498
Obligations for checks to be cashed		1,193,944,724	1,185,956,937	1.467.209.640
Term deposits from local financial entities		118.522.849.317	84.287.771.110	71.435.744.732
Loans from foreign financial entities		34.078.423.543	162.404.367.657	143.729.629.420
Obligations for the right-of-use leased properties		25,207,518,635	26.469.005.968	26.605.068.801
Obligations for deferred liquidity operations		5,928,281,954	12,615,079,150	0
Obligations with resources from the Development Credit Fund (DCF)		170,033,443,939	168.090.921.427	171.091.024.108
Charges payable for obligations with financial and non-financial entities		1,341,416,427	1.081.310.304	891.037.315
		402.601.298.818	489.297.292.335	451.515.080.824
	¢	**542.292.975.435**	**491.797.500.655**	**451.515.080.824**

(Continue)

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

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

	September 2021	December 2020	September
Colones	0,1999 % to 1.50%	0,26 % a 3,750%	0,26% to 3,750%
US dollars	0,009% to 2,75%	0,009% a 3,2753%	0,009% to 3,2753%

As of September 30, 2021, December and September 2020, there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

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

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

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**

(Continue)

As of September 30, 2020, loans payable mature as follows:

		BCCR	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	0	0	53.084.500.000	42.467.600.000	95.552.100.000
Between one and two years		0	0	0	48.177.529.420	48.177.529.420
Total	¢	**0**	**0**	**53.084.500.000**	**90.645.129.420**	**143.729.629.420**

(b) Lease obligations

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

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

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

		Installment	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 September 30, 2020, the Bank has following obligations from financial leases:

	Quota	Interest	Maintenance	Amortization
Less than one year	7.611.683.771	1.529.908.376	0	6.081.775.395
Between one and five years	27.084.710.690	6.561.417.284	0	20.523.293.406
	34.696.394.461	**8.091.325.660**	**0**	**26.605.068.801**

(Continue)

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

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

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

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

(Continue)

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**	

(15) Income tax

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

As of September 30, 2021, the Bank's separate balances of income tax payable and expected income tax amount to ¢16.943.733.600 (¢10.254.574.344 and 10.780.317.325 for December and September 2020, respectively) (see note 17) and income tax advances for ¢14.135.716.916 (¢14.369.247.597 and ¢8.302.269.932, for December and September 2020, respectively) are recorded as "Other assets".

Income tax expense is detailed as follows:

		September 2021	December 2020	September 2020
Income tax	¢	16.943.733.600	13.624.899.236	13.237.309.078
Decrease in income tax		0	(913.333.140)	0
Adjustment of income tax of previous period		0	(2.456.991.752)	(2.456.991.753)
		16.943.733.600	10.254.574.344	10,780,317,325
Income tax expense:				
Expense for current tax of the period		16.943.733.600	11.167.907.483	0
Expense for income tax from previous period		0	2.456.991.753	10.780.317.325
		16.943.733.600	13.624.899.236	10.780.317.325
Decrease in income tax		0	(913.333.140)	0
		16.943.733.600	12.711.566.096	10,780,317,325
Deferred income tax				
Income for deferred income tax		(952.272.464)	(152.425.375)	(114.319.595)
Decrease of income tax from previous periods		(155.284.663)	0	0
Income tax	¢	15.836.176.473	12.559.140.721	10.665.997.730
Realization of deferred income tax	¢	952.272.464	152.425.375	114.319.595

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

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

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

(Continue)

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 September 30, 2020, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	1.671.478.002	(2.666.441.428)	(994.963.426)
Revaluation of buildings		0	(5.162.760.521)	(5.162.760.521)
Total	**¢**	**1.671.478.002**	**(7.829.201.949)**	**(6.157.723.947)**

Movement of temporary differences is as follows:

As of September 30, 2021:

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

(Continue)

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)**

As of September 30, 2020:

		December 31, 2019	Income statement	Equity	September 30, 2020
Liabilities account					
Valuation of investments	¢	(3.834.489.662)	0	1.168.048.234	(2.666.441.428)
Revaluation of buildings		(5.277.080.116)	114.319.595	0	(5.162.760.521)
Assets account					
Valuation of investments		981.374.269	0	690.103.733	1.671.478.002
Total	¢	**(8.130.195.509)**	**114.319.595**	**1.858.151.967**	**(6.157.723.947)**

As of September 30, 2021, the Bank has a balance for income tax receivable of ¢498.232.461 (¢87.694.781 and ¢85.427.352, for December and September 2020, respectively), in addition to bear value added tax for ¢567.073.092 (¢1.211.556.671 and ¢481.664.442, for December and September 2020, respectively) and value added tax deductible as of September 2021 there are no amounts in this item (¢37.887 as of December 2020 and non as of September 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.

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

As of September 30, the amount recorded by the Bank as provision is of ¢33.377.662.908 (¢33.377.662.908 and ¢35.112.644.702 for December and September 2020, respectively).

(Continue)

(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	874.341.549	323,996,918	1.198.338.467
Use of provision		(42.171.411)	(697.113.116)	0	(739.284.527)
Adjustment for foreign exchange		0	(8.489.173)	0	(8.489.173)
Reversal of provision		0	(18.696.027)	0	(18.696.027)
Balance at September 30, 2021	¢	**8.889.227.295**	**15.761.700.694**	**33.701.659.826**	**58.352.587.815**

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 September 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	3.357.853.448	40.527.784	3.398.381.232
Use of provision		(24.942.528)	(2.442.020.658)	0	(2.466.963.186)
Adjustment for foreign exchange		0	41.905.955	0	41.905.955
Reversal of provision		0	(2.433.121.488)	0	(2.433.121.488)
Balance at September 30, 2020	**¢**	**8.970.504.890**	**14.808.968.145**	**35.112.644.702**	**58.892.117.737**

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

- Ordinary suits filed against the Bank estimated at ¢22.502.398.279 and US$69.291.542 for which the Bank has provisioned ¢1.810.526.748 and US$1.395.500, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1.777.679.429 and $5.857, for which the Bank has recorded a provision in the amount of ¢98.929.000.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢¢5.107.220.016 and $825.001 de for which the Bank has provisioned ¢2.104.610.180, corresponding to cases where a provisional judgment has been handed down

- There are administrative proceedings at different stages in the amount ¢11.852.517 and US$36.200, for which the Bank has provisioned ¢10.816.004.251.

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

- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ¢323,996,918.

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.

(Continue)

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

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

As of September 30, 2020, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢23.295.854.796 and US$68.860.178 for which the Bank has provisioned ¢1.750.317.022 and US$1.361.000, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢386.131.552 and US$10.077, for which the Bank has recorded a provision in the amount of ¢89.000.000.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.137.726.379 and US$825.001, for which the Bank has provisioned ¢1.897.574.026.84, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢5.379.516.83 and US$36.257 for which the Bank has provisioned ¢386.000 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)

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		September 2021	December 2020	September 2020
Fees payable	¢	304.562.643	41.113.008	73.864.325
Current income tax (see note 15)		16,943,733,600	10.254.574.344	10.780.317.325
UD Income Tax		346.423.816	333.133.221	329.478.571
Value added tax payable		181,145,800	320.375.269	154.400.843
Employer contributions		1.190.404.776	1.455.480.244	1.372.112.956
Withholdings by legal order		924,983,839	873.324.267	1.056.784.124
Retained taxes payable		2,943,759,326	3.015.450.378	4.280.458.532
Employer withholdings		922,378,722	906.571.850	884.904.053
Other third-party withholdings		12,415,321,477	10.851.508.326	18.677.806.049
Compensations and salaries payable		5,501,215,396	7.327.274.599	5.533.668.670
Distributions payable on results of the period (see note 30)		16,495,146,992	9.457.965.454	10.468.364.108
Accrued vacation payable		6,573,148,602	5.607.680.912	5.686.025.081
Accrued statutory Christmas bonus payable		4,088,112,656	481.488.682	4.070.672.414
Contributions to Superintendences´ budgets		35,638,809	0	37.258.203
Commissions payable for insurance placement		57,777,605	51.938.166	64.680.308
Commissions payable related parties		0	2.100.992.193	1.397.681.968
Sundry creditors		24.938.322.973	22.581.076.271	23.145.675.090
	¢	**93.862.077.032**	**75.659.947.184**	**88.014.152.620**

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.

(Continue)

(18) Equity

a) Capital Social

The Bank's capital is comprised as follows:

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

b) Surplus from revaluation

Corresponding to the increase in fair value of property owned by the Bank, as of September 30, 2021, revaluation surplus amounts to ¢37.774.830.067 (¢37.774.830.067 and ¢37.774.830.067, for December and September 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 September 30, 2021, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net losses in the amount of ¢43.283.849.738 (¢7.546.666.277 and ¢11.391.031.549, for December and September 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 September 30, 2021, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢14.162.542.786 (¢10.636.876.609 and ¢10.047.961.706, for December and September 2020, respectively).

e) Patrimonio Fondo de Financiamiento para el Desarrollo (FOFIDE) Equity Development Financing Fund (FOFIDE)

As of September 30, 2021, the amount for the constitution of the equity of the Development Financing Fund are of ¢36.212.011.410 (¢33.309.728.460 and ¢33.309.728.460 as of December and September 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 assets managed by the entity was transferred.

Regulatory Capital

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

		September 2021	December 2020	September 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		14.162.542.786	10.636.876.609	10,047,961,706
Retained earnings from previous periods		23.286.282.979	13.464.953.148	13.464.953.148
Results of the period		36.268.980.180	25.612.643.802	23.407.763.349
Development Financing Fund		36.212.011.410	33.309.728.460	33.309.728.460
		138.260.939.905	111.350.758.490	108.559.070.661
Deductions				
Interest in other companies		(125.511.370.639)	(121.084.071.453)	(118.137.052.695)
Total regulatory capital	¢	**490.869.106.898**	**455.497.193.649**	**455.652.524.578**

(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:

		September 2021	December 2020	September 2020
Performance bonds	¢	121.699.367.707	122.680.532.330	114.167.883.055
Bid bonds		900.839.335	898.266.860	2.594.532.765
Letters of credit issued, not negotiated		9.481.807.148	4.762.986.773	3.284.007.569
Letters of credit confirmed, not negotiated credit lines to be used automatically		108.246.684.836	109.920.179.845	116.805.011.335
Other contingencies		68.685.509.717	74.386.976.783	73.861.253.296
Credits pending disbursement		188.218.294	1.529.675.946	1.500.970.196
	¢	**309.202.427.037**	**314.178.618.537**	**312.213.658.216**

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

		September 2021	December 2020	September 2020
With prior deposit	¢	5.099.696.616	7.226.846.987	7.744.147.283
Without prior deposit		235.417.220.704	232.564.794.767	230.608.257.637
Pending litigation and Claims		68.685.509.717	74.386.976.783	73.861.253.296
Total deposits	¢	**309.202.427.037**	**314.178.618.537**	**312.213.658.216**

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

As of September 30, 2021, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

As of September 30, 2021, floating guarantees in custody are for ¢207.088.264.815 (¢240.876.163.489 and ¢247.387.903.468, for December and September 2020, respectively).

(Continue)

Other contingencies:

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

- Administrative suits against the Bank estimated at ¢20.691.871.531 and US$67.896.042. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Ordinary labor suits estimated at ¢3.002.609.836 and US$825.001.

- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.678.750.429 and US$5.857.

- Administrative proceedings against the Bank have been estimated in the amount of ¢11.466.517 and US$36.200.

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 September 30, 2020, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢27.066.946.687.43 and US$67.832.921.66. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Ordinary labor suits estimated at ¢3.428.001.012.35 and US$825.001.

(Continue)

- 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.

