Banco de Costa Rica and Subsidiaries

Audited Consolidated Financial Statements

December 31, 2023, and 2022

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Independent Auditor's Report

To the Board of Directors of
Banco de Costa Rica Financial Conglomerate and subsidiaries, and
the General Superintendence of Financial Entities

Opinion

We have audited the consolidated financial statements of Banco de Costa Rica Financial Conglomerate and subsidiaries (the Conglomerate), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including material information of accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Financial Conglomerate as of December 31, 2023, its financial performance and its consolidated cash flows for the one-year period then ended, in compliance with the directives issued by the National Financial System Oversight Board (CONASSIF) and the General Superintendence of Financial Entities (SUGEF).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Bank in accordance with the Code of Professional Ethics of the College of Public Accountants of Costa Rica that is applicable to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis matters – Basis of accounting

We draw attention to note 1 of the consolidated financial statements which describes the basis of accounting. The accompanying consolidated financial statements have been prepared by the management of Banco de Costa Rica in compliance with the directives issued by the National Financial System Oversight Board (CONASSIF) and the General Superintendence of Financial Entities (SUGEF). As a result, the consolidated financial statements could be not suitable for other purposes.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Loan portfolio

Key audit matter	Audit response
The main asset of the Bank is the loan portfolio, which accounts for 58.42% of total assets and concentrates the main factors of credit risk management related to: recovery of outstanding balances, concentration of balances, diversification of products, among others; these factors affect the recoverable value of the asset. The Bank estimates the loan portfolio based on the SUGEF Agreement1-05 "General Standards for Classification and Qualification of Debtors", and SUGEF 19-16 "Regulations for the determination and recording of Countercyclical estimates". As of December 31, 2023, the amount of these estimates is of ¢135,098,772,705 which represents 1.99% of the total assets.	Our audit procedures included selecting a sample of credit operations to which a balances confirmation process has been applied. We also carried out an assessment of the allowance for doubtful accounts of the portfolio by verifying compliance with the functional areas that maintain controls and operational processes whose objective is to comply with the requirements of SUGEF Agreement 1-05. We selected a sample of files from operations from the loan portfolio to verify the internal control procedures established by the Bank, as well as the filing regulations established by the regulator. We verified and reviewed the auxiliary records of the loan portfolio and their estimates. The Bank's management considers that the allowance for doubtful accounts is adequate to absorb any losses in which it may incur in the recovery of that portfolio. The regulator reviews it periodically as an integral part of its examinations and may require modifications based on the evaluation of available information.

	Notes 1.j, 6 and 39 to the consolidated financial statements include the disclosures regarding the respective treatment of the allowance for bad loans.

b) Investment in securities

Key audit matter	**Audit Response**
Investments are classified and accounted for in accordance with IFRS 9, Financial Instruments, including the recognition of expected losses, which requires a methodology that considers judgments and the use of assumptions by management. Fair value estimates are made at a specific date based on market information and on information of financial instruments and are provided by an authorized pricing provider. Fair value does not reflect premiums or discounts that may result from the offer for sale of particular financial instruments at a given date. The valuations are the best possible estimate of the market; by their nature they involve uncertainties and elements of significant judgment. Any change in assumptions may affect the valuation. As of December 31, 2023, investments represent 23.43% of the total assets.	Among other procedures, we performed a process of balance confirmation on the total investment portfolio, as well as recalculations of the market valuation of investments, using the values obtained from a price provider, as well as the amortization of premiums and discounts. We checked the consistency of the price source used to value the investment portfolio. We assessed whether the classification of investments is adjusted to the contractual cash flows, and we evaluated the design and application of the methodology used to determine the expected loss, by inspecting the methodology approved by the Board of Directors. Notes 1.h, 5 and 39 include the disclosures of the Bank on accounting treatment and other aspects related to the investment portfolio.

c) Obligations with the public

Key audit matters	**Audit Response**
Obligations with the public are demand and term obligations that are agreed with the clients according to specific conditions as to their use, term and interest rates. As of December 31, 2023, obligations with the public represent 80.77% of the total liabilities.	Among other procedures, we carried out a process of balance confirmation and analytical procedures to verify the cycles and interest rates. Notes 11, 12 and 13 include the disclosures on accounting treatment and other aspects relating to obligations with the public.

Responsibilities of Management and of those responsible for corporate governance of the Conglomerate for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the directives issued by the National Financial System Oversight Board and the General Superintendence of Financial Entities, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Conglomerate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Conglomerate or to cease operations, or has no realistic alternative but to do so.

Those in charge of governance are responsible for overseeing the Conglomerate's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conglomerate's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Conglomerate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Conglomerate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves reasonable presentation.

- Obtain sufficient and adequate evidence regarding the financial information of the entities or business activities within the Conglomerate to express an opinion on the consolidated financial statements. We are responsible for the administration, supervision and execution of the audit of the Conglomerate. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those in charge of governance of the Conglomerate with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fabián Zamora Azofeifa.

Our responsibility for this report of the audited financial statements as of December 31, 2023, extends until March 11, 2024. The date of this report indicates to the user that the auditor has considered the effect of the events and transactions of which he has become aware, and which have occurred up to that date; consequently, it is not extended by the reference of the date on which it is digitally signed.

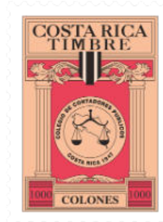
FABIAN ZAMORA AZOFEIFA (FIRMA)

Firmado digitalmente por FABIAN ZAMORA AZOFEIFA (FIRMA)
Fecha: 2024.04.10 10:10:05 -06'00'

Nombre del CPA: FABIAN ZAMORA AZOFEIFA
Carné: 2186
Cédula: 302870450
Nombre del Cliente: BANCO DE COSTA RICA
Identificación del cliente: 4000000019
Dirigido a: BANCO DE COSTA RICA
Fecha: 21-03-2024 05:07:20 PM
Tipo de trabajo: Informe de Auditoria

Timbre de ¢1000 de la Ley 6663 adherido y cancelado en el original.

FABIAN ZAMORA AZOFEIFA
Contador Público Autorizado No. 2186
COSTA RICA



Código de Timbre: CPA-1000-10720

San José, Costa Rica
March 11, 2024

Opinion signed by
Fabián Zamora Azofeifa N°2186
Policy 0116FID001004809 due on 30-set-2024
Legal stamp 6663 ¢1.000
Attached to the original

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2023
(With corresponding figures as of December 31, 2022)
(In colones without cents)

	Note		December 2023	December 2022
ASSETS				
Availabilities	**4**	**¢**	**857,141,935,007**	**990,655,695,706**
Cash			94,545,532,532	92,361,994,246
Central Bank of Costa Rica			592,619,894,577	622,122,345,509
Local financial entities			1,417,055,883	34,167,612
Foreign financial entities			78,213,290,649	186,348,821,639
Notes payable on demand			958,261,787	291,159,518
Restricted cash and cash equivalents			89,387,879,925	89,483,497,239
Accounts and interest receivable			19,654	13,709,943
Investment in financial instruments	**5**		**1,591,327,477,747**	**1,737,604,014,810**
At fair value through profit or loss			137,856,680,612	232,343,302,158
At fair value through other comprehensive income			1,076,169,538,430	1,390,086,634,332
At amortized cost			356,017,903,026	90,186,040,192
Interest receivable			21,445,888,496	25,079,315,361
(Allowance for impairment)			(162,532,817)	(91,277,233)
Loan portfolio	**6.b**		**3,967,208,057,310**	**4,077,413,386,301**
Current loans	**6.d**		3,807,277,733,773	3,937,462,584,878
Past due loans			238,319,730,317	243,256,893,171
Loans in legal collection	**6.e**		54,557,170,035	54,015,379,909
(Deferred income loan portfolio)			(20,496,872,511)	(20,333,161,206)
Interest receivable	**6.f**		22,649,068,401	23,482,920,835
(Allowance for impairment)	**6.g**		(135,098,772,705)	(160,471,231,286)
Accounts and commissions receivable			**43,423,565,381**	**40,589,657,945**
Commissions receivable			4,957,981,131	5,047,174,271
Accounts receivable from stock exchange operations			434,827,061	324,382,309
Accounts receivable for transactions with related parties			583,187,977	461,408,278
Deferred income tax and income tax receivable	**15**		30,538,303,112	29,654,579,558
Other accounts receivable			17,629,733,158	18,704,160,389
(Allowance for impairment)			(10,720,467,058)	(13,602,046,860)
Foreclosed assets	**7**		**41,509,863,245**	**50,943,639,172**
Assets and securities acquired as recovery of loans			103,865,444,108	115,786,047,086
Other foreclosed assets			4,591,791,211	3,022,436,777
(Allowance for impairment and per legal requirement)			(66,947,372,074)	(67,864,844,691)
Interest in other companies' capital, net	**8**		**133,402,390**	**349,295,286**
Property, furniture and equipment, net	**9**		**144,156,692,617**	**151,188,474,971**
Property investmests			**6,831,625,000**	**6,831,625,000**
Other assets			**139,362,324,641**	**160,150,252,095**
Deferred charges	**10.a**		1,547,496,053	2,164,311,351
Intangible assets, net	**10.b**		19,484,977,405	23,547,464,286
Other assets	**10.c**		118,329,851,183	134,438,476,458
TOTAL ASSETS		**¢**	**6,791,094,943,338**	**7,215,726,041,286**

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2023
(With corresponding figures as of December 31, 2022)
(In colones without cents)

	Note		December 2023	December 2022
LIABILITIES AND EQUITY				
LIABILITIES				
Obligations with the public		¢	**4,878,769,370,734**	**5,210,175,460,962**
Demand obligations	11		3,153,836,915,299	3,312,715,210,395
Term obligations	12		1,689,297,909,582	1,864,994,210,988
Other obligations with the public	13		5,523,100,903	12,201,496,594
Financial charges payable			30,111,444,950	20,264,542,985
Obligations with the Central Bank of Costa Rica	14		**106,132,196,511**	**135,919,058,556**
Term obligations			103,950,578,331	134,495,032,211
Financial charges payable			2,181,618,180	1,424,026,345
Obligations with entities	14		**770,256,173,193**	**862,134,813,602**
Demand obligations	12		67,760,617,913	86,234,442,076
Term obligations	12		696,165,600,038	769,430,943,775
Financial charges payable			6,329,955,242	6,469,427,751
Accounts payable and provisions			**186,175,084,710**	**190,887,385,002**
Provisions	16		51,651,539,202	41,493,111,502
Accounts payable for stock transactions			54,807,470	117,147,171
Deferred income tax	15		45,230,732,356	28,951,269,227
Other sundry accounts payable	17		89,217,012,247	120,308,998,711
Financial charges payable			20,993,435	16,858,391
Other liabilities			**48,719,989,245**	**65,527,746,041**
Deferred income			539,183,054	489,033,076
Other liabilities			48,180,806,191	65,038,712,965
Subordinated obligations			**50,142,376,526**	**50,139,855,636**
Subordinated obligations	14		49,957,954,304	49,955,433,414
Financial charges payable			184,422,222	184,422,222
TOTAL LIABILITIES		¢	**6,040,195,190,919**	**6,514,784,319,799**
EQUITY				
Capital stock	18.a	¢	**181,409,990,601**	**181,409,990,601**
Paid-in-capital			181,409,990,601	181,409,990,601
Adjustments to equity - Other comprehensive income			**41,260,638,559**	**7,399,651,431**
Equity reserves			**351,152,901,365**	**325,313,265,088**
Accrued earnings from previous periods			**41,896,492,820**	**24,854,115,249**
Profit of current period			**22,086,766,162**	**48,171,909,592**
Equity of the Development Financing Fund			**45,766,617,523**	**40,476,721,777**
Minority interest	8		**67,326,345,389**	**73,316,067,749**
TOTAL EQUITY			**750,899,752,419**	**700,941,721,487**
TOTAL LIABILITIES AND EQUITY		¢	**6,791,094,943,338**	**7,215,726,041,286**
DEBIT CONTINGENT ACCOUNTS	19	¢	**534,078,023,412**	**568,874,580,805**
TRUST ASSETS	20		**894,086,593,935**	**773,795,354,330**
TRUST LIABILITIES			**275,164,242,326**	**270,063,360,217**
TRUST EQUITY			**618,922,351,609**	**503,731,994,114**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**23,348,135,612,055**	**23,386,353,915,943**
Own debit memoranda accounts			12,192,182,211,203	12,952,966,818,969
Third party debit memoranda accounts			2,516,862,177,618	2,559,816,420,678
Own debit memoranda accounts for custodial activities			796,536,153,662	906,880,401,900
Third party debit memoranda accounts for custodial activities			7,842,555,069,572	6,966,690,274,396

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.04.18 10:43:52 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2024.04.16 17:35:40 -06'00'
María Luisa Guzmán G.
Accountant

MARIA EUGENIA ZELEDON PORRAS (FIRMA) Firmado digitalmente por MARIA EUGENIA ZELEDON PORRAS (FIRMA) Fecha: 2024.04.17 18:08:49 -06'00'
María Eugenia Zeledón P.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Situación Financiera
2024-03-21 17:01:11 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA GUZMAN GRANADOS MARIA LUISA CPI No. 29182

TIMBRE ¢300
TIMBRE 300.0 COLONES

VERIFICACIÓN: 0io1ISio
https://timbres.contador.co.cr

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2023
(With corresponding figures as of December 31, 2022)
(In colones without cents)

	Note	December 2023	December 2022
Financial income			
For availabilities		¢ 3,501,170,048	1,499,013,174
For investments in financial instruments	26	99,112,176,624	89,948,369,683
For loan portfolio	27	348,544,434,292	301,402,044,148
For financial leases	27	2,897,481,720	2,271,385,113
For profit from financial instruments at fair value through profit or loss		1,095,586,051	2,551,947,945
For profit from financial instruments at fair value through other comprehensive income		11,085,814,243	9,325,820,788
For other financial income		4,074,766,895	4,245,612,643
Total financial income		**470,311,429,873**	**411,710,189,453**
Financial expenses			
For obligations with the public	28	232,832,178,624	130,125,564,700
For obligations with the Central Bank of Costa Rica		1,070,449,342	4,044,552,335
For obligations with financial and non-financial entities		34,692,896,384	31,853,268,352
For subordinated, convertible and preferred obligations		6,149,580,890	1,146,259,780
For losses due to exchange differences and DU		13,576,779,053	3,894,495,823
For loss from financial instruments at fair value through profit or loss		1,167,676,193	193,374,932
For loss from financial instruments at fair value through other comprehensive income		2,171,041,483	959,838,349
For other financial expenses		53,338,599	65,589,063
Total financial expenses		**291,713,940,568**	**172,282,943,334**
Allowance for impairment of assets	29	13,739,010,967	19,608,295,778
For assets recovery and decrease in allowance and provisions	30	35,510,779,167	18,163,491,341
FINANCIAL INCOME		**200,369,257,505**	**237,982,441,682**
Other operating income			
For service fees	31	118,719,006,355	120,108,940,718
For foreclosed assets		17,471,480,808	29,657,702,721
For participations in the capital of other companies	32	557,059	4,969,892
For foreign currency exchange and arbitrations		37,011,657,608	26,727,252,045
For other income from related parties		435,930,700	370,726,503
For other operating income		23,051,925,889	27,819,206,850
Total other operating income		**196,690,558,419**	**204,688,798,729**
Other operating expenses			
For service fees		30,650,969,013	29,229,665,713
For foreclosed assets		27,534,799,110	35,644,742,433
For loss in participations in capital interests of other companies		282,014,799	-
For provisions		12,060,696,208	5,682,556,542
For exchange and arbitration, foreign currency		3,236,575,394	1,204,470,454
For other expenses with related parties		26,481,492	1,050,280
For other operating expenses		50,438,906,250	47,826,056,195
Total other operating expenses		**124,230,442,266**	**119,588,541,617**
GROSS OPERATING INCOME		**272,829,373,658**	**323,082,698,794**
Administrative expenses			
Personnel expenses		126,327,448,932	122,549,909,950
Other administrative expenses		89,897,823,146	94,009,410,597
Total administrative expenses	33	**216,225,272,078**	**216,559,320,547**
OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS		**56,604,101,580**	**106,523,378,247**
Income tax	15	27,897,022,954	26,084,988,435
Deferred income tax	15	20,742,526,046	14,021,704,080
Decrease in income tax		29,473,936,796	10,659,972,766
Legal profit allocation	34	12,806,744,678	26,980,949,139
Decrease in profit shares		668,615,344	-
RESULT OF THE PERIOD		**25,300,360,042**	**50,095,709,359**
Attributed to non-controlling interests		3,213,593,880	1,923,799,767
RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		**22,086,766,162**	**48,171,909,592**
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX			
Adjustment for valuation of investments at fair value through other comprehensive income		41,522,601,069	(65,594,724,794)
Reclassification of unrealized profit to the income statement		(6,240,340,932)	(5,856,187,707)
Adjustment for valuation of restricted financial instruments, net of income tax		7,893,266,280	(21,976,794,566)
Other		(18,517,855,463)	(10,490,400,335)
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	35	**24,657,670,954**	**(94,577,566,374)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**49,958,030,996**	**(44,481,857,015)**
Comprehensive income attributed to minority interest		(5,989,722,360)	(3,446,074,627)
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		¢ **55,947,753,356**	**(41,035,782,388)**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.04.18 10:44:11 -06'00'

Douglas Soto L.
General Manager

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María Luisa Guzmán G.
Accountant

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María Eugenia Zeledón P.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Resultados Integral
2024-03-21 17:01:12 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA GUZMAN GRANADOS MARIA LUISA CPI No. 29182

COLEGIO DE CONTADORES PRIVADOS DE COSTA RICA TIMBRE ¢300

TIMBRE 300.0 COLONES

VERIFICACIÓN: 0io1ISio
https://timbres.contador.co.cr

BANCO DE COSTA RICA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended December 31, 2023
(With corresponding figures as of December 31, 2022)
(In colones without cents)

			Adjustments to equity								
	Note	Capital Stock	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
Balance as of December 31, 2021		**181,409,990,601**	**31,744,671,803**	**40,339,757,529**	**24,522,914,079**	**96,607,343,411**	**296,709,547,031**	**57,722,543,674**	**36,212,011,410**	**76,762,142,376**	**745,423,578,503**
Allocation of legal reserve		0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0	0
Allocation of the Development Financing Fund		0	0	0	0	0	0	(4,264,710,368)	4,264,710,367	0	0
Balance as of December 31, 2022		**181,409,990,601**	**31,744,671,803**	**40,339,757,529**	**24,522,914,079**	**96,607,343,411**	**325,313,265,088**	**24,854,115,249**	**40,476,721,777**	**76,762,142,376**	**745,423,578,503**
Other comprehensive income											
Exchange differences resulting from the translation of financial statements of foreign entities	**1.d.iii**	0	0	0	(5,350,104,171)	(5,350,104,171)	0	0	0	(5,140,296,164)	(10,490,400,335)
Revaluation surplus		0	12,724,746,084	0	0	12,724,746,084	0	0	0	0	12,724,746,084
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	(121,962,265,199)	0	(121,962,265,199)	0	0	0	(229,578,230)	(122,191,843,429)
Transfer of realized net gain to the income statement		0	0	(8,365,982,439)	0	(8,365,982,439)	0	0	0	0	(8,365,982,439)
Impairment – Investments at fair value through other comprehensive income		0	0	(1,848,050,840)	0	(1,848,050,840)	0	0	0	0	(1,848,050,840)
Deferred income tax recognition	**15**	0	(3,384,205,056)	38,978,169,641	0	35,593,964,585	0	0	0	0	35,593,964,585
Result of the period		0	0	0	0	0	0	48,171,909,592	0	1,923,799,767	50,095,709,359
Other total comprehensive income		**0**	**9,340,541,028**	**(93,198,128,837)**	**(5,350,104,171)**	**(89,207,691,980)**	**0**	**48,171,909,592**	**0**	**(3,446,074,627)**	**(44,481,857,015)**
Balance as of December 31, 2022		**181,409,990,601**	**41,085,212,831**	**(52,858,371,308)**	**19,172,809,908**	**7,399,651,431**	**325,313,265,088**	**73,026,024,841**	**40,476,721,777**	**73,316,067,749**	**700,941,721,487**
Attributed to minority interest		0	0	0	0	0	0	0	0	73,316,067,749	73,316,067,749
Attributed to the financial conglomerate		¢ 181,409,990,601	41,085,212,831	(52,858,371,308)	19,172,809,908	7,399,651,431	325,313,265,088	73,026,024,841	40,476,721,777		627,625,653,738
Balance as of December 31, 2022		**181,409,990,601**	**41,085,212,831**	**(52,858,371,308)**	**19,172,809,908**	**7,399,651,431**	**325,313,265,088**	**73,026,024,841**	**40,476,721,777**	**73,316,067,683**	**627,625,653,738**
Allocation of legal reserve		0	0	0	0	0	25,839,636,277	(25,839,636,277)	0	0	0
Allocation of the Development Financing Fund		0	0	0	0	0	0	(5,289,895,744)	5,289,895,746	0	2
Balance as of December 31, 2023		**181,409,990,601**	**41,085,212,831**	**(52,858,371,308)**	**19,172,809,908**	**7,399,651,431**	**351,152,901,365**	**41,896,492,820**	**45,766,617,523**	**73,316,067,683**	**627,625,653,740**
Other comprehensive income											
Exchange differences resulting from the translation of financial statements of foreign entities	**1.d.iii**	0	0	0	(9,444,106,286)	(9,444,106,286)	0	0	0	(9,073,749,177)	(18,517,855,463)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	73,203,494,941	0	73,203,494,941	0	0	0	(129,566,997)	73,073,927,944
Transfer of realized net gain to the income statement		0	0	(8,914,772,760)	0	(8,914,772,760)	0	0	0	0	(8,914,772,760)
Impairment – Investments at fair value through other comprehensive income		0	0	(1,685,599,339)	0	(1,685,599,339)	0	0	0	0	(1,685,599,339)
Deferred income tax recognition	**15**	0	0	(19,298,029,428)	0	(19,298,029,428)	0	0	0	0	(19,298,029,428)
Result of the period		0	0	0	0	0	0	22,086,766,162	0	3,213,593,880	25,300,360,042
Other total comprehensive income		**0**	**0**	**43,305,093,414**	**(9,444,106,286)**	**33,860,987,128**	**0**	**22,086,766,162**	**0**	**(5,989,722,294)**	**49,958,030,996**
Balance as of December 31, 2023	**18**	**181,409,990,601**	**41,085,212,831**	**(9,553,277,894)**	**9,728,703,622**	**41,260,638,559**	**351,152,901,365**	**63,983,258,982**	**45,766,617,523**	**67,326,345,389**	**750,899,752,419**
Attributed to minority interest		0	0	0	0	0	0	0	0	67,326,345,389	67,326,345,389
Attributed to the financial conglomerate		¢ 181,409,990,601	41,085,212,831	(9,553,277,894)	9,728,703,622	41,260,638,559	351,152,901,365	63,983,258,982	45,766,617,523	0	683,573,407,030

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

MARIA LUISA GUZMAN GRANADOS (FIRMA)
Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA)
Fecha: 2024.04.16 17:36:44 -06'00'

María Luisa Guzmán G.
Accountant

MARIA EUGENIA ZELEDON PORRAS (FIRMA)
Firmado digitalmente por MARIA EUGENIA ZELEDON PORRAS (FIRMA)
Fecha: 2024.04.17 18:09:48 -06'00'

María Eugenia Zeledón P.
General Auditor

Céd. 4000000019

BANCO DE COSTA RICA

Atención: Superintendencia General de Entidades Financieras

Registro Profesional: 29182

Contador: GUZMAN GRANADOS MARIA LUISA

Estado de Cambios en el Patrimonio

2024-03-21 17:01:12 -0600

CONTADOR PRIVADO INCORPORADO
GUZMAN GRANADOS MARIA LUISA
CPI No. 29182
COSTA RICA

TIMBRE 300.0 COLONES

VERIFICACIÓN: 0io1ISio
https://timbres.contador.co.cr

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended December 31, 2023
(With corresponding figures as of December 31, 2022)
(In colones without cents)