(20) Trusts

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

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

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

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

		September 2021	December 2020	September 2020
Cash and due from banks	¢	67.386.278.797	92.575.854.311	84.726.550.527
Investment		84.494.633.010	67.842.050.691	65.646.894.280
Loan portfolio		11.468.307.001	12.128.219.168	12.463.025.717
Allowance for loan losses		(8.541.535.637)	(9.162.850.564)	(9.483.249.800)
Assets held-for-sale		53.861.020.587	56.521.168.659	38.062.970.497
Investment in other companies		42.833.785.778	35.077.180.689	30.000.012.240
Other receivables		74.825.389.261	77.399.842.492	77.425.329.763
Property and equipment		391,292,595,301	400.990.434.662	303.888.982.643
Other assets		212.209.816.638	186.416.949.697	260.983.483.294
Buildings		76.679.998	0	0
	¢	**929.906.970.734**	**919.788.849.805**	**863.713.999.161**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		September 2021	December 2020	September 2020
Guarantees received and held in custody	¢	4.923.174.261.929	3.899.315.393	4.793.966.299
Guarantees received and held by third parties		2.544.205.571	4.217.017.643	4.144.715.947
Other memoranda accounts, unused authorized lines of credit		213.408.665.619	311.411.503.714	297.927.032.739
Write-offs		204.154.519.068	202.882.195.014	200.139.498.268
Suspense interest receivable		23.191.016.485	24.309.516.440	20.996.506.904
Other memoranda accounts		17.978.277.781.547	13.404.211.560.427	13.384.169.691.847
Assets and securities held in custody for third parties		91.318.316.314	93.322.936.545	77.169.273.540
Trading securities received as Guarantee (Guarantee Trust)		49.056.856.585	45.524.405.011	38.841.184.840
Own trading securities		1.126.257.626.276	707.952.886.907	781.357.740.496
Cash and accounts receivable custodial activities		188.425.142.335	152.792.708.207	107.715.181.312
Third party trading securities pledged as guarantee (Guarantee Trust)		17.435.937.532	44.883.495.750	76.692.201.765
Third parties trading securities		6.254.273.936.641	5.379.503.686.380	5.330.807.924.915
	¢	**31.071.518.265.902**	**20.374.911.227.431**	**20.324.754.918.872**

(Continue)

(22) Finance income on financial instruments

Finance income on financial instruments is as follows:

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Interest for investments in financial instruments at fair value through profit or loss	¢	0	508.296.635	0	43.637.929
Interest for investments in financial instruments at fair value through other comprehensive income		59.056.135.926	38.909.297.765	20.915.139.438	14.416.446.752
Interest from investments at amortized cost		417.828.340	444.588.529	247.824.613	296.434.456
Interest for investments in overdue and restricted financial instruments		487.116.830	340.084.399.00	130.257.821	177.064.516
	¢	**59.961.081.096**	**40.202.267.328**	**21.293.221.872**	**14.933.583.653**

(Continue)

(23) Finance income on credit portfolio

Finance income on credit portfolio is as follows:

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Current loans					
Loans - Personal	¢	82.451.015.003	85.160.664.447	30.791.384.547	27.508.779.491
Loans - Development Financing Fund		1,599,065,976	1.782.715.398	524.719.682	530.586.448
Loans - Business		4,966,999,067	5.795.669.363	1.796.301.963	1.798.461.658
Loans – Corporate		62,831,109,633	64.950.682.928	19.584.195.512	20.241.267.482
Loans – Public Sector		5,871,721,593	6.453.769.849	1.931.173.184	2.116.365.820
Loans – Financial Sector		6,305,070,244	10.429.741.972	1.828.636.484	3.126.615.129
		164.024.981.516	174.573.243.957	56.456.411.372	55.322.076.028
Past due loans and loans in legal collection					
Past due loans – Personal		545,476,343	697.094.543	175.823.186	220.835.092
Past due loans – Development Banking System		39.633.200	41.655.522	13.280.317	14.082.336
Past due loans – Business		1.232.106.916	1.347.433.976	317.161.161	426.766.949
Past due loans – Corporate		1.746.344.763	1.284.204.606	921.857.881	352.155.741
Loans in legal collection		2.525.882.252	2.625.233.660	720.977.906	324.523.796
		6.089.443.474	5.995.622.307	2.149.100.451	1.338.363.914
Amortization of the net commission of the direct incremental cost associated to loans		2,720,735,874	2.809.467.349	1.016.060.033	1.050.446.148
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts		996,647,815	885.326.731	408.096.307	277.955.191
	¢	**173.831.808.679**	**184.263.660.344**	**60.029.668.163**	**57.988.841.281**

(Continue)

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

		September 2021	September 2020	Quarter from April 1 to June 30 2021	
Demand deposits	¢	31.822.604.548	28.451.479.012	11.069.660.004	10.704.738.824
Term deposits		42.790.187.073	67.786.247.612	14.281.875.076	19.448.065.994
	¢	**74.612.791.621**	**96.237.726.624**	**25.351.535.080**	**30.152.804.818**

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

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

		September 2021	September 2020	Quarter from July 1 to September 30 2021	2020
Allowance for loan losses (see note 6-e)	¢	22.905.058.577	18.454.944.083	10.307.970.814	309.931.055
Allowance for other doubtful receivables		2.443.568.079	3.287.903.519	595.610.264	1.442.624.787
Allowance for stand-by credit losses		0	30.724.437	0	0
Expenses generic estimation and against cyclic for loan (see note 6-e)		81.395.835	251.859.151	21.745.986	31.229.901
Expenses generic estimation and against cyclic for contingent credit portfolio		440.000	81	220.000	(1)
Expenses for allowance for impairment of securities at fair value through other comprehensive income		1.727.942.090	4.626.374.616	934.138.765	1,158,715,644
Expense for allowance of impairment of held-to-maturity investments		2.903.390	22.205.007	935.594	2.783.694
	¢	**27.161.307.971**	**26.674.010.894**	**11.860.621.423**	**2.945.285.080**

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

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

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Recovery of loan write-offs	¢	9.302.830.544	14.464.502.537	4.552.902.796	2.864.195.588
Decrease in allowance for loan losses (see note 6-e)		2.307.828.997	5.212.361.745	4.214	1.158.779.769
Decrease in allowance for other doubtful receivables		756.217.076	1.970.683.190	135.730.539	1.101.412.950
Decrease in allowance for stand-by credit losses		0	44.335.220	0	0
Decrease in generic estimation and against cyclic for loan (see note 6-e)		70.255.882	4.381.670.593	2.542.031	13.563.717
Decrease in generic estimation and against cyclic for contingent loans		6.936	42.067.583	6.936	11.051
Decrease in allowance for uncollectible investments securities		383.128.946	3.673.549.539	57.844.041	3.104.407.293
	¢	**12.820.268.381**	**29.789.170.407**	**4.749.030.557**	**8.242.370.368**

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Drafts and transfers	¢	1.719.143.258	1.425.263.130	572.838.872	474.145.971
Foreign trade		469.783.753	416.157.814	160.958.896	134.913.908
Certified checks		1.678.328	1.700.624	454.570	662.260
Trust management		2.921.329.115	2.927.825.104	1.010.746.361	960.179.664
Custodial services		196.922.474	254.712.172	59.983.134	71.562.903
By mandate		659.464	0	166.970	0
Collections		385.100.661	332.599.902	110.458.401	103.326.950
Credit cards		27.244.373.657	27.775.913.387	8.998.207.354	8.382.248.073
Authorized custodial services for securities		691.084.486	524.164.057	266.816.231	180.644.913
Commissions for transactions with related parties		3,595,321	6.848.760	2.330.785	1.218.822
Other commissions		23.824.724.420	21.423.638.003	8.255.345.021	6.801.497.913
	¢	**57.458.394.937**	**55.088.822.953**	**19.438.306.595**	**17.110.401.377**

(Continue)

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

	September 2021	September 2020	Quarter from July 1 to September 30 2021	
Local entities				
Interest in BCR Valores, S.A.- Puesto de Bolsa	¢ 2.920.014.209	2.680.427.532	1.050.270.467	892.743.325
Administradora de Fondos de Inversión, S.A.	1,935,977,049	2.137.359.344	614.511.803	830.932.772
Interest in BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A.	833.932.066	628.132.482	279.530.852	251.299.264
Interest in BCR Corredora de Seguros, S.A.	2.484.564.517	2.277.246.001	772.620.536	722.757.564
Interest in BANPROCESA-TI, S.A.	415,238,579	102.388.454	173.316.918	102.388.454
Interest in Depósito Agrícola de Cartago, S.A.	27.319.246	21.616.086	11.012.607	9.746.194
Interest in Bancrédito Agencia de Seguros S.A.	0	1.818.043	0	0
Entities abroad:				
Banco Internacional de Costa Rica, S.A. and subsidiarie	785,736,342	926.327.206	306.048.513	130.721.649
	¢ **9.402.782.008**	**8.775.315.148**	**3.207.311.696**	**2.940.589.222**

(29) Administrative expenses

Administrative expenses are as follows:

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Salaries and bonuses, permanent staff	¢	38.564.590.580	38.506.265.843	12.776.131.081	13.049.113.687
Salaries and bonuses, contractors		1.868.795.374	1.552.028.924	566.020.987	509.385.501
Compensation for directors and statutory examiners		95.761.669	66.694.476	31.483.056	18.388.577
Overtime		397.493.675	519.855.498	165.718.778	136.905.238
Per diem		204.161.696	201.930.937	78.070.141	55.917.988
Statutory Christmas bonus		3.480.029.038	3.421.503.086	1.180.794.018	1.152.258.292
Vacation		4.274.903.764	3.735.921.845	1.564.360.395	1.355.190.983
Other compensation		578.050.596	479.711.362	278.021.242	131.519.716
Severance payments		2.019.141.387	1.910.386.053	676.490.336	644.429.238
Employer social security taxes		14.509.937.927	13.510.091.589	4.910.596.810	4.549.050.558
Refreshments		11.509.284	39.906.806	3.903.453	2.252.573
Uniforms		5.599.950	11.324.249	4.766.040	0
Training		144.151.791	126.953.202	79.831.092	37.602.044
Employee insurance		71.725.718	113.897.249	0	36.786.365
Assets for personal use		154.462	678.440	136.246	66.219
“Back-to-school” bonus		3.822.413.254	5.380.495.098	1.286.606.912	1.800.878.447
Compulsory retirement savings account		1.326.584.567	1.234.662.247	450.151.598	415.686.023
Other personnel expenses		366.968.091	355.060.809	113.960.242	110.231.955
Outsourcing		11.207.997.701	10.503.258.035	3.989.309.427	3.533.729.070
Transportation and communications		2.466.497.319	3.489.365.774	726.981.493	1.016.226.381
Property insurance		126.621.859	126.366.109	638.472	124.342.254
Property maintenance and repairs		3.876.608.584	3.015.161.272	1.087.735.620	1.068.747.516
Public utilities		1.580.106.032	2.037.763.822	519.704.969	629.425.071
Leasing of property		2.030.419.861	2.265.349.923	676.806.486	803.922.831
Leasing of furniture and equipment		452.645.447	513.920.461	13.982.907	163.105.883
Depreciation of property and equipment		7.389.281.737	6.676.768.759	2.411.698.942	2.247.240.839
Amortization of leasehold property		357.993.694	297.902.107	130.811.499	103.419.167
Other infrastructure, expenses		2.872.711.975	3.517.913.541	945.447.381	941.586.903
Overhead		18.709.204.647	16.200.730.194	7.502.118.876	6.011.974.222
	¢	**122.812.061.679**	**119.811.867.710**	**42.172.278.499**	**40.649.383.541**

(Continue)

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

		September 2021	September 2020	Quarter from July 1 to September 30 2021	
Allocation for CONAPE	¢	2.959.933.532	1.920.536.648	1.161.836.875	1.041.454.397
Allocation for Instituto Nacional de Fomento Cooperativo		2.879.452.745	1.633.895.529	1.130.151.579	1.010.917.611
Allocation for the National Emergencies Commission		1.775.960.119	1.152.321.989	697.102.125	624.872.638
Allocation for Régimen de Invalidéz Vejez y Muerte		8.879.800.596	5.761.609.942	3.485.510.624	3.124.363.188
Other statutory allocations		0	0	0	0
	¢	**16.495.146.992**	**10.468.364.108**	**6.474.601.203**	**5.801.607.834**

As of September 30, 2021 and September 30, 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:

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

(Continue)

		September 2020		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Adjustment for valuation of available-for sale investments	¢	2.137.489.123	1.858.151.967	3.995.641.090
Exchange differences for conversion of financial statements, foreign entities		4.715.414.685	0	4.715.414.685
Changes in equity from foreign subsidiaries		(348.549.357)	0	(348.549.357)
Change in equity of subsidiaries from unrealized profit		(389.205.447)	0	(389.205.447)
	¢	**6.115.149.004**	**1.858.151.967**	**7.973.300.971**