	Note	December 2023	December 2022
Cash flows from operating activities			
Income of the period	¢	**22,086,766,162**	**48,171,909,592**
Items applied to results not requiring cash outlays		**(101,360,452,371)**	**(103,213,215,732)**
Increase or (decrease) for			
Allowance for impairment or devaluation of financial instruments		293,085,595	479,476,121
Allowance for impairment of loan portfolio		9,258,581,691	15,671,760,725
Allowance for impairment and default of other accounts receivable		4,187,343,681	3,457,058,932
Allowance for impairment of assets in lieu of payment		16,095,628,678	18,521,186,919
Income from reversal of allowance for impairment or devaluation of investments		(2,080,186,610)	(2,415,759,190)
Income from reversal of allowance for impairment of loan portfolio		(15,740,896,049)	(7,714,047,173)
Income from reversal of allowance for impairment and default of accounts receivable		(6,269,034,264)	(2,002,941,318)
Income from reversal of allowance for impairment of assets in lieu of payment		(16,772,635,939)	(28,546,716,197)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		7,544,635,617	13,944,515,007
Interest in net profit of other companies		281,457,740	(4,969,892)
Depreciation		14,898,296,711	12,317,873,039
Amortization		20,844,183,976	17,741,437,449
Provision for social benefits		384,104,744	1,927,910,304
Provisions for pending lawsuits		6,801,591,464	3,754,646,239
Other provisions		4,881,933,871	21,137,195,539
Income from provisions		(1,919,740,656)	(4,542,795,750)
Income tax		27,897,022,954	26,084,988,435
Deferred income tax		20,742,526,046	14,021,704,080
Decrease in income tax from previous periods		(29,473,936,796)	(9,940,432,988)
Decrease in income tax from previous periods		-	(719,539,778)
Profit sharing		12,138,129,334	26,980,949,139
Interest for obligations with the public		232,832,178,624	130,125,564,700
Interest for obligations with financial entities		41,912,926,616	37,044,080,467
Income from availabilities		(3,501,170,048)	(1,499,013,174)
Interest form investment in financial instruments		(99,112,176,624)	(89,948,369,683)
Income from loan portfolio		(348,544,434,292)	(301,402,044,148)
Net profit or loss from exchange differences and Development Units		7,290,643,971	5,739,370,868
Minority interest in net profit of subsidiaries		3,213,593,880	1,923,799,767
Adjustments for conversion of financial statements of the entity abroad		(9,444,106,286)	(5,350,104,171)
Cash flows from operating activities		**606,812,104,390**	**(221,355,082,139)**
Net variation in assets increase or (decrease)			
Increase in financial instruments - at fair value through profit or loss		(552,069,538,557)	(281,988,078,655)
Decrease in financial instruments - at fair value through profit or loss		648,414,516,702	346,120,424,309
Increase in financial instruments - at fair value through comprehensive income		(639,432,899,558)	(5,087,698,609,173)
Decrease in financial instruments - at fair value through comprehensive income		1,189,823,692,822	5,042,622,065,048
Loan portfolio		(117,508,646,002)	(267,925,518,275)
Accounts and commissions receivable		(16,778,418,672)	(2,048,952,302)
Available-for-sale assets		19,325,541,419	26,739,765,604
Interest receivable for financial instruments		25,079,315,361	26,487,905,728
Interest receivable for loan portfolio		18,965,409,617	15,420,210,850
Other assets		30,993,131,258	(39,084,295,273)
Net variations in liabilities, increase or (decrease)		**(234,838,446,079)**	**202,955,277,789**
Obligations with the public		(105,179,276,892)	250,813,963,780
Obligations with the Central Bank of Costa Rica and other entities		(39,934,279,008)	6,925,727,237
Obligations for accounts and commissions payable and provisions		(47,043,665,811)	(74,945,571,185)
Interest payable for obligations with the public		(20,264,542,985)	(14,992,444,840)
Interest payable for obligations with the BCCR and other entities		(8,077,876,318)	(5,164,976,047)
Interest payable for accounts and commissions payable and provisions		(16,858,391)	(16,152,584)
Other liabilities		(14,321,946,674)	40,334,731,428
Interests paid		(235,916,671,211)	(138,810,367,473)
Dividends received		5,300,000,000	-
Collected interest		411,580,335,285	348,345,689,164
Paid income tax		(16,587,037,143)	(19,934,600,024)
Net cash flows provided by operating activities		**457,076,599,033**	**116,159,611,177**
Cash flows from investment activities			
Increase in financial instruments at amortized cost		(17,978,886,968,711)	(8,979,433,012,151)
Decrease in financial instruments at amortized cost		17,713,055,105,877	8,929,474,888,087
Acquisition of property, furniture and equipment		(9,987,117,902)	(34,777,600,706)
Decrease for withdrawal and transfer of property, furniture and equipment		2,313,502,631	8,219,487,346
Acquisition of intangibles		(16,523,509,319)	(16,676,666,928)
Decrease for withdrawal and transfer of intangibles		222,230,945	(4,073,826,446)
Interest in other companies		(5,365,564,844)	(278,908,206)
Cash flows (used for) provided by investment activities		**(295,172,321,323)**	**(97,545,639,004)**
Cash flows from financing activities			
Subordinated obligations		2,520,890	49,955,433,414
Cash flows provided by financing activities		**2,520,890**	**49,955,433,414**
Net increase (decrease) in cash and cash equivalents		**161,906,798,600**	**68,569,405,587**
Cash and cash equivalents at the beginning of the year		1,124,702,795,131	1,088,379,896,650
Effect of changes in exchange rates on cash		(46,726,013,721)	(32,246,507,105)
Cash and cash equivalents at the end of the year	4 ¢	1,239,883,579,946	1,124,702,795,131

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.04.18 10:44:49 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2024.04.16 17:37:11 -06'00'

María Luisa Guzmán G.
Accountant

MARIA EUGENIA ZELEDON PORRAS (FIRMA) Firmado digitalmente por MARIA EUGENIA ZELEDON PORRAS (FIRMA) Fecha: 2024.04.17 18:10:26 -06'00'

María Eugenia Zeledón P.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Flujos de Efectivo
2024-03-21 17:01:13 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA

TIMBRE 300.0 COLONES

VERIFICACIÓN: 0io1lSio
https://timbres.contador.co.cr

1). Summary of operations and significant accounting policies

(a) Operations

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

The Bank's website and its subsidiaries located in Costa Rica is www.bancobcr.com

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of December 31, 2023, the Bank has a total 161 (161 for December 2022) branches distributed across the national territory, has in operation 557 (568 for December 2022) ATM´s and has 4,050 (3,972 for December 2022) employees.

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of December 31, 2023, is of 75 (72 for December 2022) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of December 31, 2023, is of 105 (107 for December 2022) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members. The number of employees as of December 31, 2023, is of 106 (102 for December 2022) and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of December 31, 2023, is of 94 (93 for December 2022) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of December 31, 2023, the number of employees is 82 (80 for December 2022). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

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

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named Almacen Fiscal Agrícola de Cartago, S.A., constituted in December 1991 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of merchandise on which no import taxes have been paid, regulated by the General Customs Law, and supervised by the General Customs Directorate of the Ministry of Finance. Both companies are subject to the oversight of the Comptroller General of the Republic. As of December 31, 2023, the number of employees is of 79 (75 for December 2022).

BCR LEASING PREMIUM PLUS S.A. is a corporation incorporated on July 4, 2022, under the laws of the Republic of Costa Rica and is one more subsidiary of the BCR Financial Conglomerate. Its main activity is the leasing of personal property to current and potential clients of the BCR Conglomerate. The number of employees as of December 31, 2023, is 12.

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

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50th floor, Avenida Balboa and Calle Aquilino de la Guardia. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of December 31, 2023, is of 237 (233 December 2022).

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

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

In addition, they have a subsidiary located in Costa Rica, called BICSA Fiduciaria, S. A., which is dedicated to offering fiduciary services.

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

Miami Agency

The Agency is subject to regulations and periodic supervision by certain federal agencies and the State of Florida. In this sense, the Agency maintains an agreement with the Federal and State Regulatory authorities, which requires, among other things, the continuous maintenance and reporting of certain minimum capital ratios, as well as maturity parameters. Within the requirements of this agreement, the Agency must maintain the ratio of its eligible assets to third party liabilities at a minimum percentage of 110%, on a daily basis.

Panamá Branch

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

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

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

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

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

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

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

The financial statements have been prepared based on historical costs as explained in the accounting policies below.
Historical costs are generally based on the fair value of the consideration for goods and services.

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

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

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

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

- Level 3 - unobservable inputs for asset or liability.

(c) Investment in other companies

Valuation of investments by the equity method

i.Subsidiaries

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

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

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

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

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

(d) Foreign currency

i. *Transactions in foreign currency*

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

ii. *Monetary unit and foreign exchange regulations*

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

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

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

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

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of December 31, 2023, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢526.88 (¢601.99 for December 2022) for US$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended December 31, 2023, gave rise to foreign exchange losses of ¢611,392,816,217 (¢1,637,735,614,811 for December 2022), and gains of ¢597,816,037,164, (¢1,633,841,118,988 for December 2022), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are booked in "Other operating income" and "Other operating expenses", respectively. For the period ended December 31, 2023, valuation of other assets gave rise to profits of ¢159,390,535, (¢1,459,439,641 for December 2022) and valuation of other liabilities gave rise to gains of ¢1,252,174,77, (¢1,595,077,054 for December 2022).

iii. Financial statements of foreign subsidiaries (BICSA)

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

- Assets and liabilities have been converted at the closing exchange rate.

- Income and expenses have been converted at the average exchange rates in effect during each year.

- The equity is measured in terms of historical cost and has been converted using the exchange rate on the transaction date.

As result of the conversions for the period ended on December 31, 2023, losses for exchange differences arise for ¢9,444,106,286 (¢5,350,104,171 for December 2022) shown in the equity section, within "Currency translation adjustment of the financial statements".

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

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

(f) Financial instruments

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

(i) *Classification*

Financial instruments at fair value through profit or loss are those that the Bank keeps with the purpose of generating profits in the short term.

Originated instruments are loans and other accounts receivable created by the Bank providing money to a debtor rather than with the intention of short-term profit taking.

Assets at fair value through other comprehensive income are financial assets that are not held for trading purposes, originated by the Bank, or held to maturity. Assets at fair value through other comprehensive income include certain debt securities.

In accordance with accounting standards issued by CONASSIF, investments in financial instruments made by regulated entities are to be classified as available-for-sale. Own investments in open investment funds are to be classified as held-for training financial assets. Own investments in closed investment funds are to be classified as available-for-sale.

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

(ii) Recognition

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

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

(iii) Measurement

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

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

All non-held-for-trading financial assets and liabilities originated loans and other accounts receivable and held-to-maturity investments are measured at amortized cost less impairment losses. Any premium or discount is included in the carrying amount of the underlying instrument and amortized to finance income or expense using the effective interest method.

Article 17 of the Accounting Regulations applicable to entities regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-financial Issuers prescribes available-for-sale classification for investments in financial instruments by regulated entities.

(iv) Principles of measurement at fair value

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

(v) Profits and losses on subsequent measurement

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

(vi) De-recognition

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

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

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

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

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

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

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

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

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

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

(g) Cash and cash equivalents

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

(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 of investments at fair value through other comprehensive income are included in the equity account with the caption "Adjustment for valuation of investments at fair value through other comprehensive income" until those investments are realized or sold.

In accordance with article 18 of the Financial Reporting Regulation, called IFRS 9, Financial Instruments: Financial Assets, the following is defined:

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

2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.

3. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity must classify its own investments or joint portfolios in financial assets according to the following valuation categories:

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

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

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

b. Fair value through other comprehensive income.

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

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

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

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

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

For purposes of defining a business model, these correspond to the main business model that characterizes the management of the Funds investment portfolio.

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

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

- Main business model

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

- Secondary business model

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

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

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

Investments in securities of BICSA

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

(i) Loan portfolio

Banco de Costa Rica - Loan portfolio

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

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

BICSA -Loan portfolio:

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

(j) Allowance for doubtful accounts

Banco de Costa Rica - Loan portfolio

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

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

- Creditworthiness, which includes an analysis of projected cash flows, an analysis of financial position, considers the experience in the line of business, quality of management, stress testing for critical variables, and an analysis of the creditworthiness of individuals, regulated financial intermediaries, and public institutions.

- Historical payment behavior, which is determined by the borrower's payment history over the previous 48 months, considering servicing of direct loans, both current and settled, in the National Financial System as a whole. SUGEF is responsible of calculating the historical payment behavior level for borrowers reported by entities during the previous month.

- Arrears

- Pursuant to the Directive, collateral may be used to mitigate risk for purposes of calculating the allowance for loan impairment. The market value and its updates should be considered and adjusted at least once annually. Further, the percentage of acceptance of collateral is also a mitigating factor. Collateral must be depreciated six months after the most recent appraisal.

Risk categories are summarized as follows:

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 or Level 2	Level 1, Level 2, Level 3 or Level 4

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

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

Risk Category	Classification Criteria
1	a. Debtors up to date in 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 90 days with the entity. b. Debtors with delinquency less than 60 days with the entity and have presented delinquency with the SBD greater than 90 days in the last 12 months. 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 Rating Debtors", as of January 1, 2014, the Bank must maintain a minimum amount of allowance resulting from the sum of generic and specific allowances, calculated in accordance with Transitory XII.

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

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

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

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

In the case of loans denominated in foreign currency debtors placed among borrowers that don´t generate cash flows in foreign currency, an additional generic allowance of 1.5% must also be applied on the basis of calculation.

The indicated generic allowance will be applied cumulatively, so that in the case of borrowers that don´t generate cash flows in foreign currency, with an indicator for service coverage greater than the reasonable indicator, the generic allowance applicable will be at least of 3% (0.5% + 1% + 1.5%).

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%

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

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

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

Delinquency 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)**
Up to date	5%	0.5%	Level 1	Level 1
30 days or less	10%	0.5%	Level 1	Level 1
60 days or less	25%	0.5%	Level 1 o Level 2	Level 1 o Level 2
90 days or less	50%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4
Over 90 days	100%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4

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

As of December 31, 2023, the total allowance of the loan portfolio reflected in the accounting records amounts to ¢124,899,677,183, (¢145,623,881 for December and 2022).

As of December 31, 2023, increases in the allowance for loan impairment resulting from the minimum allowance are included in the accounting records in compliance with article 17 of SUGEF Directive 1-05 "Regulation for Rating Debtors", prior authorization from SUGEF in compliance with article 10 of IRNBS.

As of December 31, 2023, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

Accounts and interest receivable - Banco de Costa Rica

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

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

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

BICSA- Allowance for loan impairment

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

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

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

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

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

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

As of December 31, 2023, the allowance disclosed in the accounting records amounts to ¢135,098,772,705, (¢160,471,231,286 for December and 2022).

BICSA -Accounts and interest receivable

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

(k) Securities sold under repurchase agreements

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

(l) Accounting for interest receivable

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

(m) Other receivables

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

(n) Held-for-sale assets

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

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

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

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

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

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) Own assets

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

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

(ii) Leased assets

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

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

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

(iii) Subsequent disbursements

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

(iv) Depreciation and amortization

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

Useful lives of assets owned by the Bank and subsidiaries, except for BICSA:	
Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
EDP equipment	5 years
Leasehold improvements	5 years

Useful lives of assets owned by BICSA:

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

(v) *Revaluation*

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

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

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

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

(q) Deferred charges

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

(r) Intangible assets

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

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

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

(s) Impairment of assets

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

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

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

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

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

In cases where an entity is aware of a significant overstatement in the carrying amount of one or more assets, regardless of the cause of the reduction in their value and/or the useful life originally assigned, the entity must hire an appraiser to perform a technical appraisal, immediately notify SUGEF of the results, and register the applicable adjustments in the accounting records.

(t) Obligations with the public

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

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

A provision is recognized in the consolidated statement of financial position if, as a result of a past event, the Bank has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision made approximates settlement value; however, final amounts may vary. The estimated value of provisions is adjusted at the consolidated statement of financial position date, directly affecting the consolidated income statement.

Employees' legal benefits (severance pay)

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

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

Pursuant to the Workers Protection Law, all public and private employers must contribute 3% of monthly employee salaries during the entire term of employment. Contributions are collected through the Costa Rican Social Security Administration (CCSS) and are then transferred to pension fund operators selected by the employee.

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

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

BICSA retirement savings plan

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of December 31, 2023, amounted to ¢402,109,020 (¢431,107,313 for December 2022), equivalent to US$763,189, (US$716,137 for December 2022).

BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of December 31, 2023, the severance fund had a balance of ¢833,422,472, (¢673,153,249 for December 2022), equivalent to US$1,581,807, (US$1,118,213 for December 2022) which is disclosed in the consolidated financial statements as prepaid expenses.

(w) Legal reserve

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

(x) Revaluation surplus

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

(y) Use of estimates

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

(z) Estimates for litigation

In pending litigation, provisions are recorded for the probable obligations that may arise for the Bank, as a consequence of the unfavorable result, due to lawsuits that are pending resolution.

This provision is estimated based on the data provided by the Corporate Legal Management or external legal advisors, if available, on the progress of the lawsuits that the Bank and subsidiaries have and in accordance with the criteria and scope of the eventual resolutions.

(aa) Uncertainty over Income Tax Treatments, IFRIC 23

IAS 12, Income Taxes, specifies the requirements for deferred and current tax assets and liabilities. An entity will use the requirements of IAS 12 based on the applicable tax laws.

It may not be clear how tax laws apply to a particular transaction or circumstance. The acceptability of a particular tax treatment under tax law may not be known until a decision is made in the future by the relevant tax authority or the courts of law. Accordingly, a dispute or inspection of a particular tax treatment by the tax authority may affect an entity's accounting for deferred or current tax assets or liabilities.

In evaluating whether and how an uncertain tax treatment affects the determination of tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity will assume that the tax authority will inspect the amounts it has have the right to review and will have full knowledge of all related information when conducting such reviews.

If an entity concludes that the tax authority is likely to accept an uncertain tax treatment, the entity shall determine the tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, consistent with the tax treatment used or intended to be used on its income tax return.

An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using one of the following methods, depending on which method the entity expects to best predict the resolution of the uncertainty:

(a) The most probable amount—the single most probable amount over a range of possible outcomes. The most probable amount can better predict the resolution of the uncertainty if the possible outcomes are dual or concentrated in one value.

(b) The expected value—the sum of the amounts weighted by their probability over a range of possible outcomes. The expected value can better predict the resolution of uncertainty if there is a range of possible outcomes that are neither dual nor concentrated in one value.

(c) If an uncertain tax treatment affects current taxes and deferred taxes (for example, if it affects the taxable profit used to determine the current tax and the tax bases used to determine the deferred tax), an entity makes consistent judgments and estimates about the current and deferred tax.

(bb) Recognition of main types of income and expenses

(i) Interest

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

(ii) Income from fees and commissions

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

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

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

(iv) Expenses from operating lease

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

(cc) Income tax

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

(i) Current:

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

(ii) Deferred:

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

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

(dd) BICSA - Financial leases

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

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

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

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

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

(ff) Legal allocations

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

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

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

(gg) Development Financing Fund

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

(hh) Development Credit Fund

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

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

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

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

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

c) The Banks may allocate in accordance with Article 35, Law 8634 the resources of the Development Credit Fund through: associations, cooperatives, foundations, NGOs, producer organizations or other entities if they have credit operations in programs that meet the objectives established in the Law 8634 and are duly approved by the Governing Board.

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

(ii) BICSA - Trusts

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

(jj) Fiscal year

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

2). Collateralized or restricted assets

Collateralized or restricted assets are as follows:

		December 2023	**December 2022**
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢	669,801,835,274	702,568,860,060
Restricted cash and cash equivalents (see note 4)		69,969,930	161,362,379
Total cash and cash equivalents		669,871,805,204	702,730,222,439
Past due and restricted financial instruments (see note 5)		146,916,193,300	399,433,263,281
Other assets		930,715,606	572,473,142,041
	¢	**817,718,714,110**	**1,674,636,627,761**

3). Balances and transactions with related parties

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

		December 2023	December 2022
Assets:			
Loan portfolio	¢	1,000,300,653	1,084,371,059
Other accounts receivable		587,481,977	505,201,469
Interests in other entities		133,402,390	349,295,286
Total assets	¢	**1,721,185,020**	**1,938,867,814**
Income:			
Income from interest in entities		557,059	4,969,892
Sundry operating income	¢	435,930,700	0
Total income	¢	**436,487,759**	**4,969,892**
Expenses:			
Financial expenses		1,466,464,363	0
Expense from investments in other companies		282,014,799	0
Total expenses	¢	**1,748,479,162**	**0**

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

		December 2023	December 2022
Short-term benefits	¢	3,913,060,494	2,620,347,138
Long-term benefits		22,406,652	164,860,483
Directors' seating fees		247,615,493	251,565,399
	¢	**4,183,082,639**	**3,036,773,020**

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

4). Cash and cash equivalents

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

		December 2023	December 2022
Cash	¢	94,545,532,532	92,361,994,246
Demand deposits in BCCR		592,619,894,577	622,122,345,509
Checking accounts and demand deposits in local financial entities		1,417,055,883	34,167,612
Checking accounts and demand deposits in foreign financial entities		78,213,290,649	186,348,821,639
Notes payable on demand		958,261,787	291,159,518
Restricted cash and cash equivalents		89,387,879,925	89,483,497,239
Interest receivable		19,654	13,709,943
Total cash and cash equivalents		**857,141,935,007**	**990,655,695,706**
Investments in short-term financial instruments		382,741,644,939	134,047,099,425
Total cash and cash equivalents	¢	**1,239,883,579,946**	**1,124,702,795,131**

As of December 31, 2023, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢669,762,792,743, (¢702,533,276,665 for December 2022).

As of December 31, 2023, BCR Pension´s deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢13,870,528, (¢8,533,646 for December 2022), for a total of ¢6,287,854,162, (¢6,090,975,102 for December 2022).

As of December 31, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢25,172,002, (¢27,049,750 for 2022), for a total of ¢27,509,308,760 (¢25,345,587,903 for December 2022).

As of December 31, 2023, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢27,414,166,828, (¢25,157,175,774 for December 2022). (See note 2).

As of December 31, 2023, the Bank has a liability for outstanding checks in the amount of ¢608,813,166 (¢1,071,873,752 for December 2022), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

5). Investments in financial instruments

Investments in financial instruments are as follows:

		December 2023	December 2022
At fair value through profit or loss	¢	137,856,680,612	232,343,302,158
At fair value through other comprehensive income		1,076,169,538,430	1,390,086,634,332
At amortized cost		356,017,903,026	90,186,040,192
Interest receivable for investments at fair value through profit or loss		2,399,300,384	5,931,787,338
Interest receivable for investments at fair value through other comprehensive income		18,751,106,347	18,737,313,032
Interest receivable for investments classified at amortized cost		295,481,765	410,214,991
Allowance for impairment of financial instruments		(162,532,817)	(91,277,233)
	¢	**1,591,327,477,747**	**1,737,604,014,810**

At fair value through profit or loss		**December 2023 Fair value**	**December 2022 Fair value**
Local issuers:			
State-owned Banks	¢	0	778,649,201
Other (Open Investment Funds)		53,247,645,117	105,117,749,081
		53,247,645,117	**105,896,398,282**
Foreign issuers:			
Government		0	29,003,876
State-owned Banks		162,089,489	0
Private issuers		84,300,800,005	126,417,900,000
Other		146,146,001	0
	¢	**137,856,680,612**	**232,343,302,158**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

At fair value through other comprehensive income		**December 2023 Fair value**	**December 2022 Fair value**
Local issuers:			
Government	¢	890,213,468,239	1,160,103,833,205
State-owned Banks		55,407,239,075	107,022,856,034
Private Banks		3,582,262,526	8,296,159,016
Private issuers		7,176,521,117	7,902,768,829
Other		30,353,053,121	28,949,085
		986,732,544,078	**1,283,354,566,169**
Foreign issuers:			
Private Banks		56,824,935,520	13,084,184,815
Other		32,612,058,832	93,647,883,348
	¢	**1,076,169,538,430**	**1,390,086,634,332**

Financial instruments at amortized cost issued by entities		**December 2023 Fair value**	**December 2022 Fair value**
Local issuers:			
Government	¢	283,769,481,873	19,050,101,818
State-owned Banks		26,870,880,000	25,283,580,000
Private Banks		31,803,832,794	28,152,322,741
Private issuers		13,573,708,359	17,700,035,633
	¢	**356,017,903,026**	**90,186,040,192**
		356,017,903,026	**90,186,040,192**

As of December 31, 2023, the investment portfolio amounts to ¢94,495,938,981, (¢158,945,753,812 for December 2022) corresponding to the managed amounts of the Development Credit Fund (See note 40).