(32) Operating leases

The Bank as tenant

Non-cancellable operating leases are payable as follows:

		September 2021	**December 2020**	**September 2020**
Less than one year	¢	212.426.983	481.705.800	475.480.200
Between one and five years		0	240.852.900	237.740.100
	¢	**212.426.983**	**722.558.700**	**713.220.300**

(Continue)

(33) Fair value

Fair values of financial instruments are as follows:

		September 2021		December 2020		September 2020	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	761.246.224.718	761.246.224.718	733.128.044.604	733.128.044.605	701.863.097.005	701.863.097.006
Investment		1.840.647.181.578	1.824.150.196.925	1.263.954.062.153	1.247.404.601.803	1.252.131.433.769	1.241.492.650.245
Loan portfolio		3.043.291.081.741	2.911.100.419.727	2.951.069.504.213	2.890.513.196.044	2.923.016.448.299	2.781.544.211.067
		5.645.184.488.037	5.496.496.841.370	4.948.151.610.970	4.871.045.842.452	4.877.010.979.073	4.724.899.958.318
Demand deposits		3.031.427.692.184	3.031.427.692.184	2.572.615.057.726	2.572.615.057.726	2.472.067.975.692	2.472.067.975.692
Term deposits		1.433.720.793.215	1.419.500.534.138	1.396.513.269.069	1.384.136.056.485	1.467.691.838.368	1.449.673.377.869
Financial obligations		542.292.975.435	489.316.144.118	491.797.500.655	496.094.012.678	451.515.080.825	455.201.447.757
	¢	5.007.441.460.834	4.940.244.370.440	4.460.925.827.450	4.452.845.126.889	4.391.274.894.885	4.376.942.801.318

(Continue)

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.

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.

<table>
<tr><th>Related strategic objective</th><th>Process</th><th>Type of risk</th><th>Risk Appetite Declaration Indicator</th></tr>
<tr><td rowspan="12">1. Guarantee the financial solidity of the Conglomerate

2. Support the development of the country</td><td>1. Organizational strategy</td><td rowspan="2">Strategic</td><td rowspan="2">Equity Sufficiency Index

ICL colones

ICL dollars</td></tr>
<tr><td>1. Financial treasury operations</td></tr>
<tr><td>1. Security management</td><td rowspan="3">Operative</td><td rowspan="3">Expected loss due to operational risk (last 12 months)

Availability of the technology platform

Vulnerability analysis

Change management</td></tr>
<tr><td>2. Management of processes and regulations</td></tr>
<tr><td>3. IT Security</td></tr>
<tr><td>1. Loan granting</td><td rowspan="3">Credit</td><td rowspan="3">Expected credit loss of the loan portfolio, SUGEF

Non-high-risk generators</td></tr>
<tr><td>2. Monitoring of loans</td></tr>
<tr><td>3. Loans recovery</td></tr>
<tr><td>1. Financial treasury operations</td><td>Market</td><td>PPME sensibility to movements in the ER

VaR of the investment portfolio 03-06

Elasticity of the financial margin to movements in interest rates</td></tr>
<tr><td>2. Investment services</td><td>Liquidity</td><td>Maximum expected variation of deposits with the public (MVEC) colones

Maximum expected variation of deposits with the public (MVEC) US dollars</td></tr>
</table>

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.

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

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

Process of comprehensive risk management

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

Types of risk assessments

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

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

Risk control framework

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

(Continue)

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.

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

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

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

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

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. In addition, there are certain indicators that seek to maintain the balance between profitability and risk, among them, indicators of expected loss, delinquency, guarantees, payment arrangements, harvests, economic activities and geographical area, all of them broken down at the general level of the Bank as well as for different lines of business.

(Continue)

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

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

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

In the case of credit risk, for the investment portfolio, disclosed in Note 5: Investments in financial instruments, there is a methodology to determine the expected loss under IFRS 9, which has been improving during 2020 through adjustments. The determination of a significant increase in risk is made by means of two factors: changes in the issuer's international risk rating, issued by risk rating agencies, and sustained changes in the prices of “Credit Default Swaps” associated with the issuer. It is important to note that the expected loss is measured for each instrument for the issuer's risk, while default is given only when an issuer stops paying.

Exposure and risk management

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 September 2021, the percentage of arrears greater than 90 days was 2,87% (2,54% December 2020). The latter indicator is 1,13 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 29.16% (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.

(Continue)

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

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

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

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 starts. The foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of September 2021, the expected loss of the investment portfolio was of 0.23%, (0.24% in December 2020).

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

Expected losses are shown in the following table:

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

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

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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

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

As of September 30, 2021

	Note		Direct loan portfolio September 2021	Direct loan portfolio December 2020	Direct loan portfolio September 2020	Contingent loan portfolio September 2021	Contingent loan portfolio December 2020	Contingent loan portfolio September 2020
Principal	6a	¢	3.042.046.515.868	2.935.641.227.054	2.906.650.140.420	235.417.220.704	232.564.794.767	230.608.257.637
Interest			19.986.616.932	32.602.387.644	33.074.083.450	0	0	0
			3.062.033.132.800	2.968.243.614.698	2.939.724.223.870	235.417.220.704	232.564.794.767	230.608.257.637
Allowance for loan losses			(136.742.947.025)	(118.682.677.549)	(95.153.880.035)	(345.115.424)	(324.012.116)	(306.466.301)
Carrying amount		¢	2.925.290.185.775	2.849.560.937.149	2.844.570.343.835	235.072.105.280	232.240.782.651	230.301.791.336
Loan Portfolio								
Total Balance:								
A1		¢	2.419.769.474.528	2.252.641.974.421	2.215.616.187.009	215.477.900.580	216.785.669.119	214.742.118.729
A2			39.643.178.908	51.079.575.869	42.756.672.108	1.092.493.169	993.773.116	799.684.695
B1			199.332.170.682	317.076.523.159	331.276.270.920	11.281.467.021	4.750.549.387	4.710.575.157
B2			27.472.069.008	18.952.645.155	24.854.609.929	186.873.135	111.877.247	206.623.625
C1			55.461.087.328	50.179.872.607	42.923.172.582	4.521.426.359	6.386.300.335	3.516.263.694
C2			18.657.254.206	17.670.359.057	18.959.748.261	78.385.066	73.620.031	55.621.092
D			82.935.711.289	46.374.944.688	49.360.819.812	918.778.644	1.036.645.186	4.061.477.541
E			169.989.741.617	161.787.877.221	167.655.432.827	1.856.550.453	2.426.360.346	2.508.917.879
1			47.433.351.584	51.254.492.919	44.631.210.295	3.346.279	0	6.975.225
2			154.420.100	63.731.314	569.130.848	0	0	0
3			765.968.166	348.996.233	300.236.992	0	0	0
4			380.298.213	723.703.593	407.895.801	0	0	0
5			0	0	31.695.209	0	0	0
6			38.407.171	88.918.462	381.141.277	0	0	0
			3.062.033.132.800	2.968.243.614.698	2.939.724.223.870	235.417.220.704	232.564.794.767	230.608.257.637
Allowance for loan losses			(96.198.520.558)	(81.874.379.225)	(83.255.351.892)	(197.959.755)	(301.501.990)	(270.004.318)
Carrying amount, net			2.965.834.612.242	2.886.369.235.473	2.856.468.871.978	235.219.260.949	232.263.292.777	230.338.253.319
Carrying amount, net			3.062.033.132.800	2.968.243.614.698	2.939.724.223.870	235.417.220.704	232.564.794.767	230.608.257.637
Allowance for loan losses			(96.198.520.558)	(81.874.379.225)	(83.255.351.892)	(197.959.755)	(301.501.990)	(270.004.318)
(Excess) inadequacy of allowance over structural estimate			(40.544.426.467)	(36.808.298.324)	(11.898.528.143)	(147.155.669)	(22.510.126)	(36.461.983)
Carrying amount, net	6a	¢	2.925.290.185.775	2.849.560.937.149	2.844.570.343.835	235.072.105.280	232.240.782.651	230.301.791.336

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

As of September 30, 2021

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

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

(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)

As of September 30, 2020:

Loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.215.616.187.009	1.557.007.658.102	658.608.528.908	11.078.080.983	214.742.118.730	140.870.544
A2		42.756.672.108	35.397.895.549	7.358.776.559	213.783.361	799.684.695	0
		2.258.372.859.117	1.592.405.553.651	665.967.305.467	11.291.864.344	215.541.803.425	140.870.544
Direct specific allowance							
B1		331.276.270.920	252.229.851.077	79.046.419.843	5.213.470.249	4.710.575.156	14.317.246
B2		24.854.609.929	23.088.391.631	1.766.218.299	292.063.789	206.623.625	1.014.091
C1		42.923.172.582	40.337.014.420	2.586.158.162	848.224.615	3.516.263.694	118
C2		18.959.748.261	16.784.549.157	2.175.199.104	1.171.522.298	55.621.092	0
D		49.360.819.812	39.352.452.245	10.008.367.567	7.483.178.549	4.061.477.541	113.757.058
E		167.655.432.827	105.365.450.372	62.289.982.456	56.800.937.241	2.508.917.879	43.426
1		44.631.210.295	18.280.406.032	26.350.804.264	111.998.371	6.975.225	1.835
2		569.130.848	536.257.075	32.873.773	4.324.974	0	0
3		300.236.992	294.031.838	6.205.154	3.021.448	0	0
4		407.895.801	406.892.029	1.003.772	2.536.346	0	0
5		31.695.209	31.695.209	0	158.476	0	0
6		381.141.277	350.844.306	30.296.971	32.051.192	0	0
		681.351.364.753	497.057.835.391	184.293.529.365	71.963.487.548	15.066.454.212	129.133.774
		2.939.724.223.870	2.089.463.389.042	850.260.834.832	83.255.351.892	230.608.257.637	270.004.318

Loan Portfolio							
Aging loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date		2.182.184.892.048	1.528.852.406.487	653.332.485.561	11.020.665.290	215.541.803.425	140.872.379
Equal or less than 30 days		74.764.297.981	63.194.726.530	11.569.571.451	376.079.079	0	0
Equal or less than 60 days		381.953.277	258.408.016	123.545.260	1.909.766	0	0
More than 180 days		1.041.715.811	100.012.618	941.703.193	5.208.579	0	0
		2.258.372.859.117	1.592.405.553.651	665.967.305.465	11.403.862.714	215.541.803.425	140.872.379
Direct specific allowance							
Up to date		462.463.508.911	339.319.573.449	123.143.935.462	24.911.796.877	15.066.454.212	129.131.939
Equal or less than 30 days		41.771.226.982	37.005.286.560	4.765.940.420	2.124.817.961	0	0
Equal or less than 60 days		52.542.789.767	40.714.469.900	11.828.319.867	2.191.103.985	0	0
Equal or less than 90 days		19.516.373.281	15.206.324.394	4.310.048.887	2.943.830.657	0	0
Equal or less than 180 days		25.002.516.789	16.869.574.018	8.132.942.772	7.787.115.027	0	0
More than 180 days		80.054.949.024	47.942.607.070	32.112.341.954	31.892.824.671	0	0
		681.351.364.754	497.057.835.391	184.293.529.362	71.851.489.178	15.066.454.212	129.131.939
	¢	2.939.724.223.871	2.089.463.389.042	850.260.834.827	83.255.351.892	230.608.257.637	270.004.318

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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

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

		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

(Continue)

		Loans receivable from customer	
At September 30, 2020		Gross	Net
Risk Category:			
A1	¢	2.215.616.187.009	2.204.538.106.028
A2		42.756.672.108	42.542.888.747
B1		331.276.270.920	326.062.800.670
B2		24.854.609.929	24.562.546.140
C1		42.923.172.582	42.074.947.967
C2		18.959.748.261	17.788.225.963
D		49.360.819.812	41.877.641.263
E		167.655.432.827	110.854.495.587
1		44.631.210.295	44.519.211.924
2		569.130.848	564.805.874
3		300.236.992	297.215.544
4		407.895.801	405.359.455
5		31.695.209	31.536.733
6		381.141.277	349.090.084
	¢	2.939.724.223.870	2.856.468.871.979

In compliance with SUGEF Directive 1-05, as of September 30, 2021, the Bank must maintain a minimum allowance in the amount of ¢96.396.480.313 (¢82.175.881.215 and ¢83.525.356.210, for December and September 2020, respectively) of which ¢96.198.520.558 (¢81.874.379.225 and ¢83.255.351.892, for December and September 2020, respectively) is allocated to the valuation of the direct loan portfolio and ¢197.959.755 (¢301.501.990 and ¢270.004.318, for December and September 20200, respectively) to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 and ¢4.779.400.343, for December and September 2020, respectively).

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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

		September 2021		**December 2020**		**September 2020**	
		Loan Portfolio	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**	**Loan Portfolio**	**Contingent Accounts**
Trade	¢	194.632.960.288	23.661.208.051	13.459.233.392	18.756.586.239	13.086.843.303	15.959.571.213
Manufacturing		259.429.341.041	7.754.821	245.793.289.371	7.754.821	246.429.096.808	7.754.821
Construction, purchase and repair of real estate		1.229.202.733.215	45.289.495	1.081.892.577.381	64.882.118	1.044.044.202.694	64.860.371
Agriculture, livestock, hunting and related services		140.095.954.060	7.000.000	154.654.885.618	7.000.000	151.155.278.905	7.000.000
Fishing and aquaculture		41.532.983	0	11.172.166	0	0	0
Consumer		287.179.663.676	108.327.540.828	294.160.093.165	109.881.603.385	297.289.999.668	116.766.067.786
Education		829.091.167	0	3.431.935.531	0	3.051.917.116	0
Transportation		38.387.946.953	81.060.224	38.252.582.196	83.687.143	38.401.700.006	82.101.835
Financial and stock Exchange		3.815.783.428	0	4.064.820.107	0	4.136.656.952	0
Telecommunications and public utilities		104.154.976.472	0	54.793.466.607	0	55.039.038.547	0
Services		392.272.820.096	108.115.020.689	931.695.308.269	109.216.110.093	947.778.973.346	103.791.513.196
Hospitality		114.621.806.011	0	103.285.509.304	0	100.920.715.017	0
Mining and quarrying		37.002.763	0	41.301.001	0	40.481.134	0
Real estate, business and leasing activities		37.733.934.955	0	8.666.712.945	0	3.799.076.434	0
Public Administration		238.914.272.312	252.007.102	0	1.754.376.726	0	1.654.232.354
Other activities from the non-financial private sector		696.696.447	20.036.113	1.438.340.001	19.641.251	1.476.160.490	19.303.344
		3.042.046.515.867	240.516.917.323	2.935.641.227.054	239.791.641.776	2.906.650.140.420	238.352.404.920
Other contingencies		0	68.685.509.714	0	74.386.976.761	0	73.861.253.296
	¢	**3.042.046.515.867**	**309.202.427.037**	**2.935.641.227.054**	**314.178.618.537**	**2.906.650.140.420**	**312.213.658.216**

(Continue)

As of September 30, 2021, December and September 2020, the Bank's risk associated to the loan portfolio is concentrated in Costa Rica.

As of September 30, 2021, the Bank has banking mandates for ¢1.376.367 (¢1.545 and ¢184.083, for December and September, respectively).

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

		September 2021	December 2020	September 2020
Properties	¢	123,748,131,643	132.846.965.515	140,428,751,626
Other		576,976,895	693.972.758	739,696,011
	¢	**124,325,108,438**	**133.540.938.273**	**141,168,447,637**

The loan portfolio by type of guarantee is as follows:

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

		September 2021		December 2020		September 2020	
		Loan portfolio	Contingent accounts	Loan portfolio	Contingent accounts	Loan portfolio	Contingent accounts
Guarantee:							
Fiduciary	¢	386.054.453.258	0	361.734.405.218	0	618.845.654	116.765.700.390
Mortgage		1.485.147.824.037	75.333.333	1.386.339.777.972	64.933.762	1.541.940.927.165	0
Chattel mortgage		116.370.477.119	0	122.047.249.502	0	324.216.793.689	1.387.110.119
Other		1.054.473.761.454	240.441.583.990	1.065.519.794.362	239.726.708.014	1.039.873.573.911	120.199.594.416
	¢	**3.042.046.515.868**	**240.516.917.323**	**2.935.641.227.054**	**239.791.641.776**	**2.906.650.140.419**	**238.352.404.926**

See notes 6 y 19.

As of September 30, 2021, 53% of the loan portfolio is secured by mortgage or chattel collaterals (51% and 64%, foe December and September 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 September 30, 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 September 30, 2021:

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

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 September 30, 2020:

No.	Percentage	Band		Total value	Nº customers
1	0-4,99%	23.261.525.331	¢	20.888.422.935	1
2	5-9,99%	46.523.050.661		148.111.409.597	4
3	10-14,99%	69.784.575.992		0	0
4	15-20%	93.046.101.322		0	0
Total			¢	**168.999.832.532**	**5**

(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 its obligations with third parties, due to insufficient cash flow, resulting from the outcome between the term of the recoveries (active operations) and the term of the obligations (passive operations); or else, due to the inadequate price formation mechanism that makes it impossible to know the price to transform an asset and / or liability into liquidity.

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

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

The exchange rate risk is the possibility of suffering losses because of variations in the exchange rate. This risk also manifests itself when the net result of the exchange rate adjustment does not proportionally compensate for the adjustment in the value of assets denominated in foreign currency, causing a reduction in the equity sufficiency indicator or in any model that, in the event of variations in this macro price, has a negative effect on the determination of the exchange risk, such as the CAMELS indicators or its own statistics.

Management methodology

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

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

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.

Management of operational liquidity risk is periodically assessed by daily updating the Bank's cash flow projected for six months and calculating the liquidity coverage indicator; term matches are prepared on a weekly basis. All liquidity risk indicators are calculated by currency.

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

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 increase of 0,84%, 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 22.90% 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 show a year-on-year increase of 20.11% 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 September 2021 are observed:

	September 2021	**December 2020**	**Septembre 2020**
Liquidity coverage indicator (colones)	1.67	1.35	1.45
Liquidity coverage indicator (US dollars)	1.40	1.58	1,45
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results as of September 30, 2021:

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	2.26	Limit:	1,10
1-month term matching colones		2.69	Limit:	1.00
3-months term matching US dollars		1.62	Limit:	0,94
3-months term matching colones		1.66	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

(Continue)

As of September 30, 2020

Indicator	Interpretation	Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.64	Limit:	1.10
1-month term matching colones		1.75	Limit:	1.00
3-months term matching US dollars		1.27	Limit:	0.94
3-months term matching colones		1.27	Limit:	0.85

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

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.

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The Bank's assets and liabilities mature as follows:

As of September 30, 2021

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢	181.060.583.438	0	0	0	0	0	0	0	181.060.583.438
Cash reserve- BCCR		390.898.652.751	37.629.738.198	19.262.522.772	29.846.678.687	39.753.110.579	40.917.938.517	21.876.999.776	0	580.185.641.280
Investments		0	378.329.286.419	35.812.122.854	7.264.603.725	43.278.691.936	146.523.471.827	1.212.942.020.164	0	1.824.150.196.925
Interest on investments		0	2.066.507.657	2.300.533.274	3.604.771.258	8.523.162.379	2.010.085	0	0	16.496.984.653
Loan portfolio		0	45.911.119.385	33.292.761.167	34.783.688.400	75.560.417.974	117.692.707.807	2.562.776.067.100	153.287.702.976	3.023.304.464.809
Interest on loans		0	9.536.650.285	2.565.107.498	487.295.024	204.252.297	58.041.277	7.058.840.860	76.429.691	19.986.616.932
	¢	**571.959.236.189**	**473.473.301.944**	**93.233.047.565**	**75.987.037.094**	**167.319.635.165**	**305.194.169.513**	**3.804.653.927.900**	**153.364.132.667**	**5.645.184.488.037**
Liabilities										
Obligations with the public	¢	3.019.096.178.129	270.190.431.505	154.028.071.451	239.682.624.747	307.188.574.657	304.532.021.636	158.603.210.366	0	4.453.321.112.491
Obligations with BCCR		0	18.850.785.417	0	0	0	0	120.470.000.000	0	139.320.785.417
Obligations with financial entities		47.489.365.003	185.907.375.893	25.324.812.499	39.297.222.372	34.809.427.622	44.664.915.325	23.766.763.678	0	401.259.882.392
Charges payable		1.239.180.309	2.299.014.417	1.967.249.062	1.878.351.111	2.944.702.729	2.051.166.499	1.160.016.407	0	13.539.680.534
		3.067.824.723.441	**477.247.607.232**	**181.320.133.012**	**280.858.198.230**	**344.942.705.008**	**351.248.103.460**	**303.999.990.451**	**0**	**5.007.441.460.834**
Assets and liabilities spread	¢	**(2.495.865.487.252)**	**(3.774.305.288)**	**(88.087.085.447)**	**(204.871.161.136)**	**(177.623.069.843)**	**(46.053.933.947)**	**3.500.653.937.449**	**153.364.132.667**	**637.743.027.203**

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**

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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 tan 30 days past due	Total
Cash and due from banks	¢	170.592.064.337	0	0	0	0	0	0	0	170.592.064.337
Cash reserve- BCCR		328.267.603.143	37.779.771.689	19.990.052.290	25.159.650.823	55.603.054.811	43.856.519.922	20.614.379.990	0	531.271.032.668
Investments		0	313.778.674.165	75.822.163.900	50.724.107.063	47.744.547.143	164.709.061.137	588.714.096.837	0	1.241.492.650.245
Interest on investments		0	2.741.465.686	2.921.620.379	1.666.865.632	3.302.395.087	6.436.740	0	0	10.638.783.524
Loan portfolio		0	43.036.304.826	40.059.388.302	40.523.876.554	75.163.021.360	126.835.921.900	2.396.278.403.969	168.045.447.946	2.889.942.364.857
Interest on loans		0	12.404.807.765	3.745.135.327	404.281.742	7.596.471.766	1.457.927.279	4.403.003.073	3.062.456.490	33.074.083.442
	¢	**498.859.667.480**	**409.741.024.131**	**142.538.360.198**	**118.478.781.814**	**189.409.490.167**	**336.865.866.978**	**3.010.009.883.869**	**171.107.904.436**	**4.877.010.979.073**
Liabilities										
Obligations with the public	¢	2.456.469.778.716	259.011.442.753	151.121.628.483	194.517.427.672	421.603.135.227	304.494.965.592	137.514.932.977	0	3.924.733.311.420
Obligations with BCR		0	0	0	0	0	0	0	0	0
Obligations with financial entities		37.762.576.449	180.770.696.108	14.759.609.000	14.515.668.822	31.544.436.295	117.900.693.904	53.370.362.931	0	450.624.043.509
Charges payable		1.346.308.635	3.400.178.252	2.686.714.533	2.454.205.368	3.273.911.742	1.972.622.278	783.599.148	0	15.917.539.956
		2.495.578.663.800	**443.182.317.113**	**168.567.952.016**	**211.487.301.862**	**456.421.483.264**	**424.368.281.774**	**191.668.895.056**	**0**	**4.391.274.894.885**
Assets and liabilities spread	¢	**(1.996.718.996.320)**	**(33.441.292.982)**	**(26.029.591.818)**	**(93.008.520.048)**	**(267.011.993.097)**	**(87.502.414.796)**	**2.818.340.988.813**	**171.107.904.436**	**485.736.084.188**

(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 63,16% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

		September 2021	**December 2020**	**September 2020**
VaR	¢	15.298.670.107	7.128.609.927	6.514.267.203

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

(e) Interest rate risk

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

Sensitivity to an increase in the interest rate of investments

		September 2021	**December 2020**	**September 2020**
Investment in financial instruments	¢	1.592.621.965.125	753.655.659.848	1.084.843.058.479
Increase in rates by 1%		187.815.063	193.762.699	261.940.850
Increase in rates by 2%	¢	375.630.127	387.525.398	523.881.701