Maturities for investments in financial instruments are from January 01, 2024, to May 24, 2034.

Purchased financial instruments earn annual yield rates as follows:

	December 2023	**December 2022**
Colones	4.60% to 11.53%	0,51% to 18.06%
US dollars	0,01% to 6.58%	0,01% to 9.96%

Investments have been pledged as follows:

		December 2023	December 2022
Securities in guarantee, liquidity market	¢	113,228,042,839	369,692,667,369
Restricted minimum operating capital of BCR Pensión Operadora de Pensiones Complementarias, S.A.		6,273,983,633	6,082,441,456
Guarantee for obligations by repurchase of Securities, BCR Valores, S.A. BCR Puesto de Bolsa, S.A.		27,414,166,828	23,658,154,456
	¢	**146,916,193,300**	**399,433,263,281**

In accordance with Article 37 of the Labor Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of December 31, 2023, amount to ¢6,273,983,633, (¢6,082,441,456 for December 2022).

As of December 31, 2023, BCR Valores holds restricted investments in securities in the amount of ¢27,414,166,828, (¢25,157,175,774 for December 2022).

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 December 31, 2023, purchased financial instruments remain under resale agreements.

Issuer		Asset Balance	Fair Value of Collateral	Resale Date	Resale Price
Local government	¢	1,689,615,963	1,663,700,000	20/12/2023 to 04/01/2024	100%
Others		1,299,703,075	1,299,703,075	01/01/024 to 31/03/2024	100%
	¢	**2,989,319,038**	**2,963,403,075**		

As of December 31, 2022

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

6). Loan portfolio

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

a) Loan portfolio by economic sector

		December 2023	December 2022
Current loans			
Personal loans	¢	1,319,024,596,705	1,313,054,163,704
Loans Development Banking System		81,194,734,463	70,256,319,853
Business loans		94,182,522,224	199,347,567,133
Loans - Corporate		2,232,385,298,886	2,250,693,931,615
Loans - Public sector		58,050,059,983	55,635,856,560
Loans - Financial sector		22,440,521,512	48,474,746,013
		3,807,277,733,773	**3,937,462,584,878**
Past due loans			
Personal loans		130,559,339,318	137,373,460,783
Loans Development Banking System		4,370,523,362	3,215,440,608
Business loans		13,546,557,498	17,186,060,098
Loans - Corporate		89,843,310,139	85,481,931,682
		238,319,730,317	**243,256,893,171**
Loans in legal collection			
Personal loans		31,015,697,072	29,306,781,962
Loans Development Banking System		742,263,981	952,731,705
Business loans		4,433,526,632	4,281,509,660
Loans - Corporate		18,365,682,350	19,474,356,582
		54,557,170,035	54,015,379,909
	¢	**4,100,154,634,125**	**4,234,734,857,958**

b) Loan portfolio by activity

Activity		**December 2023**	**December 2022**
Agriculture, livestock, hunting and service activities	¢	163,719,118,126	183,941,629,442
Public administration		19,382,332,809	24,395,604,351
Fishing and aquaculture		42,617,690	43,712,963
Manufacturing		352,101,468,268	409,400,956,418
Telecommunications and public services		237,657,850,422	234,561,181,309
Mining and quarrying		21,982,027	28,843,116
Retail		453,381,163,120	468,339,740,242
Services		710,227,297,856	959,174,202,303
Transportation		31,005,549,708	33,732,957,042
Financial activities and stock exchange		97,277,493	3,385,299,600
A Real estate, business, and leasing Activities		21,398,613,478	26,519,811,034
Construction, purchase, and repair of real estate		1,513,233,349,688	1,499,484,435,274
Consumer		492,299,480,166	270,850,551,147
Hospitality		104,478,630,055	119,607,586,829
Education		657,174,250	740,142,594
Other activities from the non-financial private sector		450,728,969	528,204,294
		4,100,154,634,125	4,234,734,857,958
Plus, interest receivable		22,649,068,401	23,482,920,835
Deferred income from loan portfolio		(20,496,872,511)	(20,333,161,206)
Less allowance for loan		(135,098,772,705)	(160,471,231,286)
	¢	**3,967,208,057,310**	**4,077,413,386,301**

c) Current loans

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

		December 2023	December 2022
Current			
Personal	¢	1,319,024,596,706	1,313,054,163,704
Development Banking System		81,194,734,463	70,256,319,853
Business		94,182,522,224	199,347,567,133
Corporate		2,234,975,320,891	2,250,693,931,615
Public sector		58,050,059,983	55,635,856,560
Financial sector		19,850,499,506	48,474,746,013
	¢	**3,807,277,733,773**	**3,937,462,584,878**

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

		December 2023	December 2022
Past due			
Personal	¢	130,559,339,317	137,373,460,783
Development Banking System		4,370,523,362	3,215,440,608
Business		13,546,557,498	17,186,060,098
Corporate		89,843,310,140	85,481,931,682
	¢	**238,319,730,317**	**243,256,893,171**

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

		December 2023	December 2022
Judicial collection			
Personal	¢	31,015,697,072	29,306,781,962
Development Banking System		742,263,981	952,731,705
Business		4,433,526,632	4,281,509,660
Corporate		18,365,682,350	19,474,356,582
	¢	**54,557,170,035**	**54,015,379,909**

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

		December 2023	December 2022
Total minimum payments	¢	30,396,734,632	26,657,265,887
	¢	**30,396,734,632**	**26,657,265,887**

The maturities of the financial leases are as follows:

		December 2023	December 2022
Less than a year	¢	1,203,786,462	1,430,091,146
From 1 to 5 years		29,192,948,170	25,227,174,741
	¢	**30,396,734,632**	**26,657,265,887**

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

		December 2023	December 2022
Current	¢	3,807,277,733,773	3,937,462,584,878
1 to 30 days		137,929,240,036	130,083,501,398
31 to 60 days		34,046,028,490	36,174,862,201
61 to 90 days		13,845,615,392	20,105,965,518
91 to 120 days		12,143,907,508	5,673,686,984
121 to 180 days		9,013,618,794	10,516,023,556
Over 181 days		85,898,490,132	94,718,233,423
	¢	**4,100,154,634,125**	**4,234,734,857,958**

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

e) Past due loans

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

		December 2023	December 2022
Number of operations		2,061	1,832
Past due loans in non-accrual status	¢	83,308,468,126	94,718,233,423
Past due loans bearing interest	¢	209,568,432,226	202,554,039,657
Total of unearned interest	¢	14,608,974,402	16,296,571,125

Loans in legal collection as of December 31, 2023:

# of operations	Percentage		Balance
1,087	1.33%	¢	54,557,170,035

Loans in legal collection as of December 31, 2022:

# of operations	Percentage		Balance
1,145	1.28%	¢	54,015,379,909

As of December 31, 2023, the average annual interest rate earned on loans is de 8.77%, (8.99% for December 2022) in colones and 7.14% (7.47% for December 2022) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 8.06% (7.61% for December 2022).

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

		December 2023	December 2022
Personal	¢	9,012,628,757	9,250,550,721
Development Banking System		289,864,050	272,436,252
Business		1,151,439,604	1,138,731,425
Corporate		11,791,269,378	12,231,158,384
Public sector		282,987,434	327,112,407
Financial sector		120,879,178	262,931,646
	¢	**22,649,068,401**	**23,482,920,835**

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

2023 Initial balance	¢	**160,471,231,286**
Currency translation effect		(1,893,146,586)
Adjusted balance at the beginning of 2023		**158,578,084,700**
Plus:		
Allowance charged through profit or loss (see note 29)		9,258,581,692
Recoveries		8,202
Reversal of unsolved		318,731,125
Less:		
Adjustments for exchange differences		(7,223,777,683)
Transfer to unpaid balances		(10,104,156,554)
Reversal of allowance against income (see note 30)		(15,740,896,049)
Transfer of balances		12,197,272
Balance as of December 31, 2023	¢	**135,098,772,705**
2022 Initial balance	¢	**171,218,633,346**
Currency translation effect		(1,506,459,025)
Adjusted balance at the beginning of 2022		**169,712,174,321**
Plus:		
Allowance charged through profit or loss (see note 29)		15,671,760,725
Adjustments for exchange differences		4,373,505,583
Less:		
Adjustments for exchange differences		(8,467,380,940)
Transfer to unpaid balances		(13,129,039,580)
Reversal of allowance against income (see note 30)		(7,714,046,765)
Transfer of balances		24,257,942
Balance as of December 31, 2022	¢	**160,471,231,286**

h) Syndicated loans

As of December 31, 2023, the syndicated loan portfolio is detailed as follows:

Banco de Costa Rica syndicated loan portfolio:

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

BICSA - Syndicated loans

As of December 31, 2023:

No. Operations			Syndicated balances other banks	Syndicated balance BICSA		Total balance
1	Global Bank	¢	66,798,021,240	4,783,505,432	¢	71,581,526,672
1	Banco Agromercantil de Guatemala, S.A.		289,145,529,450	2,745,990,550		291,891,520,000
13	Credicorp Bank		24,901,502,609	1,442,497,391		26,344,000,000
1	Credit Suisse AG		119,281,050,436	4,535,749,564		123,816,800,000
3	Prival Bank		23,687,957,767	1,082,345,405		24,770,303,172
1	Banistmo		34,502,459,140	6,411,601,661		40,914,060,801
1	Bladex		130,739,112,910	6,249,687,090		136,988,800,000
2	Banco Centroamericano de Integración Económica		109,766,447,125	8,781,552,875		118,548,000,000
3	Bancolombia		177,046,429,890	6,307,810,110		183,354,240,000
2	Banco Aliado		36,486,440,000	7,244,600,000		43,731,040,000
1	MMG Bank Corporation		1,478,814,365	682,051,171		2,160,865,536
1	Banco Santander, Natixis, ING Bank		379,400,473,447	8,383,206,553		387,783,680,000
1	BNCR		66,841,885,401	1,652,514,599		68,494,400,000
1	Banco Agente Santander		233,407,840,000	2,634,400,000		236,042,240,000
1	Banco Stander Chile		73,402,350,710	2,634,400,000		76,036,750,710
5	Citigroup Global Markets Inc., Deutsche Bank AG and JPMorgan Chase Bank		524,245,600,000	2,634,400,000		526,880,000,000
1	The Bank Of New York		23,709,600,000	5,268,800,000		28,978,400,000
1	JPMorgan Chase Bank, National Bank of Canada (National Bank Financial Inc. #NBF#) y Royal Bank of Canada (RBC Capital Markets, LLC		165,967,200,000	2,634,400,000		168,601,600,000
40		¢	**2,480,808,714,490**	**76,109,512,401**	¢	**2,556,918,226,891**

As of December 31, 2022

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

7). Held-for-sale assets, net

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

		December 2023	December 2022
Financial instruments	¢	103,319,727,566	115,127,502,923
Other assets		545,716,542	658,544,163
Purchased-for-sale		2,296,276,749	1,044,557,850
Idle real property, furniture, and equipment		2,295,514,462	1,977,878,927
		108,457,235,319	118,808,483,863
Allowance for impairment and per legal requirement		(66,947,372,074)	(67,864,844,691)
	¢	**41,509,863,245**	**50,943,639,172**

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

		December 2023	December 2022
At the beginning of the year	¢	**118,808,483,863**	**140,834,468,459**
Translation effect		(2,257,540,801)	(1,331,880,003)
Adjusted balance		**116,550,943,062**	**139,502,588,456**
Increase for awarded assets		16,759,393,848	18,526,514,432
Transfer to unused property, furniture, and equipment		503,882,698	1,288,622,589
Increase goods acquired for sale		13,302,920,018	4,914,343,178
Sales of goods		(38,473,657,144)	(44,130,509,335)
Withdrawal of unused property, furniture, and equipment		(186,247,163)	(1,293,075,457)
Balance at the end of the period	¢	**108,457,235,319**	**118,808,483,863**

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

		December 2023	December 2022
Opening balance	¢	**67,864,844,691**	**77,758,590,537**
Currency conversion effect		(61,916,884)	(24,136,255)
Adjusted Balance		**67,802,927,807**	**77,734,454,282**
Increase in the allowance		16,095,628,678	18,521,186,919
Reversal in the allowance		(16,772,635,939)	(28,546,716,197)
Transfer of balances		1,202,642,158	160,372,544
Adjustment of the estimate for appraisal of assets		(1,381,190,630)	(4,452,857)
Closing balance	¢	**66,947,372,074**	**67,864,844,691**

8). Interest in other companies' capital

Interest in other companies 'capital is detailed as follows:

		December 2023	December 2022
Capital interest in Bolsa Nacional Valores, S.A.	¢	29,060,460	29,057,201
Capital interest in Interclear Central de Valores, S.A.		36,356,728	36,359,987
Capital interest in BCR Pensiones, Operadora de Planes de Pensiones Complementarias SA		67,985,202	0
Capital interest in Banprocesa. S.R.L.		0	283,878,098
	¢	**133,402,390**	**349,295,286**

As of December 31, 2023, the interest in Bolsa Nacional de Valores, S.A., is of 1,514,974 common shares with a par value of ¢19,18 each, recorded at cost since these shares are not subject to public offering.

As of December 31, 2023, the interest in Interclear Central de Valores, S.A. is of 24,545,455 common shares with a par value of ¢1.4813 each, recorded at cost since these shares are not subject to public offering.

Interest in the equity of the financial conglomerate:

As of December 31, 2023, the capital stock of BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., is represented by 1,279,450,000 common and registered shares, with a par value of ¢1 each, for a total of ¢1,279,450,000.

As of December 31, 2023, the capital stock of BCR Sociedad Administradora de Fondos de Inversión, S.A. is represented by 96,784 common and registered shares, with a par value of ¢50,000 each, for a total of ¢4,839,200,000.

As of December 31, 2023, the capital stock of BCR Valores, S.A. - Puesto de Bolsa, S.A., is represented by 12,626 common and registered shares, subscribed, and paid in full, with a par value of ¢1,000,000 each, for a total of ¢12,626,000,000.

As of December 31, 2023, the capital stock of BCR Sociedad Corredora de Seguros, S.A., is represented by 45,000 common and registered shares, subscribed, and paid in full, and with a par value of ¢50,000 each, for a total of ¢2,250,000,000. At the extraordinary Shareholders' Meeting 04-19 of BCR Corredora de Seguros on December 4, 2019, an increase in the Company's share capital was authorized in the amount of 1,000,000,000, representing an increase of 20,000 shares with which the share capital reaches the amount of ¢2,250,000,000 comprised of 45,000 common and registered, authorized and issued shares with a par value of ¢50,000 each.

As of December 31, 2023, the capital stock of Depósito Agrícola de Cartago S. A., is represented by 1 common and registered shares, which are authorized and issued, with a par value for a total of ¢305,842,762.

As of December 31, 2023, the capital stock of Banprocesa, S.R.L., is represented by 100 common and registered shares, which are authorized and issued with a par value of ¢100,000, for a total of ¢10,000,000.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of December 31, 2023, ownership interest is represented by 6,772,137 common shares of US$10 par value each. The remaining 49% of shares is owned by Banco Nacional de Costa Rica.

The Bank's income statement for the period ended December 2023, includes the amounts of ¢3,344,760,119, (¢2,002,326,916 for December 2022), corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended December 31, 2023, includes an equity decrease of ¢9,444,106,286, (¢5,350,104,171 for December 2022) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of December 31, 2023, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance sheet amounts to ¢67,326,345,389, (¢73,316,067,683 for December 2022) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢3,213,593,880, (¢1,923,801,052 for December 2022).

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

	December 2023		December 2022	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	13,278,700	132,787,000	13,278,700	132,787,000
Balance at the end of the period	**13,278,700**	**132,787,000**	**13,278,700**	**132,787,000**

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

As of December 31 2023, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢ 223,706,436, (¢860,236,658 for December 2022), corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

9). Property, furniture, and equipment

As of December 31, 2023, property, furniture, and equipment are detailed as follows:

Cost:		Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Assets for the right-of-use, buildings, and facilities	Total
Balance as of December 31, 2022	¢	**36,112,762,169**	**101,494,422,613**	**39,930,981,792**	**54,066,568,409**	**5,960,479,952**	**32,152,214,688**	**269,717,429,623**
Conversion effect		(58,803,596)	(935,984,428)	(110,697,181)	(197,708,756)	(7,206,889)	(176,421,850)	(1,486,822,700)
Adjusted balance		**36,053,958,573**	**100,558,438,185**	**39,820,284,611**	**53,868,859,653**	**5,953,273,063**	**31,975,792,838**	**268,230,606,923**
Additions		0	801,689,831	1,257,329,694	8,557,135,432	53,282,258	199,779,471	10,869,216,686
Withdrawals		(333,747,430)	0	(195,342,717)	(1,217,532,681)	0	0	(1,746,622,828)
Transfers		0	1,335,316,303	(1,853,229,336)	(8,227,455,050)	303,793,943	128,142,099	(8,313,432,041)
Revaluation		0	0	13,884,531	0	0	5,494,869	19,379,400
Reversal of depreciation		0	0	0	0	(59,142)	0	(59,142)
Balance as of December 31, 2023		**35,720,211,143**	**102,695,444,319**	**39,042,926,783**	**52,981,007,354**	**6,310,290,122**	**32,309,209,277**	**269,059,088,998**
Accumulated depreciation and impairment								
Balance as of December 31, 2022		**0**	**37,958,884,721**	**26,458,862,052**	**39,611,176,674**	**4,692,318,066**	**9,807,713,141**	**118,528,954,654**
Conversion effect		0	(183,170,595)	(106,121,276)	(166,069,641)	(7,146,973)	(122,836,032)	(585,344,517)
Adjusted balance		**0**	**37,775,714,126**	**26,352,740,775**	**39,445,107,033**	**4,685,171,093**	**9,684,877,109**	**117,943,610,136**
Depreciation expenses		0	2,082,716,879	3,445,414,805	4,884,259,001	310,602,780	4,175,303,246	14,898,296,711
Adjustment for previous periods		0	0	0	0	0	0	0
Withdrawals		0	0	(1,849,253,206)	(6,775,458,711)	(12,882,743)	(28,766,067)	(8,666,360,727)
Transfers		0	0	(886,738,821)	1,649,873,719	(293,717)	(35,990,920)	726,850,261
Balance as of December 31, 2023	¢	**0**	**39,858,431,005**	**27,062,163,553**	**39,203,781,042**	**4,982,597,413**	**13,795,423,368**	**124,902,396,381**
December 31, 2023	¢	**35,720,211,143**	**62,837,013,314**	**11,980,763,230**	**13,777,226,312**	**1,327,692,709**	**18,513,785,909**	**144,156,692,617**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

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

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

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10). Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		December 2023	December 2022
Improvement of properties in operating lease	¢	578,802,141	872,974,288
Other deferred charges		968,693,912	1,291,337,063
	¢	**1,547,496,053**	**2,164,311,351**

(b) Intangible assets

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

Cost:		
Balance as of December 31, 2022	¢	**83,282,029,043**
Currency translation effect		(966,937,862)
Adjusted balance		**82,315,091,181**
Additions to computer systems		16,755,801,520
Transfers		(2,699,330,491)
Withdrawals		(1,920,011,540)
Balance as of December 31, 2023		**94,451,550,670**
Accumulated depreciation and impairment:		
Balance as of December 31, 2022		**59,734,564,757**
Currency translation effect		(718,864,815)
Adjusted balance		**59,015,699,942**
Amortization expense on computer systems		20,347,984,409
Transfers		(4,392,639,979)
Withdrawals		(4,471,107)
Amortized balance and impairment as of December 31, 2023		**74,966,573,265**
Balance as of December 31, 2023	¢	**19,484,977,405**

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December		**2022**
Cost:		
Balance as of December 31, 2021	¢	**57,790,466,417**
Currency translation effect		(561,053,101)
Adjusted balance		**57,229,413,316**
Additions to computer systems		16,763,207,200
Transfers		11,054,576,512
Withdrawals		(1,765,167,985)
Balance as of December 31, 2022		**83,282,029,043**
Accumulated depreciation and impairment:		
Balance as of December 31, 2022		**40,609,976,820**
Currency translation effect		(467,031,260)
Adjusted balance		**40,142,945,560**
Amortization expense on computer systems		14,376,037,116
Transfers		6,339,283,869
Withdrawals		(1,123,701,788)
Amortized balance and impairment as of December 31, 2022		**59,734,564,757**
Balance as of December 31, 2022	¢	**23,547,464,286**

(c) Other assets

Other assets are detailed as follows:

		December 2023	**December 2022**
Prepaid taxes	¢	28,253,907,995	34,363,327,777
Other prepaid taxes		75,473,096	14,073,563
Prepaid leases		78,383	78,383
Prepaid insurance policy		552,774,612	382,800,446
Other prepaid expenses		79,443,898	394,986,914
Prepaid expenses		28,961,677,984	**35,155,267,083**
Stationery, supplies and other materials		231,667,984	198,957,184
Library and works of art		46,258,188	36,986,766
Construction in process		8,996,494,115	8,612,541,177
Automated applications under development		5,102,479,616	4,478,123,483
Membership in social and professional institutions		36,633,800	36,633,800
Other miscellaneous goods		24,827,434,648	24,525,107,060
Miscellaneous goods		39,240,968,351	**37,888,349,470**
Missing cash		48,850,004	47,702,442
Transactions to be settled		48,768,901,077	57,745,803,194
Other operations pending allocation		170,809,574	353,394,564
Operations pending allocation		48,988,560,655	**58,146,900,200**
Guarantee deposits		1,138,644,193	1,166,642,799
Judicial and administrative deposits		0	2,081,316,906
Restricted assets		**1,138,644,193**	**3,247,959,705**
	¢	**118,329,851,183**	**134,438,476,458**

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11). Demand obligations with the public

Demand obligations with the public are as follows:

		December 2023	December 2022
Checking accounts	¢	2,077,967,789,370	2,237,956,431,734
Cashier´s checks		144,476,108	451,515,080
Demand savings deposits		1,068,469,506,288	1,064,529,165,087
Overdue term borrowings		1,863,395,806	1,897,451,094
Overnight deposits		1,815,101,600	3,780,497,200
Other demand obligations with the public		3,576,646,127	4,100,150,200
	¢	**3,153,836,915,299**	**3,312,715,210,395**

12). Term and demand obligations with the public and entities

Term and demand obligations with the public and entities per number of customers and accumulated amount are detailed as follows:

		December 2023 Demand	December 2022 Demand
Obligations with the public			
Deposits from the public	¢	3,150,260,269,171	3,308,615,060,195
Other obligations with the public		3,576,646,128	4,100,150,200
(See note 11)		3,153,836,915,299	3,312,715,210,395
Obligations with entities			
Deposits from state-owned entities		10,212,383,310	9,856,961,912
Deposits from other Banks		4,188,632,771	4,099,984,761
Other obligations with entities		53,359,601,832	72,277,495,403
		67,760,617,913	86,234,442,076
	¢	**3,221,597,533,212**	**3,398,949,652,471**

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		December 2023 Term	December 2022 Term
Obligations with the public			
Deposits from the public	¢	1,689,282,292,778	1,864,983,147,193
Other obligations with the public		15,616,804	11,063,795
		1,689,297,909,582	1,864,994,210,988
Obligations with entities			
Deposits from state-owned entities		62,134,077,995	37,638,852,986
Deposits from other Banks		593,590,024	10,022,032,121
Other obligations with entities		633,437,932,019	721,770,058,668
		696,165,600,038	769,430,943,775
	¢	**2,385,463,509,620**	**2,634,425,154,763**

As of December 31, 2023, demand deposits with the public include court-ordered deposits for ¢258,756,472,753, (¢260,468,163,133 for December 2022), which are restricted because of their nature.