Sensitivity to a decrease in the interest rate of investments

		September 2021	December 2020	September 2020
Investment in financial instruments	¢	1.592.621.965.125	753.655.659.848	1.084.843.058.479
Decrease in rates by 1%		187.815.063	193.762.699	261.940.850
Decrease in rates by 2%	¢	375.630.127	387.525.398	523.881.701

Sensitivity to an increase in the interest rate of loan portfolio

		September 2021	December 2020	September 2020
Loan portfolio	¢	3.169.028.833.447	3.056.756.166.060	2.906.650.140.474
Increase in rates by 1%		1.655.077.221	1.346.553.773	1.263.717.887
Increase in rates by 2%	¢	3.329.540.900	2.730.186.649	2.568.578.356

Sensitivity to a decrease in the interest rate of loan portfolio

		September 2021	December 2020	September 2020
Loan portfolio	¢	3.169.028.833.447	3.056.756.166.060	2.906.650.140.474
Decrease in rates by 1%		1.655.077.221	1.297.609.468	1.218.995.337
Decrease in rates by 2%	¢	3.329.540.900	2.992.331.781	2.430.758.875

Sensitivity to an increase in rates of obligations with the public

		September 2021	December 2020	September 2020
Obligations with the public	¢	4.432.425.584.102	3.947.112.080.455	3.396.393.932.161
Increase in rates by 1%		2.765.395.011	3.127.746.509	2.414.279.149
Increase in rates by 2%	¢	5.530.790.021	6.225.493.017	4.828.558.298

Sensitivity to a decrease in rates of obligations with the public

		September 2021	December 2020	September 2020
Obligations with the public	¢	4.432.425.584.102	3.947.112.080.455	3.396.393.932.161
Decrease in rates by 1%		2.765.395.011	3.127.746.509	2.414.279.149
Decrease in rates by 2%	¢	5.530.790.021	6.225.493.017	4.828.558.298

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Sensitivity to an increase in rates of term financial obligations

		September 2021	**December 2020**	**September 2020**
Obligations with the public	¢	179.326.683.543	287.572.604	236.911.765
Increase in rates by 1%		117.891.667	147.932.140	119.774.691
Increase in rates by 2%	¢	235.783.333	295.864.280	239.549.382

Sensitivity to a decrease in rates of term financial obligations

		September 2021	**December 2020**	**September 2020**
Term financial obligations	¢	179.326.683.543	287.572.604	236.911.765
Decrease in rates by 1%		117.891.667	147.932.140	119.774.691
Decrease in rates by 2%	¢	235.783.333	295.864.280	239.549.382

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As of September 30, 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	8,87%	¢	268.545.613.143	45.432.977.539	60.070.808.503	55.162.315.300	111.577.150.000	775.020.156.704	1.315.809.021.189
Loan portfolio	8,15%		1.551.322.658.606	273.998.952.159	49.668.097.686	77.848.831.520	54.491.286.659	160.156.792.975	2.167.486.619.605
Total recovered assets (*)			**1.819.868.271.749**	**319.431.929.698**	**109.738.906.189**	**133.011.146.820**	**166.068.436.659**	**935.176.949.679**	**3.483.295.640.794**
Liabilities									
Obligations with the public			129.784.937.916	329.384.818.635	170.905.824.556	45.040.218.679	217.564.578.159	33.930.395.847	926.610.773.792
Demand	1,58%		0	0	0	0	0	0	0
Term	3,87%								
Obligations with financial entities	0.30%		12.268.463.783	30.763.689.579	43.742.996.952	2.290.337.546	155.412.871.549	0	244.478.359.409
Total matured liabilities (*)			**142.053.401.699**	**360.148.508.214**	**214.648.821.508**	**47.330.556.225**	**372.977.449.708**	**33.930.395.847**	**1.171.089.133.201**
Assets and liabilities spread		¢	**1.677.814.870.050**	**(40.716.578.516)**	**(104.909.915.319)**	**85.680.590.595**	**(206.909.013.049)**	**901.246.553.832**	**2.312.206.507.593**
Dollars									
Assets									
Investments	4,00%	¢	137.062.071.183	63.505.150.570	14.022.641.532	92.044.710.700	185.048.469.730	183.821.164.940	675.504.208.655
Loan portfolio	6,40%		683.221.096.504	64.093.508.525	7.663.956.851	23.484.429.064	10.189.566.067	32.858.031.240	821.510.588.251
Total recovered assets (*)			**820.283.167.687**	**127.598.659.095**	**21.686.598.383**	**115.529.139.764**	**195.238.035.797**	**216.679.196.180**	**1.497.014.796.906**
Liabilities									
Obligations with the public			5.233.470.099	4.698.686.460	12.575.310.674	18.277.804.078	16.130.239.094	14.103.945.284	71.019.455.689
Demand	66,00%								
Term	2,89%								
Obligations with financial entities	1,94%		3.778.261.052	34.550.029.521	616.025.651	1.232.350.937	2.809.466.367	20.398.758.748	63.384.892.276
Total matured liabilities (*)			**9.011.731.151**	**39.248.715.981**	**13.191.336.325**	**19.510.155.015**	**18.939.705.461**	**34.502.704.032**	**134.404.347.965**
Assets and liabilities spread		¢	**811.271.436.536**	**88.349.943.114**	**8.495.262.058**	**96.018.984.749**	**176.298.330.336**	**182.176.492.148**	**1.362.610.448.941**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

As of September 30,2020

	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								
Colones									
Assets									
Investments	7,12%	¢	269.209.477.213	131.878.906.148	52.895.376.170	107.661.013.155	64.058.845.622	281.740.902.630	907.444.520.938
Loan portfolio	8,74%		1.236.099.961.212	177.760.035.659	57.490.040.157	141.207.862.995	158.524.837.456	185.427.175.903	1.956.509.913.382
Total recovered assets (*)			**1.505.309.438.425**	**309.638.941.807**	**110.385.416.327**	**248.868.876.150**	**222.583.683.078**	**467.168.078.533**	**2.863.954.434.320**
Liabilities									
Obligations with the public			136.200.055.827	279.470.942.554	165.406.950.752	42.272.037.708	329.679.376.941	34.382.607.557	987.411.971.339
Demand	1,92%								
Term	5,60%								
Obligations with BCCR			0	0	0	0	0	0	0
Obligations with financial entities	0,00%		9.603.612.867	24.018.431.604	18.971.248.212	47.557.875	16.929.251.395	0	69.570.101.953
Total matured liabilities (*)			**145.803.668.694**	**303.489.374.158**	**184.378.198.964**	**42.319.595.583**	**346.608.628.336**	**34.382.607.557**	**1.056.982.073.292**
Assets and liabilities spread		¢	**1.359.505.769.731**	**6.149.567.649**	**(73.992.782.637)**	**206.549.280.567**	**(124.024.945.258)**	**432.785.470.976**	**1.806.972.361.028**
Dollars									
Assets									
Investments	3,82%	¢	51.093.765.832	24.948.139.975	8.049.812.570	53.608.064.840	81.319.993.880	127.329.998.400	346.349.775.497
Loan portfolio	5,66%		589.166.697.933	53.527.077.576	185.598.942.842	18.570.173.375	26.096.715.578	38.363.148.855	911.322.756.159
Total recovered assets (*)			**640.260.463.765**	**78.475.217.551**	**193.648.755.412**	**72.178.238.215**	**107.416.709.458**	**165.693.147.255**	**1.257.672.531.656**
Liabilities									
Obligations with the public			10.746.877.660	17.529.452.026	21.052.337.394	10.115.747.087	17.358.027.121	9.952.456.273	86.754.897.561
Demand	0,39%								
Term	3,09%								
Obligations with financial entities	2,33%		240.339.251	6.004.976.539	16.961.453.237	97.158.017.645	509.545.076	26.765.294.130	147.639.625.878
Total matured liabilities (*)			**10.987.216.911**	**23.534.428.565**	**38.013.790.631**	**107.273.764.732**	**17.867.572.197**	**36.717.750.403**	**234.394.523.439**
Assets and liabilities spread		¢	**629.273.246.854**	**54.940.788.986**	**155.634.964.781**	**(35.095.526.517)**	**89.549.137.261**	**128.975.396.852**	**1.023.278.008.217**

(*) Rate-sensitive

(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 September 30, 2021, for ¢2.312.206.507.593 (¢1.840.090.667.682 and ¢1.806.972.361.028, for December and September 2020, respectively) while in foreign currency the same difference is of ¢1.362.610.448.941 (¢1.314.181.851.216 and ¢1.023.278.008.217, for December and September 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 September 2021, the total amount in local currency was of ¢504.190.520.186 (¢357.313.761.351 and ¢354.058.017.552, for December and September 2020, respectively) while in foreign currency, the collected data for the compliance of obligations was of ¢133.552.507.016 (¢129.912.022.169 and ¢131.678.066.634, for December and September 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 third quarter of 2021 the exchange rate has had a stable behavior, resulting in a volatility of 0.54%.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching, US$225 million (US$235 million as of December 2020 and US$234.3 million as of September 2020).

(Continue)

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

		September 2021	December 2020	September 2020
Assets				
Cash and due from banks	US$	511.409.918	514.562.695	499.037.522
Investments in financial instruments		954.425.163	720.617.678	569.130.316
Loan portfolio		1.325.385.687	1.483.241.702	1.499.110.355
Accounts and accrued interest receivable		2.501.521	1.867.767	1.109.774
Investments in other companies		123.173.358	122.032.336	122.192.594
Other		6.436.988	12.731.211	26.503.696
Total assets		2.923.332.635	2.855.053.389	2.717.084.257
Liabilities				
Obligations with the public		2.404.536.460	2.098.156.468	1.955.582.326
Other financial obligations		262.996.491	475.065.079	459.856.538
Other account payable and provisions		21.530.737	22.957.958	33.647.265
Other liabilities		8.929.314	22.086.296	22.256.151
Total liabilities		2.697.993.002	2.618.265.801	2.471.342.280
Net position (excess of monetary assets over monetary liabilities)	US$	**225.339.633**	**236.787.588**	**245.741.977**

From January 2020, monetary assets and liabilities in foreign currency are valued by using the reference sale rate established by BCCR on the last business day of each month (previously the purchase exchange rate was used); as of September 30, 2021, that rate was ¢629,71 for US$1.00 (¢617,30 and 611 for US$1,00, respectively in December and September 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 Bank faces this type of risk when the value of its assets and liabilities denominated in US dollars are affected by variations in the exchange rate, which is recognized in the income statement.

(Continue)

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

Sensitivity to an increase in the exchange rate

	September 2021	December 2020	September 2020
Net position	225.339.633	236.787.587	245.741.978
Closing exchange rate	629,71	617,30	606,68
Increase in the exchange rate by 5%	31,49	30,87	30,33
Profit	7.095.945.043	7.309.632.811	7.453.354.193

Sensitivity to a decrease in the exchange rate

	September 2021	December 2020	September 2020
Net position	225.339.633	236.787.587	245.741.978
Closing exchange rate	629,71	617,30	606,68
Decrease in the exchange rate by 5%	(31,49)	(30,87)	(30,33)
Loss	(7.095.945.043)	(7.309.632.811)	(7.453.354.193)

Monetary assets and liabilities in Euros are detailed as follows:

		September 2021	December 2020	September 2020
Assets:				
Cash and due from banks	EUR€	8.653.622	7.344.314	8.000.478
Accounts receivable and products receivable		7.287	0	0
Other assets		0	74	79
Total assets		8.660.909	7.344.388	8.000.557
Liabilities:				
Obligations with the public		5.262.990	5.020.732	5.218.595
Other financial obligations		677.743	643.414	593.414
Other accounts payable and provisions		19.778	32.776	28.516
Other liabilities		739	773.368	123
Total liabilities		5.961.250	6.470.290	5.840.648
Net position (excess of monetary assets over monetary liabilities)	EUR€	**2.699.659**	**874.098**	**2.159.909**

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

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

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

September 30, 2021

As of September 30, 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$	159.434.396	0	0	0	0	0	0	0	159.434.396
Cash reserve- BCCR		190.629.478	36.431.240	10.670.822	10.792.150	28.915.174	39.953.722	22.210.540	0	339.603.126
Investments		0	84.127.325	31.275.356	0	7.032.243	89.038.565	351.408.477	0	562.881.966
Interest on investments		0	66.253	4.011.843	680.124	1.490.130	0	0	0	6.248.350
Loan portfolio		0	12.369.105	16.458.601	18.166.714	48.608.540	56.980.544	1.272.098.065	120.557.702	1.545.239.271
Interest on loans		0	3.379.538	764.999	186.369	9.902.711	709.516	(73.697)	4.209.308	19.078.744
		350.063.874	**136.373.461**	**63.181.621**	**29.825.357**	**95.948.798**	**186.682.347**	**1.645.643.385**	**124.767.010**	**2.632.485.853**
Liabilities										
Obligations with public		1.093.684.151	209.014.209	61.220.902	61.916.989	165.892.853	229.223.482	127.426.860	0	1.948.379.446
Obligations with BCCR		0	0	0	0	0	0	0	0	0
Obligations with financial Entities		17.975.526	159.826.620	675.000	8.823.529	24.667.492	164.153.159	83.319.759	0	459.441.085
Charges payable		350.070	1.174.671	1.359.944	1.160.933	1.736.050	1.436.077	400.587	0	7.618.332
		1.112.009.747	**370.015.500**	**63.255.846**	**71.901.451**	**192.296.395**	**394.812.718**	**211.147.206**	**0**	**2.415.438.863**
Assets and liabilities spread	US$	**(761.945.873)**	**(233.642.039)**	**(74.225)**	**(42.076.094)**	**(96.347.597)**	**(208.130.371)**	**1.434.496.179**	**124.767.010**	**217.046.990**

(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 September 30, 2020, the separate accumulated financial statements show a net foreign exchange profit of ¢1.936.886.304 (¢5.597.975.003 and ¢5.346.740.879, for December and September 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.

The increase in liquidity risk for 2021 does not affect the regulatory capital coverage. At the end of June, the capital levels were sufficient to cover risks.

Capital indicators improve at the end of June 2021, compared to the previous year.

The preventive efforts of the equity sufficiency index allowed the indicator to remain within the appetite level during the start of the pandemic and the first half of 2021.

(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.

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

(Continue)

The BCR Financial Conglomerate has a size equivalent to 58,01% of the national production; while. 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.

The systemic risk analysis is carried out considering the size, deposits, investment structure, concentration indicators applying methodologies such as the Herfindahl Hirshman Index, ratio of total assets / GDP and Granger causality networks, which allow obtaining the concentration, the size and relation, so that the information generated can be easily used in decision-making at different levels of the organization.

(i) Operational risk management

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

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

Legal risk is the possibility of economic losses due to non-observance or incorrect or untimely application of legal or regulatory provisions, instructions issued by control bodies or adverse jurisdictional or administrative judgments or resolutions and the lack of clarity or deficient drafting in the contractual texts that may affect the formalization or execution of acts, contracts, or transactions.

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.

(Continue)

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.

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

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

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

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

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

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	**September 2021**
Clients, products, and business practices	1,03%
Execution, delivery, and management of processes	3,99%
External fraud	53,28%
Internal fraud	31,41%
Business interruption and system failures	9,81%
Labor relations and safety in the workplace	0,48
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%

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

All this in accordance with current regulations, and in addition, agreements SUGEF 14-17 and SUGEF 18-16 are considered; the framework for IT Governance: COBIT 5 and international standards such as: ISO 31000, ISO 27001, ISO 27005, and ISO 27032.

Business Continuity

The Corporate Risk Management manages the Business Continuity Management System (hereinafter SGCN) corresponding to the BCR Financial Conglomerate, establishing a regulatory framework that is periodically reviewed and updated to adjust it to organizational changes.

The SGCN consists of 6 phases, namely: Business Impact Analysis (hereinafter BIA), Continuity Risk Analysis, Continuity Strategies, development of Continuity Plans, Training and Awareness about the Plans and Tests. In addition, it has a structure for responding to and attending crisis events both at business level and at technology services level.

Between the fourth quarter of 2020 and the first quarter of 2021, the BIA phase was developed, where the 313 processes of the Conglomerate were considered and once the prioritization was concluded, 67 processes were determined to be analyzed in the BIA.

Critical CFBCR processes

CFBCR processes	**Amount**	**Percentage**
Critical	67	21%
Non-critical	246	79%
Total	**313**	**100%**

As a result of the previous analysis, the recovery priority of the processes was obtained according to the identification of the criticality of their activities, which is detailed in the following table.

Classification of critical CFBCR processes

Critical processes	Number of processes	Percentage
High	41	61%
Medium	20	30%
Low	6	9%
Total	67	100%

The BIA in the BCR Financial Conglomerate is one of the fundamental pillars of business continuity, being one of the most important stages of the SGCN, because it provides essential information on the operation of the organization. From this study, business continuity efforts, plans and strategies are concentrated to ensure that business does not stop.

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

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

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

(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 September 30, 2021
Financial Information
(In colones without cents)

		September 2021	December 2020	September 2020
ASSETS				
Availabilities	¢	**0**	**1.246.277.231**	**232.992.771**
Cash		0	1.246.277.231	232.992.771
Investments in financial instruments		**1.098.411.964**	**3.258.275.841**	**4.002.060.517**
At fair value through profit or loss		0	2.506.287.491	3.250.072.167
At fair value through other comprehensive income		1.088.651.130	750.000.000	750.000.000
Interest receivable		9.760.834	1.988.350	1.988.350
Loan portfolio		**36.493.531.879**	**30.075.564.068**	**29.703.443.655**
Current loans		34.445.839.753	29.303.490.006	27.993.486.879
Past due loans		2.386.197.981	915.738.825	1.770.044.428
Loans on legal collection		49.958.231	83.900.091	182.915.975
(Deferred income loan portfolio)		(318.953.246)	(265.160.672)	(270.232.827)
Interest receivable		96.868.532	176.680.224	166.599.642
(Allowance for impairment)		(166.379.372)	(139.084.406)	(139.370.442)
Accounts and commissions receivable		**2.101.581**	**2.871.750**	**1.053.185**
Other accounts receivable		3.230.388	3.627.432	1.688.320
(Allowance for impairment)		(1.128.807)	(755.682)	(635.135)
Other assets		**4.330.698**	**4.358.015**	**4.330.698**
Intangible assets		4.330.698	4.358.015	4.330.698
TOTAL ASSETS	¢	**37.598.376.122**	**34.587.346.905**	**33.943.880.826**
Liabilities				
Obligations with entities	¢	**607.482.794**	0	0
Other Obligations with entities		607.482.794	0	0
Accounts payable and provisions		**30.331.169**	**22.720.587**	**16.895.890**
Other sundry accounts payable		30.331.169	22.720.587	16.895.890
Other liabilities		**1.378.733**	**455.119**	**302.649**
Other liabilities		1.378.733	455.119	302.649
TOTAL LIABILITIES	¢	**639.192.696**	**23.175.706**	**17.198.539**
EQUITY				
Contributions from Banco de Costa Rica	¢	**26.014.386.470**	**24.366.546.259**	**24.366.546.259**
Retained earnings from previous periods		**10.197.624.940**	**8.943.182.201**	**8.943.182.201**
Result of current period		**747.172.016**	**1.254.442.739**	**616.953.827**
TOTAL EQUITY	¢	**36.959.183.426**	**34.564.171.199**	**33.926.682.287**
TOTAL EQUITY AND LIABILITIES	¢	**37.598.376.122**	**34.587.346.905**	**33.943.880.826**
DEBIT CONTINGENT ACCOUNTS	¢	**3.346.279**	**0**	**6.975.225**
OTHER DEBIT MEMORANDA ACCOUNTS	¢	**8.777.223.049**	**5.753.706.249**	**0**
Own debit memoranda accounts		**0**	**0**	**3.749.747.791**

(Continue)

Development Financing Fund
Income Statement
As of September 30, 2021
Financial Information
(In colones without cents)

		September 2021	September 2020	Quarter from July 1 to September 30 2021	Quarter from July 1 to September 30 2020
Financial income					
For investments in financial instruments		0	187	0	187
For loan portfolio	¢	1.077.447.516	1.251.909.984	390.973.589	379.089.372
For profit on exchange differences		2.154.455	10.178.841	995.304	6.389.495
For other financial income		4.588.745	1.841.374	0	1.840.559
Total financial income		**1.084.190.716**	**1.263.930.386**	**391.968.893**	**387.319.613**
For allowance on asset impairment		22.177.228	173.750.222	554.566	294.364
For asset recovery and decrease in allowance		18.580.367	243.155.795	12.144.972	301.078
FINANCIAL INCOME		**1.080.593.855**	**1.333.335.959**	**403.559.299**	**387.326.327**
Other operating income					
For other operating income		377.848	22.817.626	31.424	8.109.632
For arbitrage and currency exchange		249	6	249	0
For services commissions		7.979.321	660.314	2.219.914	7.910
Total other operating income		**8.357.418**	**23.477.946**	**2.251.587**	**8.117.542**
Other operating expenses					
For foreclosed assets		411.364	0	0	0
For other operating expenses		341.367.893	739.860.078	130.775.871	367.174.409
Total other operating expenses		**341.779.257**	**739.860.078**	**130.775.871**	**367.174.409**
Operating result, gross		**747.172.016**	**616.953.827**	**275.035.015**	**28.269.460**
RESULT OF THE PERIOD	¢	**747.172.016**	**616.953.827**	**275.035.015**	**28.269.460**

(Continue)

Loan portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		September 2021	December 2020	September 2020
Activity				
Agriculture, livestock, hunting and related services	¢	10.978.304.136	9.819.784.391	9.291.682.130
Public administration		3.686.169.748	0	0
Fishing and aquaculture		41.532.983	11.172.166	0
Manufacturing		5.490.659.323	4.683.555.594	4.622.216.375
Trade		10.033.033.792	124.626.151	128.539.706
Services		4.335.614.470	13.905.247.401	14.046.145.634
Transportation		235.178.515	167.919.566	175.010.278
Financial and stock exchange activities		937.745.527	1.106.957.428	1.163.681.010
Real estate, business, and rental activities		272.397.384	0	0
Construction, purchase, and repair of real estate		659.026.540	193.800.359	228.646.200
Hospitality		212.333.547	224.491.195	224.579.122
Education		0	65.574.671	65.946.826
		36.881.995.965	30.303,128.922	29.946.447.281
Plus: interest receivable		96.868.532	176.680.224	166.599.642
Less deferred income in loan portfolio		(318.953.246)	(265.160.672)	(270.232.827)
Allowance for impairment		(166.379.372)	(139.084.406)	(139.370.442)
	¢	**36.493.531.879**	**30.075.564.068**	**29.703.443.654**

(Continue)

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		September 2021	December 2020	September 2020
Up to date	¢	34.445.839.753	29.303.490.006	27.993.486.879
From 1 to 30 days		2.210.860.315	753.633.934	981.606.428
From 31 to 60 days		124.791.260	102.520.739	423.975.113
From 61 to 90 days		45.669.245	9.835.341	97.247.730
From 91 to 120 days		4.877.161	47.748.810	49.412.401
From 121 to 180 days		0	0	53.502.581
More than 180 days		0	2.000.000	347.216.150
Legal collection		49.958.231	83.900.092	0
	¢	**36.881.995.965**	**30.303.128.922**	**29.946.447.282**

c) Delinquent and past due loan portfolio

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

		September 2021	December 2020	September 2020
Number of operations		4	7	14
Past due loans in non- accrual status of interest	¢	49.958.231	85.900.092	347.216.150
Past due loans for which interest is recognized	¢	2.386.197.981	913.738.824	1.605.744.252
Total unearned interest	¢	22.440.207	38.562.236	15.600.035

(Continue)

Loans on legal collection as of September 30, 2021:

# operations	Percentage		Balance
4	0,14%	¢	49.958.231

Loans on legal collection as of December 31, 2020:

# operations	Percentage		Balance
6	0,28%	¢	83.900.091

Loans on legal collection as of September 30, 2020:

# operations	Percentage		Balance
9	0,61%	¢	182.915.975

d) Interest receivable on loan portfolio:

Interest receivables are as follows:

		September 2021	December 2020	September 2020
Current loans	¢	86.804.030	167.578.015	142.247.137
Past due loans		9.281.051	6.119.658	18.280.774
Loans in judicial collection		783.451	2.982.551	6.071.731
	¢	**96.868.532**	**176.680.224**	**166.599.642**