As of December 31, 2023, the Bank has a total of de 1,896,596 (1,751,780 for December 2022) employees with demand deposits and with term deposits 36,047 (36,213 for December 2022). The subsidiary BICSA has a total of 920 customers (855 for December 2022) with demand deposits and 1,386 (1,157 for December 2022).

13). Other obligations with the public

Other obligations with the public are as follows:

		December 2023	December 2022
Obligations for confirmed letters of credit	¢	5,523,100,903	6,642,720,100
Obligations for security tripartite agreements forward buyer		0	5,558,776,494
	¢	**5,523,100,903**	**12,201,496,594**

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Repurchase agreements:

The Bank raises funds through the sale of financial instruments under agreements in which the Bank undertakes to repurchase them at future dates and at a predetermined price and yield.

As of December 31, 2023, and 2022, there are no repurchase agreements.

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

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

Obligations with entities and with the Central Bank of Costa Rica are detailed as follows:

		December 2023	December 2022
Term obligations with the Central Bank of Costa Rica	¢	103,950,578,331	134,495,032,211
Charges,payable,for,obligations,with,the, Central Bank of Costa Rica		2,181,618,180	1,424,026,345
		106,132,196,511	135,919,058,556
Checking accounts of local financial entities		23,899,287,874	30,608,697,132
Checking accounts of foreign financial entities		329,112,136	410,914,142
Overdrafts on demand checking accounts of foreign financial entities		7,021,274,657	7,249,152,774
Obligations for check deposits		608,813,166	1,071,873,752
Overnight deposits		35,902,130,080	46,893,804,276
Term deposits from local financial entities		80,394,940,576	57,798,344,956
Term deposits from financial entities abroad		36,901,844,305	54,188,524,135
Loan from foreign financial entities (See note 14-a)		306,997,236,235	327,749,783,825
Obligations for right-of-use assets received under leases (note 14-a)		18,720,688,670	24,383,913,051
Obligations with resources from the Development Credit Fund (DCF)		140,481,206,433	192,026,399,851
Charges payable for obligations with financial and non-financial entities		6,329,955,245	6,469,427,755
		657,586,489,377	748,850,835,649
Loans from local financial entities (See note 14-a)		84,682,787,997	84,125,694,537
Obligations for deferred liquidity operations (See note 14-a)		27,986,895,819	29,158,283,416
		770,256,173,193	862,134,813,602
Loans of subsidiaries			
Subordinated obligations		49,957,954,304	49,955,433,414
Charges payable for subordinated obligations		184,422,222	184,422,222
		50,142,376,526	50,139,855,636
	¢	**926,530,746,230**	**1,048,193,727,794**

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The maturities of the term obligations with entities are from January 1, 2023, to August 30, 2024.

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

	December 2023	December 2022
Colones	6.03 % to 9.75%	0.01 % to 9.75%
US dollars	1.0% to 7.59%	0.01% to 7.68%

As of December 31, 2023, and 2022, there are no term obligations with foreign financial entities for the international issuance.

a) Maturity of loans payable

As of December 31, 2023, the maturities of loans payable are detailed as follows:

		Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	2,108,456,619	57,541,618,560	181,942,922,801	26,344,000,000	267,936,997,979
From one to two years		103,950,578,331	23,716,449,437	49,848,239,594	0	177,515,267,362
From three to five years		0	3,424,720,000	42,605,809,881	2,054,832,000	48,085,361,881
Over five years		0	0	4,201,431,959	0	4,201,431,959
Total	¢	**106,059,034,950**	**84,682,787,997**	**278,598,404,235**	**28,398,832,000**	**497,739,059,182**

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

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

b) Lease obligations

As of December 31, 2023, there are obligations for the right of use – leased assets received.

		Fee	Interest	Maintenance	Present value
Less than one year	¢	4,674,882,288	1,075,348,978	0	3,599,533,310
From one to five years		18,244,580,707	2,530,813,580	0	15,713,767,127
	¢	**22,919,462,995**	**3,606,162,558**	**0**	**19,313,300,437**

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

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

As of December 31, 2023, the allowance for future lease payments is as follows:

		Colones	US$ translated to colones
1 year	¢	1,305,192,530	3,691,623,601
2 years		1,145,864,320	3,046,220,554
3 years		1,107,240,405	2,335,851,199
4 years		1,107,240,405	2,309,660,986
5 years		1,107,240,405	2,302,595,212
Over 5 years		1,107,240,405	2,302,595,215
	¢	**6,880,018,470**	**15,988,546,767**

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

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

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As of December 31, 2023, future payments of the lease liability are presented as follows:

	Year		Payments	Present value	Amortization	Interest	Balance of the agreement
1	31/12/2022		5,016,860,198	4,978,453,485	3,933,914,845	1,096,755,159	18,085,615,539
2	31/12/2023		4,189,654,562	4,177,957,436	3,335,534,706	859,840,816	13,870,937,821
3	31/12/2024		3,471,928,178	3,476,786,450	2,805,874,895	668,025,926	10,243,379,818
4	31/12/2025		3,415,719,498	3,415,696,631	2,923,391,889	492,350,053	6,819,671,235
5	31/12/2026		3,409,835,829	3,409,835,617	3,102,247,190	307,588,427	3,409,835,617
6	31/12/2027		3,409,835,829	3,409,835,617	3,228,165,035	181,670,582	0
7	31/12/2028		0	0	0	0	0
		¢	**22,913,834,094**	**22,868,565,237**	**19,329,128,560**	**3,606,230,964**	

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

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

15). <u>Income tax</u>

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

As of December 31, 2023, the consolidated balance of income tax payable amounts to ¢12,828,353,865, (¢21,142,937,266 for December 2022) (see note 17) and the income tax advance payments amounted to ¢28,253,907,995, (¢34,363,327,777 for December 2022) (see note 10.c), recorded as other assets.

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Income tax expenses are detailed below:

		December 2023	December 2022
Current income tax	¢	27,897,022,954	26,084,988,435
Decrease in income tax		(13,178,030,592)	(4,182,365,234)
Increase in income tax		86,743,304	0
Adjustment for income tax of the previous period		(1,262,259,957)	0
Advances of settled income taxes		(715,121,844)	(759,685,935)
		12,828,353,865	**21,142,937,266**
Expenses for income taxes:			
Expense for current income tax of the period		27,897,022,954	26,084,988,435
Expense for deferred income tax		20,742,526,046	14,021,704,080
		48,639,549,000	**40,106,692,515**
Income for income taxes			
Decrease of income taxes for the period		(13,174,356,578)	(3,587,974,505)
Income for deferred income tax		(16,295,906,202)	(6,335,574,091)
Decrease in the deferred income tax from the previous period		(3,674,016)	(736,424,170)
		(29,473,936,796)	**(10,659,972,766)**
Income tax, net	¢	**19,165,612,2204**	**29,446,719,749**
Realization of deferred income tax	¢	**(4,446,619,844)**	**(7,686,129,989)**

The income tax calculation is detailed as follows:

		Diciembre 2023	Diciembre 2022
Income before taxes	¢	15,932,324,223	47,489,362,920
Plus:			
Non-deductible expenses		726,563,670,888	1,714,416,526,775
Less:			
Non-taxable income		(695,942,990,494)	(1,687,830,809,121)
Taxable income		**46,553,004,617**	**74,075,080,574**
Taxable income of the Conglomerate		**46,553,004,617**	**74,075,080,574**

Tax rates		
Taxable base of local entities (30%)	40,748,597,258	69,543,865,431
Taxable base of entities abroad (25%)	5,713,590,577	4,440,398,360
Income tax (30%)	12,224,579,177	20,863,159,629
Income tax (25%)	1,428,397,644	1,110,099,590
Income tax expense	**13,652,976,821**	**21,973,259,219**
Income tax expense from previous period	(418,159,930)	(719,133,155)
Current income tax ¢	**13,234,816,891**	**21,254,126,064**

BICSA is subject to tax legislation in the following jurisdictions.

Panamá

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

Miami

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

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

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Deferred tax assets and liabilities are attributed to the following:

As of December 31, 2023

		Assets	Liabilities	Net
Valuation of investments	¢	3,218,370,397	(3,767,810,511)	(549,440,114)
Revaluation of assets		242,823,928	(14,262,628,638)	(14,019,804,710)
Provisions		(8,404,053)	(34,976,819)	(43,380,872)
Financial leases		5,646,614,598	(5,579,520,286)	67,094,312
Deferred taxes for exchange differences		10,392,860,153	(21,585,796,102)	(11,192,935,948)
Losses and unused tax credits		240,624,914	0	240,624,914
Allowance for doubtful accounts		88,456,126	0	88,456,126
	¢	**19,821,346,063**	**(45,230,732,356)**	**(25,409,386,292)**

As of December 31, 2022

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

The movement of temporary differences is as follows:

As of December 31, 2023

		December 31, 2022	Effects on income statement	Effects on equity	December 31, 2023
On liabilities account					
Valuation of investments	¢	(469,153,500)	0	(3,298,657,011)	(3,767,810,511)
Revaluation of assets		(8,632,345,029)	146,820,397	0	(8,485,524,632)
Revaluation of land		(5,777,104,006)	0	0	(5,777,104,006)
Financial leases		(6,733,911,989)	1 154 391 703	0	(5,579,520,286)
For exchange differences		(7,280,460,002)	(14,305,336,100)	0	(21,585,796,102)
Allowance for doubtful accounts		(58,294,700)	23,317,881	0	(34,976,819)
On assets account					
Valuation of investments		19,159,652,189	0	(15,941,281,792)	3,218,370,397
Financial leases		7,647,460,580	(1,658,943,707)	(341,902,275)	5,646,614,598
Income tax for asset revaluation		242,823,928	0	0	242,823,928
Losses and unused tax credits		124,687,031	(167,873,767)	283,811,650	240,624,914
Provisions		23,293,290	(31,697,343)	0	(8,404,053)
Allowance for doubtful accounts		88,615,188	(159,062)	0	88,456,126
For exchange differences		0	10,392,860,154	0	10,392,860,154
	¢	**(1,664,737,020)**	**(4,446,619,844)**	**(19,298,029,428)**	**(25,409,386,292)**

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

As of December 31, 2023, the consolidated group presents a balance for income tax receivable of ¢8,909,791,476, (¢120,020,911 December 2022), in addition to supported value added tax for ¢1,785,036,658, (¢2,224,254,862 for December 2022) and deductible value added tax for ¢22,128,915, (¢28,209,555 for December 2022).

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

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

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

		December 2023		**December 2022**
Banco de Costa Rica	¢	18,640,703,527		14,186,632,789
BCR Valores, S.A.- Puesto de Bolsa		323,346,107		635,236,468
BCR Sociedad Administradora de Fondos de inversión, S.A.		229,690,558		155,205,344
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		55,794,630		164,453,335
BCR Corredora de Seguros, S.A.		65,297,213		152,719,661
	¢	**19,314,832,036**	¢	**15,294,247,597**

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

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

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

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

As of December 31, 2023, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢21,585,796,102, (¢7,280,460,002 for December 2022) and assets of ¢10,392,860,154 (for December 2022 there were no amounts).

16). Provisions

The movement of provision is as follows:

		Legal benefits	Lawsuits	Other	Total
Balance as of December 31, 2022	**¢**	**10,655,153,393**	**15,460,700,748**	**15,294,247,597**	**41,415,221,405**
Currency conversion effect		(17,274,749)	1,708,575	0	(15,566,174)
Adjusted balance		**10,637,878,644**	**15,460,552,918**	**15,294,247,597**	**41,392,679,158**
Provision made		806,182,906	6,799,882,720	6,910,329,185	14,516,394,811
Provision used		(75,836,383)	(1,332,653,074)	(1,275,491,324)	(2,683,980,781)
Adjustment for exchange rate differences		0	(3,197,138)	0	(3,197,138)
Provisions reversed		(955,418,920)	(18,383,003)	(596,554,925)	(1,570,356,848)
Balance as of December 31, 2023	**¢**	**10,412,806,247**	**20,906,202,423**	**20,332,530,533**	**51,651,539,202**

As of December 31, 2022:

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

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The number of litigations with the probability of occurrence is detailed as follows:

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provision in colones	Provision in US dollars
Contentious	218	25	191	2	¢33,113,828,061.24	$370,297,533.39	¢1,834,841,455.90	$5,668.82
Criminal	16	2	14	0	¢476,459,161.60	$5,856.98	¢186,625,633.57	$0
Labor	334	59	275	0	¢6,359,515,866.25	$825,000.00	¢2,669,522,920.92	$0
Proceedings	22	0	22	0	¢15,096,422.44	$2,000.00	¢0	$0
Total	590	86	502	2	¢39,964,899,511.53	$371,130,390.37	¢4,690,990,010.39	$5,668.82

As of December 31, 2023, there are 32 high category litigations without estimation (4 litigations, for December 2022).

As of December 31, 2022

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provision in colones	Provision in US dollars
Contentious	221	27	188	6	¢23,209,818,878.21	$373,671,772.55	¢914,220,709.87	$46,655.65
Criminal	16	2	14	0	¢476,459,161.60	$	¢196,032,438.67	$0
Labor	358	78	280	0	¢5,228,278,013.35	$5,856,98	¢1,997,791,721.78	$0
Proceedings	22	0	22	0	¢15,096,422.44	$825,001.00	¢0	$0
Total	617	107	204	6	¢28,929,652,475.80	$374,504,630.53	¢3,108,044,870.32	$46,655.65

As of December 31, 2023, the Bank is a defendant in litigation, for which the following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ¢33,113,828,061 and US$370,297,533 for which the Bank has provisions recorded in the amounts of ¢1,834,841,446 and US$5,669, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢476,459,162 and US$5,857, for which the Bank has recorded a provision in the amount of ¢182,625,634.

- For their nature, labor suits are difficult to estimate, however they are estimated in ¢6,359,515,866 and US$825,001 for which the Bank has provisions recorded in the amount ¢2,669,522,921, in the cases in which there is no firm condemnatory.

- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US$2,000.

- A provision in the amount of ¢471,102,734 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of December 31, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. maintains amounts provisions for¢1,708,743 for legal processes in labor matters.

As of December 31, 2023, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of December 31, 2023, there is a process against BCR Valores S.A. in the amount of US$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On February 7, 2023, BCR Valores filed an appeal for revocation against the resolution of the First Chamber that processed the appeal. On September 12, 2023, the First Chamber rejected the appeal filed by BCR Valores. The First Chamber must resolve on the merits the appeal presented by the plaintiff.

As of December 31, 2023, BCR Valores S.A. has a labor process against it, judicial file number 17-002581-1178-LA, for which there is a provision in the amount of ¢8,441,966. The trial is currently suspended due to unconstitutionality action No. 19-014055-0007-CO.

As of December 31, 2023, BICSA there are no provision for litigation.

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

- Ordinary suits against the Bank have been estimated for ¢25,313,172,429 and US$373,822,285 for which the Bank has provisions recorded in the amounts of ¢1,627,475,428 and US$46,656, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1,879,803,039 and $5,857, for which the Bank has recorded a provision in the amount of ¢196,032,439.

- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5,440,126,674 and $825,001 for which the Bank has provisions recorded in the amount of ¢2,021,340,774, in the cases in which there is no firm condemnatory.

- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US$2,000.

- A provision in the amount of ¢243,935,865 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

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

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

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

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

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

17). Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		December 2023	December 2022
Fees payable	¢	65,399,842	83,939,092
Due for goods and services		480,228,506	606,770,053
Current income tax		12,828,353,865	21,142,937,266
Tax on DU propts		24,218,622	(11,447,375)
Value added tax		322,573,499	367,234,741
Employer contributions		2,384,432,763	6,429,908,818
Court-ordered withholdings		836,338,637	847,422,981
Tax withholdings payable		3,962,650,913	3,153,820,271
Withheld employer contributions payable		1,166,801,256	2,573,583,492
Other third-party withholdings payable		13,715,553,530	14,178,395,035
Compensations and salaries payable		9,081,267,164	7,880,978,383
Interests (distributions) payable on results of the period (see note 33)		12,138,129,334	25,848,449,806
Obligations payable on loans with related parties		0	880,828
Accrued vacations		7,399,844,839	7,616,009,684
Accrued statutory Christmas bonus		1,395,494,314	1,265,061,202
Commissions payable from insurance placement		167,096,264	342,200,944
Commissions payable from insurance placement		13,498,575	24,143,806
Contribution to the Superintendence budget		4,825,261	12,938,089
Miscellaneous creditors		23,230,305,063	27,945,771,595
	¢	**89,217,012,247**	**120,308,998,711**

18). Equity

a) Capital Stock

The Bank's capital stock is as follows:

		December 2023	December 2022
Capital under Law No. 1644	¢	30,000,000	30,000,000
Bank capitalization bonds		1,288,059,486	1,288,059,486
Capital increase per Law No. 7107		118,737,742,219	118,737,742,219
Capital increase per Law No. 8703		27,619,000,002	27,619,000,002
Capital increase per Law No. 9605		18,907,432,694	18,907,432,694
Increase for revaluation of assets		14,130,125,230	14,130,125,230
Other		697,630,970	697,630,970
	¢	**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 Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)." Such law grants funds to capitalize three State owned banks, including Banco de Costa Rica, in order to stimulate productive sectors and particularly small and medium sized enterprises. For such purposes, the Bank received four securities for a total of US$50,000,000 equivalent to ¢27,619,000,002.

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

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

As of December 31, 2023, the revaluation surplus amounts to ¢41,085,212,831, (¢41,085,212,831 for December 2022).

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

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

As of December 31, 2023, the balance of the adjustment for valuation of investments at fair value with changes through other comprehensive income corresponds to unrealized net profits in the amount of ¢9,553,277,894, (¢52,858,371,308 for December 2022).

d) Adjustments for valuations of interest in other companies

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

As of December 31, 2023, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢9,728,703,622, (¢19,172,809,908 for December 2022).

e) Equity of the Development Financing Fund (FOFIDE)

As of December 31, 2023, the amount for the constitution of the equity of the Development Financing Fund is of ¢ 45,766,617,523, (¢40,476,721,777 for December a 2022). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

f) Special reserves of retained earnings from BICSA

As of December 31, 2023, from Banco de Costa Rica's retained earnings resulting from the investment in other companies, it should be considered for any purpose, that there are amounts related to special reserves applied to equity accounts of BICSA for US$36,730,185, (51% de US$72,019,971) (US$36,180,744 equivalent to 51% for US$70,942,635 for December 2022) due to changes made to policies concerning the subsidiary.

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

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

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

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

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

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

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Regulatory capital

As of December 31, 2023, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate		Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items	Transferable surplus and individual deficit
Parent Company						
Banco de Costa Rica	¢	606,431,243,069	390,768,302,061	215,662,941,009	0	215,662,941,009
		606,431,243,069	390,768,302,061	215,662,941,009	**0**	215,662,941,009
Regulated entities						
Banco Internacional de Costa Rica, S. A and subsidiary		137,399,766,400	99,791,072,000	37,608,694,400	18,428,260,256	19,180,434,144
BCR Valores, S. A.- Puesto de Bolsa		19,369,565,352	6,411,919,936	12,957,645,416	0	12,957,645,416
BCR Sociedad Administradora de Fondos de inversión, S.A.		5,456,563,230	2,537,928,660	2,918,634,570	0	2,918,634,570
BCR Pensión Operadora de Planes de					0	574,994,913
Pensiones Complementarias, S.A.		4,250,408,141	3,675,413,228	574,994,913	0	2,521,689,790
BCR Comercializadora de Seguros, S.A.		4,423,774,250	1,902,084,460	2,521,689,790	0	0
	¢	170,900,077,373	114,318,418,284	56,581,659,089	18,428,260,256	38,153,398,833
Non-regulated entities						
Banprocesa R.L.		1,223,060,900	320,604,500	902,456,400	0	902,456,400
Depósito Agrícola de Cartago S.A. and subsidiary		1,060,770,600	281,493,600	779,277,000	0	779,277,000
	¢	**2,283,831,500**	**602,098,100**	**1,681,733,400**	**0**	**1,681,733,400**
Global surplus or deficit of the Financial Conglomerate						**¢ 255,498,073,242**

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

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

19). Contingent accounts

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

Off balance financial instruments with risk are as follows:

		December 2023	December 2022
Guarantees granted:			
Performance bonds	¢	69,892,937,188	93,774,550,153
Bid bonds		88,636,438	779,929,923
Other guarantees		47,062,913,733	77,966,863,074
Issued non-negotiated letters of credit		37,888,972,926	18,199,014,145
Confirmed non-negotiated letters of credit		3,932,680,134	4,980,696,065
Credit lines to be used automatically		142,278,939,278	118,810,114,853
Other contingencies		232,883,506,405	254,313,912,940
Credits pending disbursement		49,437,310	49,499,652
	¢	**534,078,023,412**	**568,874,580,805**

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

		December 2023	December 2022
With prior deposit	¢	15,051,804,160	10,243,925,114
Without prior deposit		286,142,712,847	304,316,742,751
Pending lawsuits and claims		232,883,506,405	254,313,912,940
	¢	**534,078,023,412**	**568,874,580,805**

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

As of December 31, 2023, letters of credit are backed 100% by guaranteed deposits or credit facilities.

As of December 31, 2023, floating guarantees in custody are for ¢238,214,652,955 (¢248,069,572,706 for December 2022).

The Bank has off balance financial instruments with risk that arise in the ordinary course of business to meet the financial needs of its customers. These financial instruments include letters of credit and guarantees that involve varying levels of credit risk.

Other contingencies

As of December 31, 2023, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢31,278,986,615 and US$370,291,865. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- In criminal matters there are active ordinary labor processes which were estimated at ¢289,833,528and US$5,857.

- In labor matters there are active ordinary processes estimated in the amounts of ¢3,689,992,945y US$825,001.

- Administrative proceedings against the Bank have been estimated in the amounts of ¢15,096,422 y US$2,000.

As of December 31, 2023, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity´s operations.

As of December 31, 2023, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias. S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of December 31, 2023, there is a process against BCR Valores in the amount of US$175,000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. The Contentious Administrative Court set the time and date for the oral and public trial, which will be on January, 24, 25 and 26, 2024. After that, the Court will issue the judgment of the process.

As of December 31, 2023, BCR Valores S.A. has an established process, file number 23-000523-1178-LA. The demand was received and the response with the corresponding proof is sent.

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢22,295,598,168 and US$373,625,117. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- In labor matters there are active ordinary processes estimated in the amounts of ¢3,230,486,292 and US$825,001.

- Criminal proceedings in which the Bank is a third-party defendant are estimated at ¢280,426,723 and US$5,857.

- Administrative proceedings against the Bank have been estimated in the amounts of ¢15,096,422 and US$2,000.