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		21.740.606
Transfer of balances		6.022.483
Adjustment for exchange differences		60.370
Less:		
Adjustment for exchange differences		(2.078)
Reversal of allowance against income		(526.415)
Balance as of September 30, 2021	¢	**166.379.372**

(Continue)

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, 2021	¢	**139.084.406**

As of September 30, 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		22.025.495
Less:		
Transfer to insolute		(10.681.080)
Reversal of allowance against income		(242.649.559)
Balance as of September 30, 2020	¢	**139.370.442**

f) Loan portfolio by type of guarantee:

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

		September 2021	**December 2020**	**September 2020**
Guarantee				
Fiduciary	¢	739.007.604	162.133.222	0
Mortgage		24.322.395.541	19.106.693.082	6.782.300.343
Chattel		653.925.155	686.037.251	9.224.426.924
Others		11.166.667.665	10.348.265.367	13.939.720.014
	¢	**36.881.995.965**	**30.303.128.922**	**29.946.447.281**

(Continue)

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

			Direct Loan Portfolio	
		September 2021	**December 2020**	**September 2020**
Principal	¢	36.881.995.965	30.303.128.922	29.946.447.281
Interest receivable		96.868.532	176.680.224	166.599.642
		36.978.864.497	30.479.809.146	30.113.046.923
Allowance for bad loans		(166.379.372)	(139.084.406)	(139,370,442)
Carrying amount	¢	36.812.485.125	30.340.724.740	29.973.676.481
Loan portfolio				
Total balances:				
A1	¢	0	1.113.040.692	0
C2		0	3.291.111	0
D		952.273.576	0	1.173.147.673
E		0	0	4.317.826
1		35.014.906.081	28.529.599.737	27.634.625.411
2		154.420.100	63.731.314	569.130.848
3		438.559.357	237.251.665	189.091.174
4		380.298.213	443.976.165	129.897.505
5		0	0	31.695.209
6		38.407.171	88.918.462	381.141.277
		36.978.864.497	30.479.809.146	30.113.046.923
Minimum allowance		(125.826.805)	(95.859.116)	(115.540.951)
Carrying amount, net	¢	36.853.037.692	30.383.950.030	29.997.505.972
Carrying amount		36.978.864.497	30.479.809.146	30.113.046.923
Allowance for bad loans		(125.826.805)	(95.859.116)	(115.540.951)
Allowance (surplus) deficit on minimum allowance		(40.552.567)	(43.225.290)	(23.829.491)
Carrying amount, net	6a ¢	36.812.485.125	30.340.724.740	29.973.676.481

(Continue)

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2021

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

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	34.532.643.783	21.068.367.419	13.464.276.363	87.837.547
Equal or less than 30 days		2.176.931.771	1.998.854.139	178.077.632	4.571.346
Equal or less than 60 days		0	0	0	103.972
		36.709.575.554	23.067.221.558	13.642.353.995	92.512.865
Direct specific allowance					
Equal or less than 60 days		167.760.359	156.050.024	11.710.336	25.720.831
Equal or less than 90 days		42.721.981	36.588.934	6.133.047	1.716.206
Equal or less than 180 days		20.399.432	17.584.143	2.815.289	915.409
More than 180 days		38.407.171	33.613.746	4.793.425	4.961.494
		269.288.943	243.836.847	25.452.097	33.313.940
	¢	36.978.864.497	23.311.058.405	13.667.806.092	125.826.805

(Continue)

BANCO DE COSTA RICA

Notes to the separate financial statements

September 30, 2021

As of December 31, 2020

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

As of September 30, 2020

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	27.634.625.411	17.480.064.538	10.154.560.874	69.506.909
D		1.173.147.674	701.037	1.172.446.636	5.865.738
		28.807.773.085	17.480.765.575	11.327.007.510	75.372.647
Direct specific allowance					
2		569.130.847	536.257.075	32.873.771	4.324.973
3		189.091.174	182.886.020	6.205.154	2.465.719
4		129.897.505	128.893.734	1.003.772	1.146.355
5		31.695.209	31.695.209	0	158.476
6		381.141.277	350.844.306	30.296.971	32.051.192
E		4.317.826	4.317.826	0	21.589
		1.305.273.838	1.234.894.170	70.379.668	40.168.304
	¢	30.113.046.923	18.715.659.745	11.397.387.178	115.540.951

Loan Portfolio					
Aging of loan portfolio					
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date	¢	28.135.734.016	16.962.737.022	11.172.996.994	69.506.909
Equal or less than 30 days		987.641.295	823.576.679	164.064.616	5.865.738
		29.123.375.311	17.786.313.701	11.337.061.610	75.372.647
Direct specific allowance					
Equal or less than 60 days		427.922.068	397.945.710	29.976.358	7.201.272
Equal or less than 90 days		92.048.033	91.995.794	52.239	473.039
Equal or less than 180 days		112.218.542	95.015.802	17.202.740	17.677.819
More than 180 days		357.482.969	344.388.738	13.094.231	14.816.174
		989.671.612	929.346.044	60.325.568	40.168.304
	¢	30.113.046.923	18.715.659.745	11.397.387.178	115.540.951

		Loans receivable from clients	
As of September 30, 2021		**Gross**	**Net**
Risk category:			
1	¢	35.014.906.081	34.927.154.584
2		154.420.100	152.215.544
3		438.559.357	431.644.670
4		380.298.213	361.065.009
6		38.407.171	33.445.677
D		952.273.576	947.512.208
	¢	36.978.864.497	36.853.037.692

(Continue)

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Notes to the separate financial statements

September 30, 2021

As of December, 2020		Loans receivable from clients 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

As of September 30, 2020		Loans receivable from clients Gross	Net
Risk category:			
1	¢	27.634.625.410	27.565.118.503
2		569.130.848	564.805.874
3		189.091.174	186.625.455
4		129.897.505	128.751.151
5		31.695.209	31.536.733
6		381.141.277	349.090.084
D		1.173.147.674	1.167.281.935
E		4.317.826	4.296.237
	¢	30.113.046.923	29.997.505.972

(36) Situation of the Development Credit Fund

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

DEVELOPMENT CREDIT FUND
STATEMENT OF FINANCIAL POSITION
As of September 30, 2021
Financial Information
(In colones without cents)

		September 2021	December 2020	September 2020
ASSETS				
Availabilities	¢	**875.608.451**	**572.602.946**	**666.006.054**
Central Bank of Costa Rica		875.608.451	572.602.946	666.006.054
Investment in financial instruments		**163.660.362.046**	**148.054.359.961**	**158.164.294.667**
At fair value through profit or loss		4.161.436.049	5.202.208.883	4.329.090.274
At fair value through other comprehensive income		157.080.362.843	141.088.054.191	152.341.231.470
At amortized cost		673.792.509	100.004.167	0
Interest receivable		1.744.770.645	1.664.092.720	1.493.972.923
Loan Portfolio		**12.281.023.821**	**22.741.655.708**	**17.029.143.778**
Current loans		12.588.717.191	22.921.063.273	16.985.606.636
Past due loans		104.370.009	110.874.791	323.297.715
(Deferred income loan portfolio)		(367.176.444)	(308.265.463)	(290.582.193)
Interest receivable		52.767.113	84.427.114	76.824.648
(Allowance for impairment)		(97.654.048)	(66.444.007)	(66.003.028)
Accounts and commissions receivable		**13.789.245**	**198.395.367**	**0**
Tax and deferred income tax		13.789.245	198.395.367	0
Other assets		**915.112.205**	**394.071.324**	**210.882.588**
Other assets		915.112.205	394.071.324	210.882.588
TOTAL ASSETS	¢	**177.745.895.768**	**171.961.085.306**	**176.070.327.087**
LIABILITIES				
Obligations with entities	¢	**170.033.443.939**	**168.090.921.427**	**171.091.024.108**
Demand		0	168.090.921.427	171.091.024.108
Term		170.033.443.939	0	0
Accounts payable and provisions		**1.568.226.595**	**378.106.823**	**0**
Deferred income tax		1.568.226.595	378.106.823	0
Other liabilities		**704.761.365**	**697.720.716**	**1.558.875.247**
Other liabilities		704.761.365	697.720.716	1.558.875.247
TOTAL LIABILITIES	¢	**172.306.431.899**	**169.166.748.966**	**172.649.899.355**
EQUITY				
Results of the previous period	¢	**4.169.317.534**	**844.374.416**	**2.053.370.064**
Results of the current period		**1.270.146.335**	**1.949.961.924**	**1.367.057.668**
TOTAL EQUITY	¢	**5.439.463.869**	**2.794.336.340**	**3.420.427.732**
TOTAL LIABILITIES AND EQUITY	¢	**177.745.895.768**	**171.961.085.306**	**176.070.327.087**
TOTAL LIABILITIES AND EQUITY				
Own debit memoranda account	¢	8.673.680.412	16.243.717.176	23.269.148.081
Interest receivable memoranda accounts	¢	13.358.159	6.083.172	12.837.260

(Continue)

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Notes to the separate financial statements

September 30, 2021

DEVELOPMENT CREDIT FUND
INCOME STATEMENT
Fort the period ended September 30, 2021
Financial Information
(In colones without cents)

		September	September	Quarter from July 1 to September 30	
		2021	**2020**	**2021**	**2020**
Financial income					
For investments in financial instruments	¢	5.331.157.116	4.822.033.996	1.897.651.171	2.049.376.712
For loan portfolio		764.210.158	778.007.150	188.314.083	236.727.550
For exchange rate differences		552.120.241	1.322.197.835	383.889.248	897.722.061
Other financial incomes		155.232.330	290.880.142	8.746.397	52.555.492
Total financial income		**6.802.719.845**	**7.213.119.123**	**2.478.600.899**	**3.236.381.815**
Financial expenses					
For obligations with the public		894.207.881	1.196.461.114	302.845.736	357.558.478
For losses for available-for-sale financial instruments		0	0	0	0
Other financial expenses		7.795.299	11.017.870	886.209	1.816.418
Total financial expenses		**902.003.180**	**1.207.478.984**	**303.731.945**	**359.374.896**
For allowance of asset impairment		253.716.244	1.077.112.362	129.710.014	179.891.744
Asset recovery and decrease in allowance		106.499.211	739.040.806	10.813.102	652.415.437
Financial result		**5.753.499.632**	**5.667.568.583**	**2.055.972.042**	**3.349.530.612**
Other operating income					
For commission for services	¢	8.492	10.061	0	0
For arbitrage and currency exchange		227.998.362	222.703.205	78.859.014	50.877.059
For other operating income		13.501.984	198.149.561	10.250.875	117.922
Total other operating income		**241.508.838**	**420.862.827**	**89.109.889**	**50.994.981**
Other operating expenses					
For exchange and arbitration, foreign currency	¢	93.756.397	83.098.402	22.789.069	7.803.429
For other operating expenses		44.593.285	232.636.077	21.087.540	30.933.199
Total other operating expenses		**138.349.682**	**315.734.479**	**43.876.609**	**38.736.628**
Gross operating income		**5.856.658.788**	**5.772.696.931**	**2.101.205.322**	**3.361.788.965**
Earnings transferred to the National Development Trust		4.586.512.453	4.405.639.263	1.839.984.347	2.760.256.309
Result of the period	¢	**1.270.146.335**	**1.367.057.668**	**261.220.975**	**601.532.656**
Profit allocation					
Profit transferred to the National Development Trust	¢	4.586.512.453	4.405.639.263	1.839.984.347	140.278.917
Commission for management of the Development Credit Fund, and the fund's own profits		1.270.146.335	1.367.057.668	261.220.975	723.533.859
	¢	**5.856.658.788**	**5.772.696.931**	**2.101.205.322**	**863.812.776**

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Notes to the separate financial statements

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

		September 2021	December 2020	September 2020
At fair value through profit or loss	¢	4.161.436.049	5.202.208.883	4.329.090.274
At fair value through other comprehensive income		157.080.362.843	141.088.054.191	152.341.231.470
At amortized cost		673.792.509	100.004.167	0
Interest receivable for investments at fair value through comprehensive income		1.744.770.645	1.664.092.720	1.493.972.923
		163.660.362.046	**148.054.359.961**	**158.164.294.667**

At fair value through profit or loss		**September 2021 Fair value**	**December 2020 Fair value**	**September 2020 Fair value**
Local issuers:				
State-owned Banks	¢	4.161.436.049	5.202.208.883	4.329.090.274
	¢	**4.161.436.049**	**5.202.208.883**	**4.329.090.274**

At fair value through other comprehensive income		**September 2021 Fair value**	**December 2020 Fair value**	**September 2020 Fair value**
Issuers abroad:				
Government	¢	130.530.185.931	0	97.902.398.999
State-owned Banks		26.550.176.912	141.088.054.191	54.438.832.471
	¢	**157.080.362.843**	**141.088.054.191**	**152.341.231.470**

(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

		September 2021	December 2020	September 2020
Sector				
Agriculture, livestock, hunting and related services	¢	5.565.652.487	9.538.035.262	6.669.333.738
Manufacturing		7.127.434.713	11.398.279.034	7.772.510.038
Trading		0	6.000.000	8.000.000
Services		0	2.089.623.768	2.859.060.575
		12.693.087.200	23.031.938.064	17.308.904.351
Plus, interest receivable		52.767.113	84.427.114	76.824.648
Less deferred income loan portfolio		(367.176.444)	(308.265.463)	(290.582.193)
Allowance for impairment		(97.654.048)	(66.444.007)	(66.003.028)
	¢	**12.281.023.821**	**22.741.655.708**	**17.029.143.778**

b) Loan portfolio by arrears:

Loan portfolio by arrears is detailed as follows:

		September 2021	December 2020	September 2020
Up to date	¢	12.588.717.191	22.921.063.273	16.985.606.636
From 1 to 30 days		104.370.009	0	0
From 31 to 60 days		0	0	110.874.791
From 61 to 90 days		0	110.874.791	0
From 91 to 120 days		0	0	212.422.924
	¢	**12.693.087.200**	**23.031.938.064**	**17.308.904.351**

c) Delinquent and past due loans

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

		September 2021	December 2020	September 2020
Delinquent and past due loans with interest recognition	¢	104.370.009	110.874.791	323.297.715
Total of not received interest	¢	13.358.159	6.083.172	12.837.260

(Continue)

d) Interest receivable for loan portfolio

Interest receivable are detailed as follows:

		September 2021	December 2020	September 2020
Current loans	¢	51.938.636	83.557.337	74.545.327
Past due loans		828.477	869.777	2.279.321
	¢	**52.767.113**	**84.427.114**	**76.824.648**

e) Allowance for bad loans

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

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**

September 2020

Balance at the beginning of 2020	¢	**70.058.329**
Plus:		
Allowance charged to profit or loss		23.137.384
Adjustment for exchange differences		2.157.969
Less:		
Adjustment for exchange differences		(488,607)
Reversion of allowance against income		(28.862.047)
Balance as of September 30, 2020	¢	**66.003.028**

(Continue)

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

		September 2021	December 2020	September 2020
Guarantee				
Mortgage	¢	441.928.546	489.542.633	4.944.007.819
Chattel		629.663.718	846.792.078	1.094.965.206
Other		11.621.494.936	21.695.603.353	11.269.931.326
	¢	**12.693.087.200**	**23.031.938.064**	**17.308.904.351**

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

			Direct Loan Portfolio		
			September 2021	December 2020	September 2020
Principal		¢	12.693.087.200	23.031.938.064	17.308.904.351
Interest receivable			52.767.113	84.427.114	76.824.648
			12.745.854.313	23.116.365.178	17.385.728.999
Allowance for bad loans			(97.654.048)	(66.444.007)	(66.003.028)
Carrying amount		¢	12.648.200.265	23.049.921.171	17.319.725.971
Loan portfolio					
Total balances					
1		¢	12.418.445.504	22.724.893.182	16.996.584.886
3			327.408.809	111.744.568	111.145.818
4			0	279.727.428	277.998.295
			12.745.854.313	23.116.365.178	17.385.728.999
Minimum allowance			(34.777.721)	(61.860.080)	(44.437.183)
Carrying amount, net		¢	12.711.076.592	23.054.505.098	17.341.291.816
Carrying amount			12.745.854.313	23.116.365.178	17.385.728.999
Allowance for loans			(34.777.721)	(61.860.080)	(44.437.183)
(Surplus) inadequacy of allowance			(62.876.327)	(4.583.927)	(21.565.845)
Carrying amount, net	6a	¢	12.648.200.265	23.049.921.171	17.319.725.971

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September 30, 2021

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2021

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

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	12.640.655.827	1.573.236.080	11.067.419.747	31.046.114,00
		12.640.655.827	1.573.236.080	11.067.419.747	31.046.114,00
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date					
Equal or less than 30 days		0	0	0	3.205.615,00
Equal or less than 60 days		105.198.486	105.198.486	0	525.992,00
		105.198.486	105.198.486	0	3.731.607,00
	¢	12.745.854.313	1.678.434.566	11.067.419.747	34.777.721,00

(Continue)

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 September 30, 2020

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	16.996.584.884	800.341.493	16.196.243.392	42.491.462
		16.996.584.884	800.341.493	16.196.243.392	42.491.462
Direct specific allowance					
3		111.145.820	111.145.819	0	555.730
4		277.998.295	277.998.295	0	1.389.991
		389.144.115	389.144.114	0	1.945.721
	¢	17.385.728.999	1.189.485.607	16.196.243.392	44.437.183

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	17.060.151.962	863.908.571	16.196.243.392	42.809.297
Equal to or less than 30 days		111.145.820	111.145.819	0	555.730
More than 180 days		214.431.217	214.431.217	0	1.072.156
	¢	17.385.728.999	1.189.485.607	16.196.243.392	44.437.183

(Continue)

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

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 September 30, 2020		Loans receivable from clients Gross	Net
Risk category:			
1	¢	16.996.584.886	16.954.093.423
3		111.145.818	110.590.089
4		277.998.295	276.608.304
	¢	17.385.728.999	17.341.291.816

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

As of September 30, 2021, transfers of resources have been made from the Development Credit Fund.

		September 2021	December 2020	September 2020
Banco Scotiabank	¢	19.528.028.536	0	0
Banco Promerica		2.912.409.380	10.198.963.905	5.633.924.617
	¢	**22.440.437.916**	**10.198.963.905**	**5.633.924.617**

(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:

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

b. Record a provision, for those treatments not considered in the previous paragraph, and whose amount must reflect the uncertainty for each of the tax treatments in dispute, according to the method that best predicts its resolution, as indicated by IFRIC 23.

f) IAS 16: Property, Plant and Equipment

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

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

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

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

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

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

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

(Continue)

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

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

h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Regulated entities must present their separate financial statements.

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

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

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

SUGEF requires that a provision for possible losses be recorded for contingent assets. IAS 37 does not allow such provisions.

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight-line method over a maximum of five years. The foregoing is not in accordance with the provisions of the Standard.

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

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

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

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After initial recognition, intangible assets with a defined useful life must be accounted for at their acquisition cost less accumulated amortization and 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.

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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:

(Continue)

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.

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(39) Relevant and subsequent events

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

Transfer of charges and observations

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

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

On January 14, 2015, according to the 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.

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**

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.

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.

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

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

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

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

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

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

   The equity of Banco Crédito Agrícola de Cartago (Bancrédito), that is, all of its assets, liabilities, contracts, contingent and debit 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, to comply with the provisions of article 656 of Law No. 3284, Code of Commerce, of April 30, 1964.

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

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

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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. Other liabilities or supervening contingencies

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

If 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.

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 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.

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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.

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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 September 30, 2021, without qualifying as a special operation, and

d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.

e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.

f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This measure aims to facilitate the readjustments and / or refinancing of the credits. The measure is temporary until March 31, 2021.

g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities - Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity as "type 2 irregularity", when the institution presents losses for six months or more, in the last

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12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a sanitation plan to counter the situation. It is important to note that SUGEF must amend the parameters for determining liquidity indicators. This measure will be in force for 12-months period.

h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.

i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

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

   The Regulation aims to regulate the application of International Financial Reporting Standards (IFRS) and their interpretations (SIC and IFRIC), issued by the International Accounting Standards Board (IASB), considering prudential or regulatory accounting treatments, as well as the definition of a specific treatment or methodology when IFRS proposes two or more application alternatives.

General Superintendence of Financial Entities

a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the “M” factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.

b. It was agreed to establish in 0,00% the value of the “M” factor referred to in Article 6 of the SUGEF 19-16 Agreement.

c. This minimum required percentage level of countercyclical allowance (“M”) will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.

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

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Central Bank of Costa Rica

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

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

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

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

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

(Continue)

Measures adopted by the Bank facing the health emergency due to COVID-19

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.

(Continue)

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

	Colones	Colonized US dollars
Agriculture	2.321.647.103	34.235.683.093
Trade	92.689.120.712	37.821.953.216
Construction	5.797.887.286	11.433.236.128
Consumer goods	80.752.573.607	5.195.014.492
Cattle raising	4.046.425.836	234.030.701
Industry	34.251.084.302	2.514.769.051
Services	33.217.711.426	23.717.076.483
Transportation	24.384.824.816	150.540.840
Tourism	7.290.764.394	85.328.662.395
Housing	194.118.418.579	59.150.617.162
Total by currency in ¢	**478.870.458.061**	**259.781.583.561**

	Colones	Amount of US dollars	Total
Agriculture	102	10	112
Trade	983	83	1.066
Construction	18	16	34
Consumer goods	8.624	577	9.201
Cattle raising	116	1	117
Industry	103	6	109
Services	495	53	548
Transportation	209	4	213
Tourism	54	91	145
Housing	8.763	1.258	10.021
Total	19.467	2.099	21.566

Effects of the implementation of the Financial Information Regulation

Through decrees 34918-H, 35616-H and 41039-MH, the Government of Costa Rica adopted following international accounting standards: International Accounting Standards of the Costa Rican Public Sector for entities that are part of the General Government Sector, and International Financial Information Standards for public companies. Thus, the regulation must recognize this condition for the special case of non-financial issuers authorized for public offering that are state-owned entities or public institutions.

(Continue)

The regulation updates the regulatory accounting base to advance in the adoption of IFRS with its most recent texts, by the entities of the National Financial System, which favors its comparability and the reading of financial information, both for the national and foreign users. In addition, it includes in a single regulatory body, the provisions on remission, presentation and publication of financial statements, which provides greater uniformity in the performance of supervisory bodies, as well as avoiding duplication and redundancy.

It enters into force as of January 1, 2020, except for 1) Registration and control of custody activities in memoranda accounts and 2) Adoption of IAS 12 "Income tax" and IFRIC 23 "The Uncertainty regarding Income Tax Treatments", which will be implemented in 2019. This provides an adequate space for the industry and its regulatory bodies to carry out technological adjustments and assess the possible impacts on prudential indicators, so that required decisions are taken in a timely manner.

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

		September, 2021		**December, 2021**		**September, 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**

Incorporation of Banprocesa S.R.L. to the BCR Financial Conglomerate

Banprocesa, S.R.L. will provide exclusive services to the BCR Financial Conglomerate, in the development of software related to information technology. Significant improvements are expected in the management of this process, with an impact on reducing costs for reprocessing, timely attention, custom development and in general, greater efficiency in management as well as supporting the strategic objective of turning Banco de Costa Rica into a digital bank. Due to the nature of the company's services, its impact is seen mainly in the bank's operational risk management, and to a lesser extent, with an impact on its solvency. Therefore, no technical aspects or risk exposure are identified that constitute a disability to its incorporation into the Financial Conglomerate.

By means of official letter GG-04-276-2020, of April 24, 2020, a request for formal authorization it is sent to the General Superintendency of Financial Entities (SUGEF) on April 27, 2020, to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate and Subsidiaries, clarifying that, currently Banco de Costa Rica owns 100% of the shares of entity.

By means of official letter SGF-2069-2021 SGF-CONFIDENCIAL-202103143, dated July 23, 2021, a favorable opinion is rendered on the request for authorization to incorporate Banprocesa, S.R.L. to the BCR Financial Conglomerate.

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

The issuance of the separate financial statements was authorized on October 26, 2021, by the General Management of the Bank.

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