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

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

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

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

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20). Trusts

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

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

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

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

		December 2023	December 2022
Cash and due from banks	¢	44,520,717,107	41,018,451,979
Investments in financial instruments		195 422 921 375	90,875,843,164
Loan portfolio		32,673,020,783	38,092,792,309
Allowance for doubtful accounts		(7,213,903,691)	(7,788,596,935)
Realizable assets		155,036,648,198	77,402,363,626
Investments in other companies		795,609,900	980,209,568
Other accounts receivable		32,439,325,803	43,277,417,175
Property, furniture, and equipment		101,878,211,099	141,968,008,610
Other assets		338,534,043,361	347,968,864,834
	¢	**894,086,593,935**	**773,795,354,330**

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

		December 2023	December 2022
Banco de Costa Rica	¢	846,209,117,927	723,133,806,513
Banco Internacional de Costa Rica, S.A.		47,877,476,008	50,661,547,817
	¢	**894,086,593,935**	**773,795,354,330**

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21). Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

		December 2023	December 2022
Own assets and securities held in Custody	¢	9,429,675,151	8,080,187,921
Guarantees received and held in custody		5,104,022,095,964	6,936,158,006,564
Guarantees received and held by third parties		4,168,318,384	1,920,433,624
Granted and unused credit lines		621,783,602,758	558,968,883,860
Write-offs		252,482,078,664	252,576,020,032
Suspense interest receivable		24,169,710,558	25,195,813,599
Backup documentation		0	58,711,000
Other memoranda accounts		6,176,126,729,723	5,170,008,762,369
Assets and securities held in custody for third parties		53,753,994,108	110,932,632,446
Managed funds assets		2,217,020,610,714	2,174,559,466,773
Management of individual portfolios by the stock market		246,087,572,796	274,324,321,459
Marketable securities received as collateral (Guarantee Trust)		1,843,213,774	0
Own held-for-trading securities		794,692,939,888	906,880,401,900
Cash and accounts receivable for custodial activities		108,289,699,228	107,674,613,997
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)		35,224,164,253	85,716,817,533
Held-for-trading securities pending receipt		6,662,993,266	6,921,484,223
Confirmed spot agreements pending Settlement		17,689,539,380	17,471,133,239
Futures pending settlement		27,866,013,236	48,988,866,408
Third parties held-for-trading securities		7,646,822,660,210	6,699,917,358,996
	¢	**23,348,135,612,055**	**23,386,353,915,943**

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Other memoranda accounts by subsidiaries are detailed as follows:

		December 2023	December 2022
Banco de Costa Rica	¢	19,799,380,104,339	18,944,176,688,119
Banco Internacional de Costa Rica, S.A.		437,679,017,774	1,354,526,507,005
BCR Valores, S.A.- Puesto de Bolsa (see note 22)		879,123,941,958	898,922,751,080
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)		598,691,302,869	718,214,471,106
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)		1,627,924,690,020	1,464,497,077,594
Depósito Agrícola de Cartago S. A.		5,336,555,094	6,016,421,039
	¢	**23,348,135,612,054**	**23,386,353,915,943**

22). <u>Current and term brokerage operations and portfolio management operations</u>

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

		December 2023	December 2022
<u>Other own memoranda accounts</u>			
Other memoranda accounts	¢	10,321,488,000	8,010,269,413
Total other own memoranda accounts	¢	**10,321,488,000**	**8,010,269,413**
<u>Memoranda accounts for third parties</u>			
Portfolio management	¢	246,087,572,797	274,324,321,460
Cash and accounts receivable by custodial activity		2,017,022,634	1,679,496,362
Held-for-trading pending receipt		6,662,993,266	6,921,484,223
Marketable securities purchased receivable			
Marketable securities received as collateral		19,278,053,878	14,873,654,533
Confirmed cash contracts pending settlement		17,689,539,380	17,471,133,239
Futures pending settlement-forward buyer (See note 22-a)		18,481,852,089	36,453,277,536
Futures pending settlement-forward seller (See note 22-a)		9,384,161,147	12,535,588,872
Central de Valores private (local custody)		134,722,309,981	128,092,057,317
Central de Valores private (international custody)		80,017,759,186	66,859,848,287
Central de Valores public (BCCR)		334,424,308,000	331,701,619,838
Titulos dudosos, morosos o litigio		36,881,600	0
Total memoranda accounts for third parties		**868,802,453,958**	**890,912,481,667**
Total memoranda accounts (see note 21)		**879,123,941,958**	**898,922,751,080**
Total memoranda accounts and trusts	¢	**879,123,941,958**	**898,922,751,080**

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

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

a) Repurchase

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

As of December 31, 2023, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Stock Exchange) participates, are as follows:

		Forward buyer			Forward seller		
Third parties		**Colones**	**US Dollars**	**Total**	**Colones**	**US Dollars**	**Total**
1 to 30 days	¢	3,324,284,572	14,580,635,946	17,904,920,518	3,556,499,138	5,590,980,624	9,147,479,761
31 to 60 days		236,681,387	340,250,184	576,931,571	236,681,387	0	236,681,387
Third parties	¢	**3,560,965,959**	**14,920,886,130**	**18,481,852,089**	**3,793,180,525**	**5,590,980,624**	**9,384,161,149**
Total	¢	**3,560,965,959**	**14,920,886,130**	**18,481,852,089**	**3,793,180,525**	**5,590,980,624**	**9,384,161,149**

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

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

b) Guarantees granted

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

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of December 31, 2023, the Brokerage House had made contributions for a total of ¢58,969,930, (¢150,362,379 for December 2022). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

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

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

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

- Individual portfolio management agreement.

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d) Customer securities and own securities in custody

As of December 31, 2023, BCR Valores, S.A. has following securities in custody:

Place of Custody	Custody Type		Balance
Colones			
Local	Custody free	¢	253,581,543,957
Local	Repurchase operations		4,583,747,235
		¢	258,165,291,192
US dollars			
Local	Custody free	¢	195,063,141,908
Local	Repurchase operations		15,955,066,482
Foreign custodians	Custody available at face value		76,238,297,084
Foreign custodians	Shares at purchase value		3,779,462,102
		¢	291,035,967,576
Total own custody, colones, US dollars and other currencies		¢	**549,201,258,768**
Total custody, third parties,			
US Dollars and others		¢	**549,201,258,768**

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

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

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23). Investment fund management agreements

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

Investment Fund	Type of fund		December 2023	December 2022
In Colones				
BCR Short-term colones, undiversified	Financial, open	¢	41,207,514,546	53,258,109,421
BCR quarterly colones, undiversified	Financial, open, medium-term		483,512,737	743,157,084
BCR mixed colones, undiversified	Open, medium-term		39,331,350,487	43,189,056,031
BCR Portfolio Fund colones	Open, medium-term		46,015,956,767	55,298,593,629
BCR Real Estate, colones Undiversified	Closed, non-financial and mixed portfolio		14,937,461,118	16,552,698,857
		¢	**141,975,795,655**	**169,041,615,022**
In US dollars				
Investment Funds in US Dollars, equivalent in colones (See note 21)			456,715,507,492	549,172,856,084
		¢	**598,691,303,147**	**718,214,471,106**
Investment Funds in US dollars				
BCR Liquidity Dollars, undiversified	Open	US$	55,612,191	100,205,900
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		273,793,004	277,663,687
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		192,164,899	197,837,602
BCR Liquidity Fund Dollars international, undiversified	Open, money market		143,016,217	132,924,277
BCR Portfolio Fund, US dollars	Open, medium-term		29,524,500	33,014,085
BCR Evolution	Open, medium-term		1,104,010	486,438
BCR Real Estate Progress Fund, undiversified	Real estate, closed		83,169,832	83,075,137
PEL Development Investment Fund	Real estate, closed		88,445,568	87,055,296
		US$	**866,830,221**	**912,262,422**

24). Pension fund management agreements

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

		December 2023	December 2022
Own assets and securities held in custody	¢	9,429,675,151	8,080,187,921
Assets and securities held in custody by third parties		165,707,024	71,894,004
Mandatory pension fund		1,364,838,396,476	1,227,528,272,419
Voluntary pension fund		44,152,368,661	34,358,171,927
Labor capitalization fund		61,174,525,962	56,003,550,589
Supplementary pension funds created by special laws		148,164,016,746	138,455,000,732
(see note 21)	¢	**1,627,924,690,020**	**1,464,497,077,592**

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

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

		December 2023	December 2022
Voluntary Pension Fund (colones)	¢	**35,051,543,183**	**25,168,534,522**
At fair value through other comprehensive income		**34,428,220,696**	**24,799,553,274**
Entities from the public sector of the country		**24,470,917,562**	**17,509,215,981**
Ministry of Finance		18,759,022,291	11,981,920,588
Central Bank of Costa Rica		2,843,900,995	1,839,046,397
Other issuers from the public sector		2,867,994,276	3,688,248,996
Entities from the private sector of the country		**9,957,303,134**	**7,290,337,293**
Financial		9,258,182,133	5,260,395,000
Non-financial		699,121,001	2,029,942,293
At fair value with changes through profit or loss		**623,322,487**	**368,981,248**
Entities from the private sector of the		**623,322,487**	**368,981,248**
country Financial		623,322,487	368,981,248
Voluntary Pension Fund (US$)	US$	**6,972,738,198**	**7,569,301,423**
At fair value through other comprehensive income		**6,929,415,458**	**7,308,326,598**
Entities from the public sector of the country		**4,001,471,605**	**4,153,074,795**
Ministry of Finance		3,760,616,032	3,882,326,253
Central Bank of Costa Rica		0	0
Other issuers from the public sector		240,855,573	270,748,542
Entities from the private sector of the country		**2,927,943,853**	**3,155,251,803**
Financial		2,927,943,853	3,155,251,803
Non-financial		0	0
At fair value through profit or loss		**43,322,740**	**260,974,825**
Entities from the private sector of the country		**43,322,740**	**260,974,825**
Financial		43,322,740	260,974,825

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		December 2023	December 2022
Mandatory Regime of Supplementary Pensions (colones)	¢	**1,476,782,816,435**	**1,315,007,625,090,**
At fair value through other comprehensive income		**1,233,950,909,700**	**1,069,602,775,948**
Entities from the public sector of the country		**968,306,694,640**	**850,156,466,823**
Ministry of Finance		846,714,511,898	734,074,446,444
Central Bank of Costa,Rica		28,249,645,168	23,766,636,300
Other issuers from the public sector		93,342,537,574	92,315,384,079
Entities from the private sector of the country		**265,644,215,060**	**219,446,309,125**
Financial		185,641,770,299	192,569,939,326
Non-financial		16,336,088,306	26,876,369,799
Public entities abroad		63,666,356,455	
In public entities abroad			
At fair value through profit or loss		**242,831,906,735**	**245,404,849,142**
Entities from the private sector of the country		**13,430,296,426**	**63,275,443,504**
Financial		13,430,296,426	58,150,376,949
Entities from the foreign the public sector		0	5,125,066,555
Entities from the public sector of the country		**229,401,610,309**	**182,129,405,638**
Financial		223,461,235,563	182,129,405,638
In public entities abroad		5,940,374,746	
Labor Capitalization Fund (colones)	¢	**62,206,640,209**	**57,813,081,688**
At fair value through other comprehensive income		**58,312,381,546**	**57,091,686,197**
Entities from the public sector of the country		**42,346,147,882**	**39,994,473,978**
Ministry of Finance		33,807,116,379	31,077,138,082
Central Bank of Costa Rica		5,581,827,569	3,931,958,236
Other issuers from the public sector		2,957,203,934	4,985,377,660
Entities from the private sector of the country		**15,966,233,664**	**17,097,212,219**
Financial		15,125,050,311	16,211,051,561
Non-financial		841,183,353	886,160,658
At fair value through profit or loss		**3,894,258,663**	**721,395,491**
Entities from the private sector of the country		**3,894,258,663**	**721,395,491**
Financial		3,894,258,663	721,395,491

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

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

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

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

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

25). Contract for custody and storage of goods

As of December 31, 2023, and December 2022, Depósito Agrícola de Cartago and its subsidiary have current contracts that are detailed below:

a) Logistics services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), management of the General and Auxiliary Warehouses, transportation and distributions of goods.

b) Banking services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), for collection of sales in the shops by human cashiers.

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26). Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

		December 2023	December 2022
Interest for investments in financial instruments at fair value through profit or loss	¢	43,022,180	22,738,602
Interests for investments in financial instruments at fair value through comprehensive income		83,812,850,478	85,730,143,367
Interests for investments at amortized cost		12,628,840,836	2,179,288,464
Income from investments in due and restricted financial instruments		2,267,463,130	2,016,199,250
	¢	**99,112,176,624**	**89,948,369,683**

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

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

		December 2023	December 2022
Personal	¢	143,621,151,051	124,924,393,484
Development Banking System		4,235,511,716	2,678,420,221
Business		18,629,574,986	17,488,052,051
Corporate		170,402,737,256	143,278,205,058
Public sector		5,268,915,294	4,059,370,632
Financial sector		3,099,125,615	5,084,043,308
Amortization of the net commission of the incremental direct costs associated with loans		4,642,157,321	4,719,080,299
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts		1,542,742,773	1,441,864,208
	¢	**351,441,916,012**	**303,673,429,261**

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28). Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

		December 2023	December 2022
Expenses from demand deposits	¢	87,608,067,371	52,081,214,053
Expenses from term deposits		144,896,058,043	77,712,058,390
Expenses from securities in repurchase agreements		328,053,210	332,292,257
	¢	**232,832,178,624**	**130,125,564,700**

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

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

		December 2023	December 2022
Decrease in specific allowance for loan portfolio (See note 6-f)	¢	3,774,025,278	15,665,732,331
Expense for allowance for impairment and bad debts from other accounts receivable		4,187,343,681	3,457,058,932
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)		5,484,556,414	6,028,394
Expenses for allowance for impairment of investments at fair value through other comprehensive income		290,612,531	308,292,538
Expense for allowance for impairment of financial instruments at amortized cost		102	0
Expenses for allowance for impairment of expired and restricted financial instruments		2,472,961	94,888,103
Expenses for impairment of investment properties		0	76,295,480
	¢	13,739,010,967	19,608,295,778

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30). Income from recovery of assets and decreases in allowances and provisions

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

		December 2023	December 2022
Recovery of written-down loans	¢	11,419,483,998	6,030,743,660
Recovery of accounts receivable		1,178,245	0
Decrease in specific allowance for the loan portfolio (See note 6-f)		15,735,998,039	7,469,036,650
Decrease in allowance for other bad receivables		6,269,034,264	2,002,941,318
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)		4,898,010	245,010,115
Decrease in generic allowance and counter cycle for contingent loans		0	408
Decrease in allowance for bad investment securities		2,080,186,611	2,415,759,190
	¢	**35,510,779,167**	**18,163,491,341**

31). Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

		December 2023	December 2022
Drafts and transfers	¢	2,592,259,724	3,030,094,263
Foreign trade		875,962,156	862,281,356
Certified checks		4,018,775	4,241,640
Trust management		4,058,434,312	4,291,486,516
Custodial services		409,618,503	320,633,514
For mandates		1,412,121	1,003,509
For collections		542,852,329	535,692,870
Credit Cards		47,295,559,217	48,043,591,866
Commissions for stock operations (Subscription of Emissions)		2,155,628	121,555,173
Investment Fund management		5,639,182,174	7,087,847,598
Pension Fund management		6,793,197,126	6,702,325,429
For insurance placement		6,830,628,217	6,609,180,758
Brokerage fees (by third parties in local market)		1,103,627,924	1,012,797,188
Brokerage fees (by third parties in other markets)		493,375,519	287,516,548
Individual portfolio management fee		915,543,665	581,662,764
Commissions from operations with related parties		426,833,431	513,207,765
Commission from custodial services of authorized securities		672,092,312	762,737,955
Other commissions		40,062,253,222	39,341,084,006
	¢	**118,719,006,355**	**120,108,940,718**

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32). Income from interests in other companies

		December 2023	December 2022
Local entities:			
Participation in Bolsa Nacional de Valores, S.A.	¢	557,059	4,969,892
	¢	557,059	4,969,892

As of December 31, 2023, there are ¢223,706,436 in account for participation expenses referring to Banprocesa SRL, ¢182,947,410 in BCR Valores, ¢128,582,285 in BCR SAFI and ¢282,014,799 in BCR Leasing (¢576,358,561 for December 2022, in Banprocesa and ¢118,330,911 in participation expenses in the National Stock Exchange SA).

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33). Administrative expenses

Administrative expenses are detailed as follows:

		December 2023	December 2022
Salaries and bonuses, permanent staff	¢	69,340,423,655	67,640,132,327
Salaries and bonuses, contractors		836,683,248	1,094,882,744
Compensation for directors and auditors		217,318,875	215,064,989
Overtime		901,991,428	924,922,708
Per diem		400,858,837	476,739,221
Statutory Christmas Bonus		6,113,617,417	5,941,875,496
Vacation		6,304,005,457	6,475,468,373
Incentives		6,933,871	6,601,389
Fixed representation expenses		885,179,393	989,520,083
Other compensation		2,104,636,717	2,300,452,210
Contribution to severance payment		3,041,873,741	2,888,462,612
Social security charges		26,302,371,124	23,472,252,970
Refreshments		51,226,268	48,802,174
Uniforms		269,133,099	5,181,739
Training		708,374,708	671,663,599
Employee insurance		610,055,485	619,624,325
Assets for personal use		237,676	624,441
School bonus		6,350,323,794	6,014,063,874
Labor Capitalization Fund		1,048,507,404	1,835,568,143
Other personnel expenses		833,696,737	928,006,533
Outsourcing expenses		25,884,147,589	28,208,748,991
Transportation and communication expenses		2,339,436,526	3,049,980,457
Property insurance		386,452,897	330,289,923
Property maintenance and repair		7,548,408,414	7,540,444,773
Public utilities		2,211,037,635	2,104,596,665
By right of use-properties		3,848,445,894	3,386,724,394
By right of use-furniture, equipment, and other assets		980,192,941	1,684,105,722
Depreciation of property. plant and equipment, except vehicles		10,694,429,254	10,215,382,443
Amortization of leasehold property		316,771,030	465,378,931
Loss for impairment		0	1,187,186,752
Other infrastructure expenses		2,711,647,502	3,332,310,357
Overhead		32,976,853,462	32,504,261,189
	¢	**216,225,272,078**	**216,559,320,547**

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34). Legal profit allocation

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

		December 2023	December 2022
Allocation for CONAPE	¢	1,954,018,265	4,477,072,833
Allocation for Instituto Nacional de Fomento Cooperativo		2,656,610,114	5,183,568,329
Allocation for National Emergency Commission		1,459,383,971	3,048,308,590
Allocation for Public Pension Fund Operators		874,677,533	840,780,887
Allocation for Invalidity, Old Age and Death Regime		5,862,054,795	13,431,218,500
	¢	**12,806,744,678**	**26,980,949,139**

35). Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

			December 2022	
		Amount before taxes	**Tax benefit (expense)**	**Net taxes**
Adjustment for valuation of investments at fair value through other comprehensive income.	¢	64,159,155,184	(19,298,029,428)	44,861,125,756
Impairment – Investments at fair value through other comprehensive income		(1,685,599,339)	0	(1,685,599,339)
Exchange differences from conversion of financial statements of foreign entities		(18,517,855,463)	0	(18,517,855,463)
	¢	**43,955,700,382**	**(19,298,029,428)**	**24,657,670,954**

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		December 2022		
		Amount before taxes	**Tax benefit (expense)**	**Net taxes**
Adjustment for valuation of investments at fair value through other comprehensive income.	¢	9,340,541,027	0	9,340,541,027
Impairment – Investments at fair value through other comprehensive income		(130,557,825,868)	38,978,169,642	(91,579,656,226)
Exchange differences from conversion of financial statements of foreign entities		(1,848,050,840)	0	(1,848,050,840)
Changes in the equity of subsidiaries abroad		(10,490,400,335)	0	(10,490,400,335)
	¢	**(133,555,736,016)**	**38,978,169,642**	**(94,577,566,374)**

36). Operating leases

Lessee

As of December 31, 2023, and December 2022, there are no amounts in these accounts.

37). Fair value of financial instruments

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

		December 2023		December 2022	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	857,141,935,007	857,141,935,007	990,655,695,707	990,655,695,707
Demand deposits		1,591,490,010,567	1,570,044,122,068	1,737,695,292,043	1,712,615,976,682
Term deposits		4,102,306,830,015	4,238,640,523,927	4,237,884,617,587	4,402,473,463,543
		6,550,938,775,589	6,665,826,581,002	6,966,235,605,337	7,105,745,135,932
Demand deposits		3,189,471,461,152	3,189,471,461,152	3,345,181,249,975	3,345,181,249,975
Term deposits		1,689,297,909,582	1,677,706,231,273	1,864,994,210,988	1,875,188,559,443
Financial obligations		926,551,739,663	874,450,361,032	1,048,210,586,185	1,003,338,070,303
	¢	5,805,321,110,397	5,741,628,053,457	6,258,386,047,148	6,223,707,879,721

As of December 31, 2023, the financial obligations for subordinated obligations are for ¢50,142,376,526, (¢50,139,855,636 for December 2022).

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

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

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

b) Investments in financial instruments

   For financial instruments through other comprehensive income, the fair value is based on market price quotes or quotes from brokers.

c) Securities sold under repurchase agreements

   The carrying amount of funds owed under repurchase agreements maturing in one year or less approximates their fair value because of the short maturity of these instruments.

d) Loan portfolio

   Management determined the fair value of the loan portfolio by the discounted cash flow method.

e) Term deposits and loans payable

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

   Fair value estimates are made at a specific date, based on relevant market information and information concerning the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale of a particular financial instrument at a given date. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and. Therefore, cannot be determined with precision. Estimates could vary significantly if changes are made to those assumptions.

38). Segments

The Bank has defined its business segments based on the administrative and reporting structure, and on the structure of banking, stock brokerage, investment and pension fund management, and insurance brokerage services it provides.

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As of December 31, 2023, assets and liabilities for each segment are presented as follows:

		Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agricola	Banprocesa	Total	Eliminations	Consolidated
Assets												
Cash and due from banks	¢	825,116,996,393	306,982,789	758,553,133	1,305,339,439	55,033,897,056	642,987,278	32,811,663	12,826,026	883,210,393,777	(26,068,458,770)	857,141,935,007
Investment in financial instruments		1,438,028,141,674	7,480,440,695	5,828,853,414	48,953,227,436	84,166,563,341	7,401,932,206	843,539,474	1,015,429,097	1,593,718,127,337	(2,390,649,590)	1,591,327,477,747
Loan portfolio		3,118,336,134,065	0	0	0	851,465,224,394	0	0	0	3,969,801,358,459	(2,593,301,149)	3,967,208,057,310
Accounts and fees receivable		36,059,121,420	671,871,940	1,069,403,956	1,055,518,336	4,093,839,444	1,066,097,679	109,626,061	309,962,517	44,435,441,353	(1,011,875,972)	43,423,565,381
Foreclosed assets		25,631,805,593	0	0	0	15,878,057,614	0	39	0	41,509,863,246	(1)	41,509,863,245
Interest in other companies (net)		115,553,654,368	0	0	65,417,188	0	0	0	0	115,619,071,556	(115,485,669,166)	133,402,390
Property. furniture and equipment, net		137,289,376,854	96,948,189	183,628,694	132,540,281	6,102,633,728	135,357,452	254,155,004	19,242,162	144,213,882,364	(57,189,747)	144,156,692,617
Properties investments		6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets		110,583,674,194	662,514,953	237,746,050	1,502,922,092	26,476,937,994	1,240,273,419	167,335,540	245,562,558	141,116,966,800	(1,754,642,159)	139,362,324,641
TOTAL ASSETS	¢	**5,813,430,529,561**	**9,218,758,566**	**8,078,185,247**	**53,014,964,772**	**1,043,217,153,571**	**10,486,648,034**	**1,407,467,781**	**1,603,022,360**	**6,940,456,729,892**	**(149,361,786,554)**	**6,791,094,943,338**
Liabilities and equity												
Liabilities												
Obligations with the public	¢	4,458,184,633,909	0	0	0	425,845,508,382	15,616,804	0	0	4,884,045,759,095	(5,276,388,361)	4,878,769,370,734
Obligations with the Central Bank of Costa Rica		106,132,196,511	0	0	0	0	0	0	0	106,132,196,511	0	106,132,196,511
Obligations with entities		301,305,080,521	112,269,175	191,223,883	28,659,126,257	466,046,715,332	137,884,327	155,986,828	16,518,727	796,624,805,050	(26,368,631,857)	770,256,173,193
Accounts payable and provisions		174,318,899,905	1,726,242,503	1,046,070,663	2,299,063,320	5,150,253,697	2,321,542,910	189,253,012	303,678,905	187,355,004,915	(1,179,920,205)	186,175,084,710
Other liabilities		39,773,935,159	0	0	0	8,773,977,710	110,855,258	1,457,266	59,763,858	48,719,989,251	(6)	48,719,989,245
Subordinated obligations		50,142,376,526	0	0	0	0	0	0	0	50,142,376,526	0	50,142,376,526
Total liabilities	¢	**5,129,857,122,531**	**1,838,511,678**	**1,237,294,546**	**30,958,189,577**	**905,816,455,121**	**2,585,899,299**	**346,697,106**	**379,961,490**	**6,073,020,131,348**	**(32,824,940,429)**	**6,040,195,190,919**
Equity												
Capital		181,409,990,601	4,954,863,228	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,705,317,662	(64,295,327,061)	181 409 990 601
Unfunded capital contributions		0	574,994,913	0	0	0	0	0	0	574,994,913	(574,994,913)	0
Equity adjustments		41,260,638,559	966,650	(84,895,968)	1,193,283,000	35,062,051,190	(29,031,300)	205,842	0	77,403,217,973	(36,142,579,414)	41 260 638 559
Capital reserves		351,152,901,365	255,890,001	967,840,000	1,721,768,996	34,615,711,015	449,999,999	38,747,162	63,489,637	389,266,348,175	(38,113,446,810)	351 152 901 365
Prior periods retained earnings		41,896,492,820	610,195,859	590,959,308	5,466,233,857	22,555,161,588	2,344,806,934	632,695,229	214,497,035	74,311,042,630	(32,414,549,810)	41,896,492,820
Profit for the period		22,086,766,162	983,336,237	527,787,361	1,049,489,342	6,558,353,586	2,884,973,102	83,279,680	235,074,198	34,409,059,668	(12,322,293,506)	22 086 766 162
Development financing fund		45,766,617,523	0	0	0	0	0	0	0	45,766,617,523	0	45,766,617,523
Minority interest		0	0	0	0	0	0	0	0	0	67,326,345,389	67 326 345 389
Total equity		**683,573,407,030**	**7,380,246,888**	**6,840,890,701**	**22,056,775,195**	**137,400,698,450**	**7,900,748,735**	**1,060,770,675**	**1,223,060,870**	**867,436,598,544**	**(116,536,846,125)**	**750,899,752,419,**
Total liabilities and equity		**5,813,430,529,561**	**9,218,758,566**	**8,078,185,247**	**53,014,964,772**	**1,043,217,153,571**	**10,486,648,034**	**1,407,467,781**	**1,603,022,360**	**6,940,456,729,892**	**(149,361,786,554)**	**6,791,094,943,338,**
Debit contingent accounts	¢	465,113,925,304	0	0	0	68,964,098,109	0	0	0	534,078,023,413	(1)	534,078,023,412
Trust assets	¢	846,209,117,926	0	0	0	47,877,476,009	0	0	0	894,086,593,935	0	894,086,593,935
Trust liabilities	¢	275,164,242,326	0	0	0	0	0	0	0	275,164,242,326	0	275,164,242,326
Trust equity	¢	571,044,875,600	0	0	0	47,877,476,009	0	0	0	618,922,351,609	0	618,922,351,609
Other debit memoranda accounts	¢	19,799,380,104,337	1,627,924,690,020	598,691,302,869	879,123,941,958	437,679,017,777	0	5,336,555,094	0	23,348,135,612,055	0	23,348,135,612,055

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

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

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As of December 31, 2023, results of each segment are as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Banprocesa	Total	Eliminations	Consolidated
Financial income	¢ 391,009,527,038	526,038,255	392,938,163	4,579,050,170	74,928,391,992	452,703,232	66,803,896	57,444,762	472,012,897,508	(1,623,404,832)	470,389,492,676
Financial expenses	242,930,665,254	79,155,017	578,030,413	2,899,706,655	46,563,769,646	412,312,929	23,078,917	67,110,759	293,553,829,590	(1,761,826,207)	291,792,003,383
Expenses from allowance for assets impairment	10,204,593,567	19,121,195	3,419,930	161,084,122	3,297,898,641	51,748,282	1,145,127	102	13,739,010,966	1	13,739,010,967
Income from recovery of assets and decrease in allowance	35,266,736,318	41,138,490	5,099,816	113,112,755	0	83,512,871	1,171,065	7,853	35,510,779,168	2	35,510,779,170
Financial income	**173,141,004,535**	**468,900,533**	**(183,412,364)**	**1,631,372,148**	**25,066,723,705**	**72,154,892**	**43,750,917**	**(9,658,246)**	**200,230,836,120**	**138,421,376**	**200,369,257,496**
Other operating income	181,166,820,937	7,235,026,591	5,774,250,188	3,815,954,866	3,097,977,891	7,570,205,428	1,238,006,007	2,764,028,960	212,662,270,868	(15,971,712,450)	196,690,558,418
Other operating expenses	119,240,219,870	1,560,172,450	987,179,792	823,077,610	4,817,494,857	422,910,120	141,051,134	132,191,657	128,124,297,490	(3,893,855,227)	124,230,442,263
Gross operating income	**235,067,605,602**	**6,143,754,674**	**4,603,658,032**	**4,624,249,404**	**23,347,206,739**	**7,219,450,200**	**1,140,705,790**	**2,622,179,057**	**284,768,809,498**	**(11,939,435,847)**	**272,829,373,651**
Personnel expenses	106,318,144,957	2,819,807,205	3,090,016,429	2,715,228,398	8,202,762,535	2,451,148,769	730,340,639	2,266,971,111	128,594,420,043	(2,266,971,112)	126,327,448,931
Other administrative expenses	81,066,116,546	593,658,152	678,696,936	367,402,728	6,965,418,753	497,643,879	282,643,002,	10,008,262,	90,461,588,258	(563,765,112)	89,897,823,146
Administrative expenses	**187,384,261,503**	**3,413,465,357**	**3,768,713,365**	**3,082,631,126**	**15,168,181,288**	**2,948,792,648**	**1,012,983,641**	**2,276,979,373**	**219,056,008,301**	**(2,830,736,224)**	**216,225,272,077**
Net operating income before taxes and statutory allocations	47,683,344,099	2,730,289,317	834,944,667	1,541,618,278	8,179,025,451	4,270,657,552	127,722,149	345,199,684	65,712,801,197	(9,108,699,623)	56,604,101,574
Income tax	23,386,290,155	791,187,818	418,159,930	474,628,921	1,428,397,623	1,250,121,964	40,451,742	107,784,802	27,897,022,955	(1)	27,897,022,954
Deferred income tax	19,784,750,524	28,602,442	472,921,912	230,703,319	192,274,242	25,319,630	159,062	7,794,905	20,742,526,036	1	20,742,526,037
Decrease in income tax	28,550,941,530	26,163,632	606,315,373	259,451,852	0	15,254,197	0	15,810,212	29,473,936,796	(1)	29,473,936,795
Profit sharing	11,645,094,132	953,326,452	22,390,837	46,248,548	0	125,497,053	3,831,665	10,355,991	12,806,744,678	2	12,806,744,680
Decrease in allocation of profit	668,615,344	0	0	0	0	0	0	0	668,615,344	0	668,615,344
Net profit for the year	**22,086,766,162**	**983,336,237**	**527,787,361**	**1,049,489,342**	**6,558,353,586**	**2,884,973,102**	**83,279,680**	**235,074,198**	**34,409,059,668**	**(9,108,699,626)**	**25,300,360,042**
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(3,213,593,880)	3,213,593,880
Results for the period attributable to the comptroller	**22,086,766,162**	**983,336,237**	**527,787,361**	**1,049,489,342**	**6,558,353,586**	**2,884,973,102**	**83,279,680**	**235,074,198**	**34,409,059,668**	**(12,322,293,506)**	**22,086,766,162**
Net income for the periods	**¢ 22,086,766,162**	**983,336,237**	**527,787,361**	**1,049,489,342**	**6,558,353,586**	**2,884,973,102**	**83,279,680**	**235,074,198**	**34,409,059,668**	**(12,322,293,506)**	**22,086,766,162**

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As of December 31, 2022, results of each segment are as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Banprocesa	Total	Eliminations	Consolidated
Financial income	¢ 341,130,431,948	334,800,612	215,569,270	4,032,839,167	66,562,455,878	344,892,420	31,491,019	26,020,970	412,678,501,284	(968,311,831)	411,710,189,453
Financial expenses	134,420,382,640	43,215,062	296,715,287	1,575,834,537	36,693,993,748	242,427,797	16,025,652	61,867,145	173,350,461,868	(1,067,518,534)	172,282,943,334
Expenses from allowance for assets impairment	14,908,745,505	25,541,717	2,045,090	166,082,165	4,423,565,162	81,601,344	707,044	7,751	19,608,295,778	0	19,608,295,778
Income from recovery of assets and decrease in allowance	17,784,936,627	26,901,020	2,074,399	308,512,438	0	40,385,750	681,107	0	18,163,491,341	0	18,163,491,341
Financial income	209,586,240,430	**292,944,853**	**(81,116,708)**	**2,599,434,903**	**25,444,896,968**	**61,249,029**	**15,439,430**	**(35,853,926)**	**237,883,234,979**	**99,206,703**	**237,982,441,682**
Other operating income	189,249,901,968	7,167,066,788	7,204,877,682	3,354,786,898	2,949,732,833	7,317,712,302	1,149,027,831	3,395,196,890	221,788,303,192	(17,099,504,463)	204,688,798,729
Other operating expenses	115,060,316,793	1,708,953,611	1,423,125,257	782,072,610	4,365,256,143	432,531,250	181,302,026	121,470,858	124,075,028,548	(4,486,486,931)	119,588,541,617
Gross operating income	283,775,825,605	**5,751,058,030**	**5,700,635,717**	**5,172,149,191**	**24,029,373,658**	**6,946,430,081**	**983,165,235**	**3,237,872,106**	**335,596,509,623**	**(12,513,810,829)**	**323,082,698,794**
Personnel expenses	101,403,023,569	2,577,889,174	2,901,686,457	2,484,186,252	10,071,368,556	2,391,747,161	720,008,781	2,368,087,061	124,917,997,011	(2,368,087,061)	122,549,909,950
Other administrative expenses	84,020,109,518	567,292,751	414,865,227	415,255,882	8,744,620,031	392,903,786	182,182,444	30,318,065	94,767,547,704	(758,137,107)	94,009,410,597
Administrative expenses	185,423,133,087	**3,145,181,925**	**3,316,551,684**	**2,899,442,134**	**18,815,988,587**	**2,784,650,947**	**902,191,225**	**2,398,405,126**	**219,685,544,715**	**(3,126,224,168)**	**216,559,320,547**
Net operating income before taxes and statutory allocations	**98,352,692,518**	**2,605,876,105**	**2,384,084,033**	**2,272,707,057**	**5,213,385,071**	**4,161,779,134**	**80,974,010**	**839,466,980**	**115,910,964,908**	**(9,387,586,661)**	**106,523,378,247**
Income tax	21,418,345,999	759,685,935	519,326,129	747,377,824	1,110,099,539	1,247,578,367	27,319,199	255,255,443	26,084,988,435	0	26,084,988,435
Deferred income tax	13,020,488,882	43,910,221	560,007,853	118,003,473	188,161,256	11,978,215	0	79,154,179	14,021,704,079	1	14,021,704,080
Decrease in income tax	10,036,155,317	39,855,364	381,198,224	93,392,886	0	36,343,961	0	73,027,013	10,659,972,765	1	10,659,972,766
Profit sharing	25,778,103,362	916,408,802	69,159,134	68,181,212	0	123,816,366	2,470,877	22,809,384	26,980,949,137	2	26,980,949,139
Net profit for the year	48,171,909,592	**925,726,511**	**1,616,789,141**	**1,432,537,434**	**3,915,124,276**	**2,814,750,147**	**51,183,934**	**555,274,987**	**59,483,296,022**	**(9,387,586,663)**	**50,095,709,359**
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(1,923,799,767)	1,923,799,767
Results for the period attributable to the comptroller	**48,171,909,592**	**925,726,511**	**1,616,789,141**	**1,432,537,434**	**3,915,124,276**	**2,814,750,147**	**51,183,934**	**555,274,987**	**59,483,296,022**	**(11,311,386,430)**	**48,171,909,592**
Net income for the periods	**¢ 48,171,909,592**	**925,726,511**	**1,616,789,141**	**1,432,537,434**	**3,915,124,276**	**2,814,750,147**	**51,183,934**	**555,274,987**	**59,483,296,022**	**(11,311,386,430)**	**48,171,909,592**

39). Risk management

Comprehensive risk management

Sophistication and uncertainty of financial markets involve managing risks that may impair the value of entities and of third-party resources it manages. Given this reality, the Bank implemented a System of Comprehensive Risk management, (Hereinafter SIGIR or System), enabling it to achieve a proper balance between the expected benefits of the business strategy and the acceptance of a certain level of risk, through an effective risk-based management.

Corporate governance of the risk management area

Boards of Directors, committees, and senior managers of member institutions of the BCR Financial Conglomerate strengthen and ensure the above-mentioned system, aware that it contributes to the improvement of institutional processes, and hence to the achievement of objectives and goals.

Corporate risk management is led by the Corporate Risk Management reporting to the General Board of Directors, which has various administrative areas, responsible for the specific and comprehensive management of relevant risk to which the entity is exposed while in the subsidiaries there are risk managing areas responsible for this work.

Objective of the Comprehensive Risk Management System

The System aims to generate information that will support the decision making to locate the entity at a risk level consistent with its profile and risk appetite as well as it business flows, complexity, operations volume and economic environment, and thus lead to the achievement of institutional objective and goals.

General Risk Principles and Policies

The BCR Financial Conglomerate has established general principles and policies for effective comprehensive risk management, among which the following stand out:

- A robust regulatory framework to provide legal, technical and administrative certainty for the functioning, evaluation and improvement of the System.
- Strategies that seek to strengthen the system's maturity level.
- The risk management culture is promoted at all levels of the organization, thereby raising awareness of the importance of effective risk-based management.

- Methodologies and measurement models are available for the valuation of the different types of risk, which are periodically subjected to retrospective and stress tests, to adjust the variables and factors that influence the exposure to risks.
- Updated tools and systems are available to meet the needs of managing each type of risk.
- Risk and contingency management plans are in place to deal with situations that prevent the fulfillment of the objectives defined, as well as for materialized events whose consequences may generate negative impacts on the entities.

Classification of significant risks

The relevant risks to the Bank are classified as follows:

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

Types of risks related to the strategic plan

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

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

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

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

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

Process of comprehensive risk management

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

Types of risk assessments

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

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

Risk control framework

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

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

In addition, there is a continuous monitoring of tolerance limits and risk indicators, to reflect the degree of exposure in which each of its relevant risk types is found. Contingency plans are available to deal with unexpected events that affect compliance.

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 at the first half of 2023 remained at normality 2, that is, less than 14.00% but equal to or greater than 12.00%, and as of June it went to normality 1 (equal or greater than 14.00%) in accordance with the General Superintendence of Financial Entities.

Evaluation of the effectiveness and maturity of the System

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

Information generated by the Comprehensive Risk Management System

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

(a) Credit risk management

Definition

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

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

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

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

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

Management methodology

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

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

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

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

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

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

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

Exposure and risk management

As of December 31, 2023, the percentage of arrears greater than 90 days was 2.74% (2.74% as of December 2022). This last indicator is within the risk appetite according to the Risk Appetite Declaration, with personal banking showing the highest delinquencies.

The dollar portfolio accounts for 22.98% at the closing of December (24.97% as of December 2022) of the total portfolio. It is important to mention that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients with exposure to exchange risk.

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

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

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

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 begins, the foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of December 2023, the expected loss of the investment portfolio corresponded to 0.04% of the portfolio (0.14%, for December 2023).

Expected credit losses are disclosed in the following table:

Expected losses of the investment portfolio of the BCR Conglomerate
By currency
December 2022 vs December 2023

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses As of December 31, 2023			
Colones	424,717,621	0	0
US dollars	185,230	0	0
UDES	1,300	0	0
Value adjustment for losses As of December 31, 2022			
Colones	1,352,956,981	116,852,886	5,753,000,000
US dollars	856,310	0	0
UDES	0	50,098	1,862,000
Transfer to 12-months expected credit losses			
Colones	(928,239,361)	(116,852,886)	(5,753,000,000)
US dollars	(671,081)	0	0
UDES	1,300	(50,098)	(1,862,000)

For the closing of December 2023, the expected loss of the investment portfolio was 0.04%, with a variation of -0.10% compared to December 2022, and -0.04% in September 2023, under a decrease of approximately 23% in the face value due to instrument maturity in 2023.

As of December 31, 2022

Expected losses of the investment portfolio of the BCR Conglomerate
By currency
December 2021 vs December 2022

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

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

		December 2023	December 2022
Banco de Costa Rica			
Loan portfolio, gross	¢	3,245,765,363,343	3,298,222,308,878
Plus, interest receivable		17,936,955,267	18,955,945,108
Less, allowance for impairment		(124,899,677,183)	(145,623,881,422)
Loan portfolio, net	¢	**3,138,802,641,427**	**3,171,554,372,564**
Banco Internacional de Costa Rica, S.A. and subsidiary			
Loan portfolio, gross	¢	856,979,292,788	936,512,018,876
Plus, interest receivable		4,715,392,277	4,526,975,726
Less, allowance for impairment		(10,051,645,931)	(14,646,810,058)
Loan portfolio, Net	¢	**851,643,039,134**	**926,392,184,544**
Total consolidated loan portfolio, net	¢	**3,990,445,680,561**	**4,097,946,557,108**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
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The Bank's financial instruments exposed to credit risk are as follows:

	Note		Direct Loan Portfolio December 2023	Direct Loan Portfolio December 2022	Contingent Loan Portfolio December 2023
Principal	6a	¢	3,245,765,363,343	3,298,222,308,876	217,178,614,739
Interest			17,936,955,267	18,955,945,108	0
			3,263,702,318,610	3,317,178,253,984	217,178,614,739
Allowance for bad loans			(124,601,629,687)	(155,945,127,998)	(298,047,496)
Carrying amount		¢	3,139,100,688,923	3,161,233,125,986	216,880,567,243
Loan portfolio					
Total balances:					
A1		¢	2,563,133,496,963	2,650,156,915,967	211,322,024,388
A2			3,117,196,781	32,718,449,769	319,588,092
B1			260,868,161,925	246,314,102,283	2,910,408,383
B2			1,285,748,107	26,099,160,500	42,883,009
C1			140,255,975,763	33,229,962,730	1,059,762,559
C2			2,552,664,227	10,785,532,322	23,769,022
D			107,278,513,781	86,127,825,472	293,991,268
E			98,878,396,515	157,646,145,552	1,200,289,606
1			80,019,058,345	69,961,042,387	2,898,412
2			512,502,422	323,583,353	0
3			4,166,260,134	2,117,381,455	0
4			585,107,861	674,481,203	0
5			228,027,154	353,085,467	0
6			821,208,632	670,585,524	0
			3,263,702,318,610	3,317,178,253,984	217,178,614,739
Allowance for bad loans			(67,629,859,159)	(91,829,613,987)	(104,465,012)
Carrying amount, net			3,196,072,459,451	3,225,348,639,997	217,074,149,727
Carrying amount			3,263,702,318,610	3,317,178,253,984	217,178,614,739
Allowance for bad loans			(67,629,859,159)	(91,829,613,987)	(104,465,012)
(Excess) inadequacy of allowance over structural estimate			(56,971,770,528)	(64,115,514,011)	(193,582,484)
Carrying amount, net	6a	¢	3,139,100,688,923	3,161,233,125,986	216,880,567,243

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

As of December 31, 2023

Loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2,563,133,496,963	1,639,416,720,292	923,716,776,671	(12,815,667,606)	211,322,024,388	(76,415,023)
A2		3,117,196,781	2,494,873,000	622,323,781	(15,585,984)	319,588,092	(30,216)
1		80,019,058,345	44,908,905,801	35,110,152,544	(200,495,693)	5,898,412	(3,687)
		2,646,269,752,089	1,686,820,499,093	959,449,252,996	(13,031,749,283)	211,647,510,892	(76,448,926)
Direct specific allowance							
A1							
A2							
B1		260,868,161,925	235,722,793,856	25,145,368,069	(2,435,882,375)	2,910,408,383	(2,008,722)
B2		1,285,748,107	1,097,617,810	188,130,297	(24,301,119)	42,883,009	0
C1		140,255,975,763	136,543,775,200	3,712,200,563	(1,610,769,019)	1,059,762,559	(26,007,364)
C2		2,552,664,227	2,348,985,915	203,678,312	(113,584,086)	23,769,022	0
D		107,278,513,781	99,030,359,135	8,248,154,646	(6,581,097,083)	293,991,268	0
E		98,878,396,515	54,389,090,524	44,489,305,991	(43,562,602,256)	1,200,289,606	0
2		512,502,422	411,363,467	101,138,955	(7,113,765)	0	0
3		4,166,260,134	3,781,197,826	385,062,308	(115,171,566)	0	0
4		585,107,861	548,557,928	36,549,933	(21,017,756)	0	0
5		228,027,154	172,209,513	55,817,641	(39,933,396)	0	0
6		821,208,632	738,262,489	82,946,143	(86,637,455)	0	0
	¢	617,432,566,521	534,784,213,663	82,648,352,858	(54,598,109,876)	5,531,103,847	(28,016,086)
	¢	3,263,702,318,610	2,221,604,712,756	1,042,097,605,854	(67,629,859,159)	217,178,614,739	(104,465,012)

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Loan portfolio
Aging loan portfolio

		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2,483,574,903,534	1,574,128,233,217	909,446,670,317	(12,612,023,255)	211,641,612,480	(76,448,926)
Equal or less than 30 days		80,686,218,879	66,157,226,250	14,528,992,629	(409,688,717)	0	0
Equal or less than 60 days		1,989,571,331	1,626,133,825	363,437,506	(10,037,310)	0	0
		2,566,250,693,744	1,641,911,593,292	924,339,100,452	(13,031,749,282)	211,641,612,480	(76,448,926)
Direct specific allowance							
Up to date		535,062,978,125	470,067,923,766	64,995,054,359	(8,883,069,863)	5,537,002,259	(28,016,086)
Equal or less than 30 days		22,366,657,523	18,811,662,152	3,554,995,371	(1,480,303,260)	0	0
Equal or less than 60 days		31,186,921,044	26,474,744,860	4,712,176,184	(1,242,906,751)	0	0
Equal or less than 90 days		14,449,102,164	12,142,726,694	2,306,375,470	(1,178,678,556)	0	0
Equal or less than 180 days		11,949,861,098	7,223,206,615	4,726,654,483	(4,410,933,021)	0	0
More than 180 days		82,436,104,912	44,972,855,377	37,463,249,535	(37,402,218,426)	0	0
	¢	697,451,624,866	579,693,119,464	117,758,505,402	(54,598,109,877)	5,537,002,259	(28,016,086)
	¢	3,263,702,318,610	2,221,604,712,756	1,042,097,605,854	(67,629,859,159)	217,178,614,739	(104,465,012)

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As of December 31, 2022

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

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Loan portfolio
Aging loan portfolio

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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(with corresponding figures as of December 31, 2022)
(in colones with no cents)

Following is an analysis of' the balance of the loan portfolio of Banco de Costa Rica, assessed individually with allowance, according to gross and net amounts, after deducting the allowance for loan losses, by risk classification in accordance with the applicable regulations:

		Loans receivable	
As of December 31, 2023		Gross	Net
Risk category:			
A1	¢	2,563,133,496,962	2,550,317,829,357
A2		3,117,196,781	3,101,610,797
B1		260,868,161,925	258,432,279,550
B2		1,285,748,107	1,261,446,988
C1		140,255,975,763	138,645,206,744
C2		2,552,664,227	2,439,080,141
D		107,278,513,781	100,697,416,698
E		98,878,396,515	55,315,794,259
1		80,019,058,346	79,818,562,653
2		512,502,422	505,388,657
3		4,166,260,134	4,051,088,567
4		585,107,861	564,090,105
5		228,027,154	188,093,758
6		821,208,632	734,571,177
	¢	3,263,702,318,610	3,196,072,459,451

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

In compliance with SUGEF Directive 1-05, as of December 31, 2023, the Bank must maintain a minimum allowance in the amount of ¢67,734,324,171, (¢92,046,079,520 for December 2022) of which ¢67,629,859,159, (¢91,829,613,987 for December 2022) is allocated to the valuation of the direct loan portfolio and ¢104,465,012, (¢217,095,533 for December 2022) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢12,817,921,587, (¢4,779,400,343 for December 2022).

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

		December 2023	December 2022
Banco Internacional de Costa Rica, S.A. and subsidiaries			
Principal	¢	856,979,292,766	936,512,018,786
Interest		4,715,392,647	4,526,975,727
		861,694,685,413	**941,038,994,513**
Allowance for doubtful accounts		(10,051,645,931)	(14,646,808,792)
Carrying amount	¢	**851,643,039,482**	**926,392,185,721**
Loan portfolio, net of allowance	¢	**841,556,263,300**	**915,394,072,438**
At amortized cost			
Level 1: Normal or low risk		812,436,493,492	867,343,534,901
Level 2: Special mention		25,616,890,847	31,131,176,055
Level 3: Subnormal		8,611,199,742	18,411,628,935
Level 4: Doubtful		1,282,596,629	2,661,749,762
Level 5: Uncollectable		9,032,111,530	16,963,929,135
		856,979,292,240	936,512,018,788
Allowance for impairment		(10,051,645,931)	(14,646,808,792)
Carrying amount		**846,927,646,309**	**921,865,209,996**
Impaired renegotiated loans			
Gross amount		4,990,389,759	5,123,722,965
Impaired amount		**4,990,389,759**	**5,123,722,965**
Allowance for impairment		985,320,923	1,159,126,139
Total, net		**4,005,068,836**	**3,964,596,826**
Not in arrears or impaired:			
Level 1: Normal or low risk		812,436,493,492	867,343,534,901
Level 2: Special mention		25,616,890,847	31,131,176,055
Sub-total		**838,053,384,339**	**898,474,710,956**
Individually impaired			
Level 3: Subnormal		8,611,199,742	18,411,628,935
Level 4: Doubtful		1,282,596,629	2,661,749,762
Level 5: Uncollectable		9,032,111,529	16,963,929,134
Sub-total		**18,925,907,900**	**38,037,307,831**
Allowance for impairment			
Specific		10,051,645,931	14,646,808,792
Total allowance for impairment		**10,051,645,931**	**14,646,808,792**
Clients 'obligations for acceptances			
Carrying amount	¢	**5,371,383,536**	**6,471,137,557**
Interest receivable	¢	**4,715,392,646**	**4,526,975,726**
Net loan portfolio (carrying amount)	¢	**851,643,039,482**	**926,392,185,721**

As of December 31, 2023, the allowance for impairment of BICSA's loan portfolio is of ¢ 10,051,645,931, (¢14,646,808,792 for December 2022).

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

		December 2023		December 2022	
		Direct Loan Portfolio	**Contingent Loan Portfolio**	**Direct Loan Portfolio**	**Contingent Loan Portfolio**
Trade	¢	453,381,163,120	35,356,935,448	468,339,740,242	31,217,267,872
Manufacturing		352,101,468,268	1,809,770,535	409,400,956,418	3,996,749,218
Construction, purchase, and repair of real estate		1,513,233,349,688	9,162,413,946	1,499,484,435,274	10,620,139,574
Agriculture, livestock, hunting, and related services		163,719,118,126	1,703,988,931	183,941,629,442	25,977,674
Fishing and aquaculture		42,617,690	0	43,712,963	0
Retail		492,299,480,166	142,284,376,588	270,850,551,147	121,390,465,394
Education		657,174,250	0	740,142,594	0
Transportation		31,005,549,708	537,631,534	33,732,957,042	46,601,692
Stock market financial activity		97,277,493	0	3,385,299,600	0
Electricity, telecom, gas, and water		237,657,850,422	0	234,561,181,309	0
Services		710,227,297,856	99,238,882,327	959,174,202,303	141,890,034,615
Hospitality		104,478,630,055	0	119,607,586,829	0
Mining and quarries		21,982,027	0	28,843,116	0
Real estate, business, and leasing activities		21,398,613,478	0	26,519,811,034	0
Public Administration		19,382,332,809	10,820,576,851	24,395,604,351	5,354,277,708
Other activities from the non-financial private sector		450,728,969	279 940 847	528,204,294	19,154,118
See notes 6 and 19	¢	**4,100,154,634,125**	**301,194,517,007**	**4,234,734,857,958**	**314,560,667,865**
Other contingencies		0	232,883,506,405	0	254,313,912,940
	¢	**4,100,154,634,125**	**534,078,023,412**	**4,234,734,857,958**	**568,874,580,805**

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

		December 2023	December 2022
Germany	¢	459,345,401	0
Brazil		64,279,360	300,995,000
Chile		4,602,324,767	7,064,800,079
China		1,392,951,693	1,660,215,338
Colombia		2,521,193,625	256,851,790
Costa Rica		259,039,366,343	285,856,021,951
Denmark		1,707,091,200	2,111,636,442
Ecuador		63,832,677,132	75,277,715,929
El Salvador		85,421,764,134	90,445,311,961
Spain		16,729,465,140	14,858,360,884
United States of America		7,420,155,246	9,938,438,413
Guatemala		39,328,596,034	43,252,919,399
Netherlands		0	6,019,900,000
Honduras		26,460,890,098	16,838,156,930
Luxembourg		2,634,400,000	0
México		33,997,533,007	50,138,264,760
Nicaragua		7,227,243,034	15,937,961,148
Panamá		283,014,820,027	284,146,546,629
Perú		5,511,790,992	7,427,429,091
Dominican Republic		4,945,753,223	12,039,800,000
Singapore		8,222,489	0
Switzerland		8,383,231,632	9,450,146,228
Others *		2,276,198,211	3,490,546,905
	¢	**856,979,292,788**	**936,512,018,877**

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

		December 2023	December 2022
Costa Rica	¢	3,245,765,363,343	3,298,222,308,876
	¢	**3,245,765,363,343**	**3,298,222,308,876**

As of December 31, 2023, the Bank keeps trust commissions in the amount of ¢166,500, (¢166,500 for December 2022).

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

		December 2023	**December 2022**
Properties	¢	103,319,727,566	115,127,502,923
Others		545,716,543	658,544,163
	¢	**103,865,444,109**	**115,786,047,086**

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

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

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

		December 2023	**December 2022**
Guarantee			
Pledged assets	¢	39,088,696,105	41,620,675,381
Fiduciary		450,206,132,232	418,584,082,182
Mortgage		1,693,832,362,226	1,871,410,732,355
Chattel		170,151,424,154	201,876,369,632
Others		1,746,876,019,408	1,701,242,998,408
	¢	**4,100,154,634,125**	**4,234,734,857,958**

As of December 31, 2023, 45% of the loan portfolio is secured by mortgage or chattel collaterals, (49% for December 2022).

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

As of December 31, 2023, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

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

As of December 31, 2023:

No.	Percentage	Band		Total amount	Nº of customers
1	0-4,99%	26,628,144,598	¢	251,485,817,622	4,005
2	5-9,99%	53,256,289,197		343,175,303,819	290
3	10-14,99%	79,884,433,795		360,703,008,502	297
4	15-20%	106,512,578,393		213,198,007,207	46
Total			¢	**1,168,562,137,150**	**4,638**

As of December 31, 2022:

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

(b) Management of market and liquidity risk

Definitions

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

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

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

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

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

Management methodology of market and liquidity risk

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

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

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

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

Tolerance limits and risk indicators

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

- Liquidity risk: Maximum expected outflow of deposits of the public by currency, match at one- and three months match by currency and liquidity coverage ratio (ICL) by currency.
- Price risk: VaR of the Investment portfolio through internal and regulatory models.

- Exchange risk: Sensitivity of the equity position in foreign currency, through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

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

(c) Liquidity risk

Cash and cash equivalents show a year-on-year increase of 16.57%, mainly due to decrease on-demand deposits, in current accounts and demand deposits in foreign financial institutions as well as held-for-trading financial instruments (see cash and cash equivalents table in note 2).

Demand deposits decreased by 4.05% on a year-on-year basis, due to the decrease in current account balances, certificates and demand savings deposits (see chart of demand obligations with the public in note 4).

Wholesale funding decreased on a year-on-year basis by 10.69%, mainly in term obligations with the BCCR, obligations for checks due for collection, current accounts with financial institutions in the country, loans from financial entities abroad, obligations for assets for-the-right of use received under lease and obligations for deferred liquidity operations and obligations with resources from the Development Credit Fund. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

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

	December 2023	**December 2022**
Liquidity coverage indicator (colones)	1.26	1.07
Liquidity coverage indicator (US Dollars)	1.80	1.44
Regulatory limit	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results:

Regulatory liquidity matches by currency and term		December 2023	December 2022		
Indicator	**Interpretation**	**Observation**	**Observation**	**Approved levels**	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.90	2.18	Limit:	1.13
1-month term matching colones		2.19	1.89	Limit:	1.03
3-months term matching US dollars		1.26	1.50	Limit:	0.98
3-months term matching colones		1.45	1.56	Limit:	0.88

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

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

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

As of December 31, 2023

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	Items overdue for more than thirty days	Total
Availabilities	¢	285,847,685,695	0	0	0	0	0	69,969,930	0	285,917,655,625
Legal cash requirement BCCR		400,893,880,857	34,998,613,247	19,019,785,000	15,414,830,100	32,711,519,093	35,131,400,368	33,054,250,719	0	571,224,279,384
Investment in securities		624,023,167	526,834,374,316	17,183,736,117	10,881,768,526	102,785,884,508	151,910,870,897	759,823,464,537	0	1,570,044,122,068
Interest on investments		3,143,247	8,993,162,104	5,106,156,003	936,858,518	4,303,310,056	1,065,950,551	1,037,308,017	0	21,445,888,496
Loan portfolio		0	153,588,045,761	118,010,632,629	104,070,338,112	311,783,519,509	284,621,998,276	2,972,112,256,584	135,470,970,744	4,079,657,761,615
Interest on loan portfolio		0	9,956,174,357	542,465,551	366,395,449	1,566,784,602	556,654,642	1,909,311,793	7,751,282,007	22,649,068,401
	¢	**687,368,732,966**	**734,370,369,785**	**159,862,775,300**	**131,670,190,705**	**453,151,017,768**	**473,286,874,734**	**3,768,006,561,580**	**143,222,252,751**	**6,550,938,775,589**
Liabilities										
Obligations with the public	¢	3,153,204,629,595	307,978,776,426	187,083,194,497	143,435,224,840	296,484,414,533	353,339,336,602	407,132,349,291	0	4,848,657,925,784
Obligations with BCCR		0	0	0	0	0	0	103,950,578,331	0	103,950,578,331
Obligations with financial Entities		67,198,718,575	199,060,821,386	57,193,557,703	40,017,370,665	107,644,295,624	142,409,346,495	150,402,107,502	0	763,926,217,950
Charges payable on obligations		1,977,667,169	13,778,080,123	6,055,429,530	2,701,780,382	4,508,847,616	3,772,377,051	5,849,829,935	0	38,644,011,806
		3,222,381,015,339	**520,817,677,935**	**250,332,181,730**	**186,154,375,887**	**408,637,557,773**	**499,521,060,148**	**667,334,865,059**	**0**	**5,755,178,733,871**
Asset-liability gap	¢	**(2,535,012,282,373)**	**213,552,691,850**	**(90,469,406,430)**	**(54,484,185,182)**	**44,513,459,995**	**(26,234,185,414)**	**3,100,671,696,521**	**143,222,252,751**	**795,760,041,718,**

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Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢	397,354,391,230	0	0	0	0	0	161,362,379	0	397,515,753,609
Legal cash requirement BCCR		409,327,785,136	26,898,352,628	18,444,325,361	20,032,812,825	43,171,216,605	53,116,731,680	22,148,717,863	0	593,139,942,098
Investment in securities		1,112,723,802	322,249,975,334	69,735,239,724	51,567,431,481	127,020,526,811	214,861,257,788	926,068,821,742	0	1,712,615,976,682
Interest on investments		2,504,381	12,655,289,277	7,672,622,082	2,165,713,766	1,318,148,923	237,782,607	1,027,254,325	0	25,079,315,361
Loan portfolio		6,640,462,404	144,177,939,955	124,933,908,411	143,993,273,850	282,217,364,256	215,880,928,919	3,146,855,847,835	149,701,971,122	4,214,401,696,752
Interest on loan portfolio		0	10,189,742,174	1,077,161,798	436,174,726	1,480,015,476	509,479,287	2,256,661,122	7,533,686,252	23,482,920,835
	¢	**814,437,866,953**	**516,171,299,368**	**221,863,257,376**	**218,195,406,648**	**455,207,272,071**	**484,606,180,281**	**4,098,518,665,266**	**157,235,657,374**	**6,966,235,605,337**
Liabilities										
Obligations with the public	¢	3,310,927,955,196	244,892,129,680	209,070,983,071	188,768,334,995	390,684,088,870	504,322,216,523	341,245,209,642	0	5,189,910,917,977
Obligations with BCCR		0	25,020,309,751	0	0	0	0	109,474,722,460	0	134,495,032,211
Obligations with financial Entities		86,352,278,394	319,905,134,282	64,045,526,418	35,595,374,308	98,722,793,374	119,540,188,485	131,504,090,589	0	855,665,385,850
Charges payable on obligations		1,527,021,044	7,295,379,928	4,442,390,564	2,073,545,675	3,984,878,257	4,378,775,886	4,472,864,118	0	28,174,855,472
		3,398,807,254,634	**597,112,953,641**	**277,558,900,053**	**226,437,254,978**	**493,391,760,501**	**628,241,180,894**	**586,696,886,809**	**0**	**6,208,246,191,510**
Asset-liability gap	¢	**(2,584,369,387,681)**	**(80,941,654,273)**	**(55,695,642,677)**	**(8,241,848,330)**	**(38,184,488,430)**	**(143,635,000,613)**	**3,511,821,778,457**	**157,235,657,374**	**757,989,413,827**

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 48.83% is observed in instruments issued by the Ministry of Finance, In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

Following are the results of the VaR methodology-SUGEF 03-06, considering both portfolios:

		December 2023	December 2022
VaR	¢	13,762,383,855	23,585,525,696

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

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk, As of December 31, 2023, a sensitivity analysis on possible variations in interest rates was developed.

Sensitivity to an increase in the interest rate of investments

		December 2023	December 2022
Investment in financial instruments	¢	1,323,841,470,664	1,405,067,101,407
Increase in rates by 1%		492,040,733	352,390,708
Increase in rates by 2%	¢	984,081	704,781,417

Sensitivity to a decrease in the interest rate of investments

		December 2023	December 2022
Investment in financial instruments	¢	1,323,841,470,664	1,405,067,101,407
Decrease in rates by 1%		492,040,733	352,390,708
Decrease in rates by 2%	¢	984,081	704,781,417

Sensitivity to an increase in the interest rate of loan portfolio

		December 2023	December 2022
Loan portfolio	¢	3,157,286,970,263	3,207,999,876,911
Increase in rates by 1%		1,487,744,069	1,723,044,843
Increase in rates by 2%	¢	2,983,438,557	3,454,768,324

Sensitivity to a decrease in the interest rate of loan portfolio

		December 2023	December 2022
Loan portfolio	¢	3,157,286,970,263	3,207,999,876,911
Decrease in rates by 1%		1,482,162,688	1,707,440,473
Decrease in rates by 2%	¢	2,963,849,999	3,399,901,305

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

		December 2023	December 2022
Obligations with the public	¢	4,426,326,240,375	4,691,855,488,958
Increase in rates by 1%		3,237,704,172	3,264,320,199
Increase in rates by 2%	¢	6,475,408,344	6,528,640,398

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

		December 2023	December 2022
Obligations with the public	¢	4,426,326,240,375	4,691,855,488,958
Decrease in rates by 1%		3,237,704,172	3,264,320,199
Decrease in rates by 2%	¢	6,475,408,344	6,528,640,398

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

		December 2023	December 2022
Financial term obligations	¢	30,507,522,843	3,130,348,000
Increase in rates by 1%		25,422,936	2,608,623
Increase in rates by 2%	¢	50,845,871	5,217,247

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

		December 2023	December 2022
Financial term obligations	¢	30,507,522,843	3,130,348,000
Decrease in rates by 1%		25,422,936	2,608,623
Decrease in rates by 2%	¢	50,845,871	5,217,247

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As of December 31, 2023, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones:									
Assets									
Investment in securities	6.75%	¢	331,867,860,571	22,531,615,104	66,058,474,119	111,194,556,022	206,560,179,268	428,690,798,366	1,166,903,483,450
Loan portfolio	8.77%		1,485,366,749,918	106,691,826,684	109,597,126,789	58,752,719,059	117,380,301,144	1,375,106,671,181	3,252,895,394,775
Total recovery of assets (*)			**1,817,234,610,489**	**129,223,441,788**	**175,655,600,908**	**169,947,275,081**	**323,940,480,412**	**1,803,797,469,547**	**4,419,798,878,225**
Liabilities									
Obligations with the public			221,903,425,083	191,111,033,827	206,713,281,918	172,930,621,624	116,562,673,410	58,466,759,532	967,687,795,394
Obligations with financial entities	2.62%		31,101,053,219	36,708,637,172	23,182,201,066	13,377,111,292	103,901,409,914	0	208,270,412,663
Total matured liabilities (*)			**253,004,478,302**	**227,819,670,999**	**229,895,482,984**	**186,307,732,916**	**220,464,083,324**	**58,466,759,532**	**1,175,958,208,057**
Asset and liability gap			**1,564,230,132,187**	**(98,596,229,211)**	**(54,239,882,076)**	**(16,360,457,835)**	**103,476,397,088**	**1,745,330,710,015**	**3,243,840,670,168**
US dollars:									
Assets									
Investment in securities	4.46%	¢	179,087,252,399	41,370,359,313	49,819,700,723	42,301,060,140	45,531,568,083	67,473,432,031	425,583,372,689
Loan portfolio	7.60%		248,713,620,947	31,913,610,170	48,776,693,523	88,685,380,933	87,984,061,187	377,957,315,206	884,030,681,966
Total recovery of assets (*)			**427,800,873,346**	**73,283,969,483**	**98,596,394,246**	**130,986,441,073**	**133,515,629,270**	**445,430,747,237**	**1,309,614,054,655**
Liabilities									
Obligations with the public			67,296,629,878	79,898,503,871	67,864,980,095	95,836,440,464	18,802,236,956	11,816,832,458	341,515,623,722
Demand obligations	0.34%		158,903,995,281	78,625,204,382	43,305,848,783	96,796,017,830	125,222,760,834	11,646,614,385	514,500,441,495
Obligations with financial entities	2.07%		(20,574,364,424)	780,352,231	632,728,395	27,630,918,694	2,288,366,797	13,225,794,809	23,983,796,502
Total matured liabilities (*)			**46,722,265,454**	**80,678,856,102**	**68,497,708,490**	**123,467,359,158**	**21,090,603,753**	**25,042,627,267**	**365,499,420,224**
Asset and liability gap			**381,078,607,892**	**(7,394,886,619)**	**30,098,685,756**	**7,519,081,915**	**112,425,025,517**	**420,388,119,970**	**944,114,634,431**

(*) Interest rate sensitive

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

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

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of December 31, 2023, for ¢944,114,634,431, (¢3,163,433,114,53 for December 2022) while in foreign currency the same difference is of ¢827,915,461,820, (¢1,207,258,352,504 for December 2022) 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 December 31, 2023, the total amount in local currency was of ¢795,760,041,718, (¢757,989,413,761 for December 2022) while in foreign currency, the collected data for the compliance of obligations was of ¢363,381,161, (¢384,363,194 for December 2022) which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US$154 million as of December 2023 (US$182 million as of December 2022), given that the appetite for the ratio of position in foreign currency (PME) to base capital (CB) decreased.

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

		December 2023	December 2022
Assets:			
Cash and due from banks	US$	510,224,893	733,977,310
Investment in financial instruments		796,961,999	1,202,978,958
Loan portfolio		2,941,077,001	2,818,987,742
Accounts and interest receivable		3,415,384	6,403,060
Other assets		16,664,180	27,093,843
Total assets		**4,268,343,457**	**4,789,440,913**
Liabilities:			
Obligations with the public		2,913,368,701	3,372,710,790
Other financial obligations		1,082,030,491	1,115,872,368
Other accounts payable and provisions		34,236,061	34,179,984
Other liabilities		23,138,581	43,052,610
Total liabilities		**4,052,773,834**	**4,565,815,752**
Net position	US$	**215,569,623**	**223,625,161**

The valuation of monetary assets and liabilities in foreign currency is carried out with reference to the purchase exchange rate set by the BCCR the last business day of each month for December 29, 2023, the exchange rate of ¢526.88 for US $1.00 (¢601.99 as of December 2022) was used.

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

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

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

		December 2023	December 2022
Net position	US$	215,569,623	223,625,160
Closing exchange rate		526.88	601.99
5% increase in the exchange rate		26.34	30.10
Profit	¢	5,678,103,870	6,731,117,316

		December 2023	December 2022
Net position	US$	215,569,623	223,625,160
Closing exchange rate		526.88	601.99
5% decrease in the exchange rate		(26.34)	(30.10)
Loss	¢	(5,678,103,870)	(6,731,117,316)

Assets and liabilities in Euros are detailed as follows:

		December 2023	December 2022
Assets			
Cash and due from banks	EUR€	7,270,923	9,266,142
Other assets		290,519	118
Total assets		7,561,442	9,266,260
Liabilities			
Obligations with the public		6,449,613	7,043,687
Other financial obligations		105,668	997,385
Other accounts payable and provisions		43,680	31,904
Other liabilities		32,397	3,392
Total liabilities		6,631,358	8,076,368
Net position (surplus assets on monetary liabilities	EUR€	**930,084**	**1,189,892**

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As of December 31, 2023, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US$) accounts are 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**	**Past due for over 30 days**	**Total**
Cash and due from banks	US$	242,104,007	0	0	0	0	0	111,923	0	242,215,930
Legal reserve account-BCCR		180,671,963	15,888,177	10,780,884	8,580,764	15,840,380	23,340,901	13,104,896	0	268,207,965
Investments in securities		4,216	389,032,760	20,408,644	6,456,314	87,377,654	77,795,674	208,800,261	0	789,875,523
Interest on investments		1,771	1,593,445	422,247	(3,078)	3,217,979	1,730,647	483,096	0	7,446,107
Loan portfolio		0	197,042,479	174,102,457	151,952,968	458,690,251	346,371,983	1,617,028,981	93,923,791	3,039,112,910
Interest on loans		0	4,889,096	727,644	587,396	1,412,229	1,002,172	3,619,735	4,637,393	16,875,665
	US$	**422,781,957**	**608,445,957**	**206,441,876**	**167,574,364**	**566,538,493**	**450,241,377**	**1,843,148,892**	**98,561,184**	**4,363,734,100**
Liabilities										
Obligations with the public	US$	1,502,264,640	193,783,033	159,297,779	112,350,888	205,107,511	339,935,169	388,924,758	0	2,901,663,778
Obligations with financial Entities		85,540,120	192,055,899	57,060,426	59,818,878	161,658,994	245,752,759	276,310,196	0	1,078,197,272
Charges payable on obligations		248,479	2,026,450	2,582,111	2,118,221	4,305,946	4,106,678	5,104,004	0	20,491,889
		1,588,053,239	**387,865,382**	**218,940,316**	**174,287,987**	**371,072,451**	**589,794,606**	**670,338,958**	**0**	**4 000 352 939**
Asset and liability gaps	US$	**(1,165,271,282)**	**220,580,575**	**(12,498,440)**	**(6,713,623)**	**195,466,042**	**(139,553,229)**	**1,172,809,934**	**98,561,184**	**363,381,161**

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

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

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

As of December 31, 2023, the financial statements show a net foreign exchange loss of ¢13,576,779,053, (¢3,894,495,823 net loss for December 2022).

(g) Capital Management

In the 2023 monitoring of the Capital Management Process in the BCR Financial Conglomerate an update is being carried out, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

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

The capital requirement for price risk has maintained a downward trend since April, while the exchange risk has shown a similar behavior since July, which is explained by what was mentioned about the appetite of the PME/CB ratio.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of December 2023 of 14.23% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

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

The systemic risk analysis is carried out considering several dimensions. The first dimension corresponds to the economic context, the second the size, the third refers to concentration indicators, the fourth contagion, the fifth an index of fiscal conditions and in 2023 a sixth dimension is added that correlates the previous five.

(i) Operational risk management

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

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

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

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

The results are obtained from the compilation of the losses by type of operational risk, to which the BCR has been exposed in the evaluated period, which allows studying the effectiveness of the implemented measures. The Execution, delivery and process management, the main type of risk for operational losses and External Fraud in debit and credit cards, has reduced its incidence of fraud in electronic media, with the implementation of different mitigators such as the Safe Environment (3DS) project and the use of the electronic wallet, in the months of September to December 2023.

Gross operating losses
- Percentage distribution by type of risk

Type of operational risk		Accumulated gross losses	December 2023	December 2022
Clients, products, and business practices	¢	7,945,490	1.14%	0.97%
Execution, delivery, and management of processes		333,031,503	47.64%	3.46%
External fraud		322,898,970	46.19%	61.86%
Internal fraud		15,000,000	2.15%	24.01%
Business interruption and system failures		17,621,251	2.52%	9.34%
Labor relations and safety in the workplace		2,605,000	037%	0.36%
Total	**¢**	**699,102,214**	**100.00%**	**100.00%**

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

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

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

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

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

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

(j) <u>Business Continuity</u>

Business Continuity Testing

In the Business Continuity Management System, aligned with SUGEF Agreement 2-10 “Regulations on Comprehensive Risk Management”, in article 91 Business Continuity, section E) Execution of periodic tests and evaluation of their results, the Bank of Costa Rica has established a Testing Plan, within which the Contingent Procedure for Commercial Offices is executed, being the Bank´s channels to provide its clients with products and services.

The contingent procedure of the commercial offices is of great importance since it contains the steps to be developed to attend one of the processes identified as critical in the Business Impact Analysis (BIA) in the event of an interruption of services.

The tests are based on scenarios, such as failures in computer systems, cyber-attacks, natural disasters, or any other event that affects operations causing the unavailability of services. These tests are applied in established periods to be prepared for a real event, in addition to identifying weaknesses and proposing improvements if required for the updating and effectiveness of existing procedures.

The Continuity Unit is in charge, together with the commercial offices, of managing the necessary adjustments for the correct functioning of the contingent procedure, and based on the gaps identified, preparing training programs for human resources to strengthen the culture of business continuity.

Tests are important in business continuity management, since they are the tool that allows measuring and evaluating the effectiveness of the plans; in addition to improving the capacity to respond to the interruption of services, resuming the operation of its functions within a given period of time, thus minimizing the negative impacts caused by an unplanned event.

It is worth mentioning the execution of the test plan for the applications supporting critical business processes, developed by the Corporate Technology Management, with the objective of validating the effectiveness of the recovery protocols and their validity.

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

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.

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

(l) Regulatory risk management and regulatory compliance

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

Regarding legal risk management, the entity monitors legal, regulatory and contractual matters, as well as the rights and obligations associated with image rights and intellectual property. For the third quarter of 2023, the behavior of the legal risk indicators was monitored, corresponding to the litigation that represents the greatest exposure for the BCR Financial Conglomerate, this in the face of an adverse scenario in its result, as well as the registration in time and form of the notarial acts product of commercial business carried out. Two new indicators are created in this period, related to the provision for the payment of judgments, called Litigation VaR, and with the deeds processed by external notaries.

The applicability of the provisions of the General Public Procurement Law was also carried out, in terms of public procurement processes (article 37 of the appointment law), this through self-evaluations to reduced and minor tenders and evaluations to larger tenders or of inestimable amount. As of the cut-off date of this note, a total of 11 risk identification exercises have been carried out, of which 5 correspond to assessments and 6 to self-assessments. In November, the document Corporate Provisions for the process of evaluations, self-evaluations and their treatment plans in Risk management of the BCR Financial Conglomerate, is published.

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40). Situation of the Development Financing Fund

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

DEVELOPMENT FINANCING FUND
STATEMENT OF FINANCIAL POSITION
Fort the period ended December 31, 2023
Financial Information
(*In colones without cents*)

		December 2023	December 2022
Assets			
Availabilities	¢	**127,357,508**	**0**
Banco Central de Costa Rica		127,357,508	**0**
Loan portfolio		**47,165,995,600**	**46,399,647,681**
Current loans		43,307,881,313	43,099,794,086
Past due loans		3,721,715,771	2,854,564,730
Loans in legal collection		742,263,981	949,313,288
(Deferred income – loan portfolio)		(465,477,019)	(387,798,164)
Interest receivable		170,201,295	196,788,486
(Allowance for impairment)		(310,589,741)	(313,014,745)
Accounts and commissions receivable		**0**	**322,984**
Other accounts receivable		0	1,900,715
(Allowance for impairment)		0	(1,577,731)
Other assets		**165,766,632**	**9,559,394**
Intangible assets		2,767,988	0
Other assets		162,998,644	9,559,394
Total assets	¢	**47,459,119,740**	**46,409,530,059**
Liabilities			
Obligations with entities	¢	**0**	**4,184,417,953**
Other Obligations with entities		0	4,184,417,953
Accounts payable and provisions	¢	**160,713,385**	**61,392,925**
Other miscellaneous accounts payable		160,713,385	61,392,925
Other liabilities		**159,166,840**	**10,792,037**
Other liabilities		159,166,840	10,792,037
Total liabilities	¢	**319,880,225**	**4,256,602,915**
Equity			
Contributions from Banco de Costa Rica	¢	**0**	**29,330,665,472**
Adjustments to equity - Other comprehensive income		**45,766,617,523**	**0**
Accumulated results from previous periods		**0**	**11,146,056,305**
Result of the current period		**1,372,621,992**	**1,676,205,367**
Total equity	¢	**47,139,239,515**	**42,152,927,144**
Total equity and liabilities	¢	**47,459,119,740**	**46,409,530,059**
Contingent debit memoranda accounts	¢	**5,898,412**	**12,622,297**
Other debit memoranda accounts	¢	**3,912,542,628**	**7,168,010,637**

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DEVELOPMENT FINANCING FUND
STATEMENT OF INCOME
As of December 31, 2023
Financial Information
(In colones without cents)

		December 2023	December 2022
Financial income			
For loan portfolio		3,079,922,811	2,054,014,580
For income from exchange differences		0	0
Total financial income		**3,079,922,811**	**2,054,014,580**
Financial expenses			
For losses in Exchange differences		5,228,191	1,144,037
Total financial expenses		**5,228,191**	**1,144,037**
For allowance of asset impairment		0	121,599,940
For recovery of assets and decrease in allowance		864,080	105,547,178
Financial income		**3,075,558,700**	**2,036,817,781**
Other operating income			
For other operating income		9,336,226	137,660
For currency exchange and arbitration		819	0
For commissions for services		23,962,557	20,183,843
Total other operating income		**33,299,602**	**20,321,503**
Other operating expenses			
For other operating expenses		1,736,236,310	380,933,917
Total other operating expenses		1,736,236,310	**380,933,917**
Operating result, gross		**1,372,621,992**	**1,676,205,367**
Income of the period	¢	**1,372,621,992**	**1,676,205,367**

Loan Portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		December 2023	December 2022
Sector			
Agriculture, livestock, hunting and related services	¢	9,105,455,860	13,555,793,433
Public administration		17,866,560	80,655,030
Fishing and aquaculture		42,617,690	43,712,963
Manufacturing		1,085,570,230	1,240,205,614
Trade		24,229,865,712	20,730,783,572
Services		9,983,278,228	7,799,465,538
Transportation		1,146,209,128	934,489,821
Financial activity and stock exchange		254,903,080	577,925,284
Real estate, business, and lease activities		126,361,591	165,159,122
Building, purchase, and repair of real estate		671,402,655	657,256,633
Retail		0	10,371,351
Hotels and restaurants		1,108,330,331	1,107,853,743
		47,771,861,065	46,903,672,104
Plus: interest receivable		170,201,295	196,788,486
Less: Deferred income – loan portfolio		(465,477,019)	(387,798,164)
Allowance for impairment		(310,589,741)	(313,014,745)
	¢	**47,165,995,600**	**46,399,647,681**

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		December 2023	December 2022
Up to date	¢	43,307,881,313	43,099,794,086
1 to 30 days		2,480,510,289	1,996,268,803
31 to 60 days		364,846,799	237,828,072
61 to 90 days		545,253,895	524,840,646
91 to 120 days		83,178,140	44,053,040
121 to 180 days		138,522,588	5,129,667
Over 180 days		109,404,060	46,444,502
Legal collection		742,263,981	949,313,288
	¢	**47,771,861,065**	**46,903,672,104**

c) Past due loans

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

		December 2023	December 2022
Number of operations		36	20
Past due loans in non-accrual status of interest	¢	851,668,041	995,757,790
Past due loans for which interest is recognized	¢	3,612,311,711	2,808,120,228
Total unearned interest	¢	1,250,024	1,250,024

As of December 31, 2023, loans on legal collection are as follows:

# Of operations	Percentage		Balance
18	1.69	¢	807,172,385

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

# Of operations	Percentage		Balance
11	2.02%	¢	949,313,288

d) Interest receivable on loan portfolio

Interest receivable is as follows:

		December 2023	December 2022
Current loans	¢	111,289,759	145,886,232
Past due loans		40,046,717	30,273,797
Loans in legal collection		18,864,819	20,628,457
	¢	**170,201,295**	**196,788,486**

e) Allowance for bad loans

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

Opening balance 2023	¢	**313,014,745**
Plus:		
Adjustment for exchange rate differences		34,473
Less:		
Adjustment for exchange rate differences		(767,967)
Reversal of allowance against income		(433,630)
Transfer of balances		(1,257,880)
Balance as of December 31, 2023	¢	**310,589,741**

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

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		December 2023	**December 2022**
Guarantee			
Fiduciary	¢	419,464,873	594,397,403
Mortgage		24,056,648,740	27,823,325,592
Chattel		812,341,917	991,014,906
Others		22,483,405,535	17,494,934,203
	¢	**47,771,861,065**	**46,903,672,104**

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

			Direct Loan Portfolio	
			December 2023	December 2022
Principal		¢	47,771,861,065	46,903,672,104
Interest receivable			170,201,295	196,788,486
			47,942,062,360	47,100,460,590
Allowance for bad loans			(310,589,741)	(313,014,745)
Carrying amount		¢	47,631,472,619	46,787,445,845
Loan portfolio				
Total balances:				
A1		¢	255,673,081	579,810,321
1			44,777,040,112	42,774,047,931
2			365,650,505	230,097,335
3			1,019,592,785	1,818,352,809
4			501,789,956	674,481,203
5			201,107,289	353,085,467
6			821,208,632	670,585,524
			47,942,062,360	47,100,460,590
Minimum allowance			(307,350,925)	(283,346,310)
Carrying amount, net		¢	47,634,711,435	46,817,114,280
Carrying amount			47,942,062,360	47,100,460,590
Allowance for bad loans			(307,350,925)	(283,346,310)
Allowance (surplus) deficit on minimum allowance			(3,238,816)	(29,668,435)
Carrying amount, net	6a	¢	47,631,472,619	46,787,445,845

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

As of December 31, 2023

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	44,777,040,112	29,698,239,693	15,078,800,419	(111,942,601)
D		255,673,081	0	255,673,081	(1,278,365)
		45,032,713,193	29,698,239,693	15,334,473,500	(113,220,966)
Direct specific allowance					
2		365,650,505	292,682,646	72,967,859	(5,111,806)
3		1,019,592,785	834,272,899	185,319,886	(50,501,336)
4		501,789,956	465,240,023	36,549,933	(20,601,167)
5		201,107,289	157,549,507	43,557,782	(31,278,195)
6		821,208,632	738,262,489	82,946,143	(86,637,455)
		2,909,349,167	2,488,007,564	421,341,603	(194,129,959)
	¢	47,942,062,360	32,186,247,257	15,755,815,103	(307,350,925)

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	255,673,082	0	255,673,082	(113,220,966)
		255,673,082	0	255,673,082	(113,220,966)
Direct specific allowance					
Up to date		43,163,497,990	28,394,313,103	14,769,184,887	(41,289,340)
Equal or less than 30 days		2,462,832,602	2,005,589,402	457,243,199	(5,538,181)
Equal or less than 60 days		393,851,680	314,974,213	78,877,467	(6,830,766)
Equal or less than 90 days		563,550,915	514,400,843	49,150,072	(15,318,877)
Equal or less than 180 days		281,267,928	215,503,498	65,764,430	(41,990,068)
Over 180 days		821,388,163	741,466,198	79,921,966	(83,162,727)
	¢	47,686,389,278	32,186,247,257	15,500,142,021	(194,129,959)
	¢	47,942,062,360	32,186,247,257	15,755,815,103	(307,350,925)

As of December 31, 2022

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

		Loans receivable from clients	
As of December 31, 2023		Gross	Net
Risk category:			
1	¢	44,777,040,112	44,665,097,511
2		365,650,505	360,538,699
3		1,019,592,785	969,091,449
4		501,789,956	481,188,789
5		201,107,289	169,829,094
6		821,208,632	734,571,177
A1		255,673,081	254,394,716
	¢	47,942,062,360	47,634,711,435

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

41). Situation of the Development Credit Fund

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

DEVELOPMENT CREDIT FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2023
Financial Information
(In colones without cents)

		December 2023	December 2022
Assets			
Cash and due from banks	¢	**795,892,500**	**810,456,884**
Central Bank of Costa Rica		795,892,500	810,456,884
Investments in financial instruments		**95,377,292,181**	**160,172,908,416**
At fair value through profit or loss		4,957,598,565	1,271,137,156
At fair value through other comprehensive income		86,755,969,894	145,206,450,032
At amortized cost		2,782,370,522	12,468,166,624
Interest receivable		881,353,200	1,227,154,604
Loan portfolio		**38,248,570,855**	**27,275,134,211**
Current loans		37,877,348,151	27,143,284,667
Past due loans		648,807,590	360,875,877
(Deferred income – loan portfolio)		(307,590,574)	(209,340,642)
Interest receivable		119,619,530	75,348,575
(Allowance for impairment)		(89,613,842)	(95,034,266)
Accounts and commissions receivable		**231,188,813**	**827,577,117**
Tax and deferred income tax		231,188,813	827,577,117
Other assets		**83,192**	**2,002,095,388**
Other assets		83,192	2,002,095,388
Total assets	¢	**134,653,027,541**	**191,088,172,016**
Liabilities			
Obligations with entities	¢	**140,481,206,433**	**192,026,399,855**
Term		140,481,206,433	192,026,399,851
Interest payable		0	4
Accounts payable and provisions		**42,148,639**	**164,237,148**
Accounts payable		2,127,704	
Deferred income tax		40,020,935	164,237,148
Other liabilities		**531,663**	**159,353,005**
Other liabilities		531,663	159,353,005
Other liabilities	¢	**140,523,886,735**	**192,349,990,008**
EQUITY			
Adjustments to equity – Other comprehensive income	¢	**(370,185,888)**	**0**
Result of the previous period	¢	**0**	**(1,299,622,220)**
Income of the current period		**(5,500,673,306)**	**37,804,228**
Total equity	¢	**(5,870,859,194)**	**(1,261,817,992)**
Total liabilities and equity	¢	**134,653,027,541**	**191,088,172,016**
Other debit memoranda accounts			
Own debit memoranda accounts	¢	27,583,777,748	23,755,283,621
Interest receivable memoranda accounts	¢	9,096,849	5,409,472

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

DEVELOPMENT CREDIT FUND
STATEMENT OF INCOME
As of December 31, 2023
Financial Information
(In colones without cents)

		Dcember 2023	Dcember 2022
Financial income			
For investments in financial instruments	¢	5,690,042,671	8,164,004,425
For loan portfolio		1,659,475,185	1,032,470,268
For exchange rate differences		0	0
Other financial income		686,041,721	0
Total financial income		**8,035,559,577**	**9,196,474,693**
Financial expenses			
For obligations with the public		3,940,069,421	2,370,147,426
For losses of exchange rate differences		4,929,263,553	1,817,222,915
Other financial expenses		1,346,359,485	475,144,129
Total financial expenses		**10,215,692,459**	**4,662,514,470**
For allowance of assets impairment		(173,829,994)	117,152,205
For recovery of assets and decrease in allowance		0	409,243,344
Financial income	¢	**(2,006,302,888)**	**4,826,051,362**
Oher operating income			
For service commissions		469,554	2,065
For exchange and arbitration, foreign currency		336,608,995	231,666,179
For other operating income		113,329,885	569,280,507
Total other operating income	¢	**450,408,434**	**800,948,751**
Other operating expenses			
For exchange and arbitration. foreign currency		66,409,165	48,514,477
For other operating expenses		2,627,833,737	1,334,708,720
Total other operating expenses	¢	**2,694,242,902**	**1,383,223,197**
Gross operating	¢	**(4,250,137,356)**	**4,243,776,916**
Profit transferred to the National Development Trust		1,250,535,950	4,205,972,685
Total comprehensive income of the period	¢	**(5,500,673,306)**	**37,804,231**
Other comprehensive income, net of income tax total comprehensive income of the period	¢	**(5,500,673,306)**	**37,804,231**
Profit allocation			
Transfer to the National Development Trust	¢	1,250,535,950	4,205,972,685
Commission for managing the Development Credit Fund and the utilities		(5,500,673,306)	37,804,231
	¢	**(4,250,137,356)**	**4,243,776,916**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

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

		December 2023	December 2022
At fair value through profit or loss	¢	4,957,598,565	1,271,137,156
At fair value through other comprehensive income		86,755,969,894	145,206,450,032
At amortized cost		2,782,370,522	12,468,166,624
Interest receivable for investments at fair value through other comprehensive income		881,353,200	1,227,154,604
	¢	**95,377,292,181**	**160,172,908,416**

		December 2023 Fair value	December 2022 Fair value
At fair value through profit or loss			
Local issuers			
State-owned Banks	¢	4,957,598,565	1,271,137,156
	¢	**4,957,598,565**	**1,271,137,156**

		December 2023 Fair value	December 2022 Fair value
At fair value through other otro resultado integral			
State-owned Banks		86,755,969,894	145,206,450,032
	¢	**86,755,969,894**	**145,206,450,032**

		December 2023 Fair value	December 2022 Fair value
At amortized cost			
Local issuers:			
State-owned Banks	¢	2,782,370,522	0
	¢	**2,782,370,522**	**0**

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)

(in colones with no cents)

Loan Portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

		December 2023	December 2022
Sector			
Agriculture, livestock, hunting and related services	¢	23,339,203,469	11,546,560,131
Manufacturing		3,892,042,294	13,368,732,554
Trade		6,866,246,060	1,042,995,091
Services		3,264,743,870	1,094,082,029
Transportation		451,641,799	190,188,779
Construction, purchase and repair of real estate		170,934,267	82,204,817
Hotels and restaurants		541,343,982	179,397,143
		38,526,155,741	27,504,160,544
Plus, interest receivable		119,619,530	75,348,575
Less deferred income loan portfolio		(307,590,574)	(209,340,642)
Allowance for impairment		(89,613,842)	(95,034,266)
	¢	**38,248,570,855**	**27,275,134,211**

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		December 2023	December 2022
Up to date	¢	37,877,348,151	27,143,284,667
1 to 30 days		286,988,550	268,305,416
31 to 60 days		173,070,453	92,570,461
61 to 90 days		162,443,747	0
91 to 120 days		26,304,840	0
	¢	**38,526,155,741**	**27,504,160,544**

c) Delinquent and past due loan portfolio

Delinquent and past due loans, including loans with recognition of interest based on cash and interest not received on these loans, are summarized below:

		December 2023	**December 2022**
Delinquent and past due loans recognizing interest	¢	648,807,590	360,875,877
Total of not received interest	¢	9,096,849	5,409,472

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		December 2023	**December 2022**
Current loans	¢	113,957,144	72,557,757
Past due loans		5,662,386	2,790,818
	¢	**119,619,530**	**75,348,575**

e) Allowance for impairment of loan portfolio

Balance at the beginning of 2023	¢	**95,034,266**
Plus:		
Adjustment for exchange differences		254,748
Less:		
Adjustment for exchange differences		(5,675,172)
Balance as of December 31, 2023	¢	**89,613,842**
Balance at the beginning of 2022	¢	**99,122,714**
Plus:		
Transfer of balances		13,449,837
Adjustment for exchange differences		4,441,912
Less:		
Adjustment for exchange differences		(21,980,197)
Balance as of December 31, 2022	¢	**95,034,266**

f) Loan portfolio by kind of guarantee:

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

		December 2023	**December 2022**
Guarantee			
Fiduciary		188,119,186	250,823,118
Mortgage	¢	11,193,376,745	2,265,318,557
Chattel		900,171,724	222,995,792
Other		26,244,488,086	24,765,023,077
	¢	**38,526,155,741**	**27,504,160,544**

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

			Direct Loan Portfolio	
			December 2023	**December 2022**
Principal		¢	38,526,155,741	27,504,160,544
Interest receivable			119,619,530	75,348,575
			38,645,775,271	27,579,509,119
Allowance for bad loans			(89,613,842)	(95,034,266)
Carrying amount		¢	38,556,161,429	27,484,474,853
Loan portfolio				
Total balances:				
1		¢	35,242,018,234	27,186,994,456
2			146,851,917	93,486,017
3			3,146,667,348	299,028,646
4			83,317,906	0
5			26,919,866	0
			38,645,775,271	27,579,509,119
Minimum allowance			(164,297,072)	(71,711,266)
Carrying amount, net		¢	38,481,478,199	27,507,797,853
Carrying amount			38,645,775,271	27,579,509,119
Allowance for bad loans			(164,297,072)	(71,711,266)
Allowance (surplus) deficit on minimum allowance			74,683,230	(23,323,000)
Carrying amount, net	6a	¢	38,556,161,429	27,484,474,853

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

The assessed loan portfolio including allowance is detailed as follows:

As of December 31, 2023

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
		35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
Direct specific allowance					
2		146,851,917	118,680,821	28,171,096	(2,001,959)
3		3,146,667,348	2,946,924,926	199,742,422	(64,670,230)
4		83,317,906	83,317,906	0	(416,590)
5		26,919,866	14,660,007	12,259,859	(8,655,201)
		3,403,757,037	3,163,583,660	240,173,377	(75,743,980)
	¢	38,645,775,271	18,374,249,768	20,271,525,503	(164,297,072)

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	37,991,305,295	17,812,796,932	20,178,508,363	(88,057,226)
Equal to or less than 30 days		288,282,303	235,696,118	52,586,185	(495,866)
Equal to or less than 60 days		174,740,501	146,569,405	28,171,096	0
Equal to or less than 90 days		164,527,307	164,527,307	0	0
Equal to or less than 180 days		26,919,865	14,660,006	12,259,859	0
		38,645,775,271	18,374,249,768	20,271,525,503	(88,553,092)
Direct specific allowance		Principal	Covered,balance	Overdraft	Allowance
Up to date		37,991,305,295	17,812,796,932	20,178,508,363	(63,675,061)
Equal to or less than 30 days		288,282,303	235,696,118	52,586,185	(449,679)
Equal to or less than 60 days		174,740,501	146,569,405	28,171,096	(2,141,402)
Equal to or less than 90 days		164,527,307	164,527,307	0	(822,637)
Equal to or less than 180 days		26,919,865	14,660,006	12,259,859	(8,655,201)
		38,645,775,271	18,374,249,768	20,271,525,503	(75,743,980)
	¢	77,291,550,542	36,748,499,536	40,543,051,006	(164,297,072)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

As of December 31, 2022

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

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

		Loans receivable from clients	
As of December 31, 2023		**Gross**	**Net**
Risk category:			
1	¢	35,242,018,234	35,153,465,142
2		146,851,917	144,849,958
3		3,146,667,348	3,081,997,118
4		83,317,906	82,901,316
5		26,919,866	18,264,665
	¢	38,645,775,271	38,481,478,199

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

By request for change made by private banks to operate in accordance with the provisions of subsection ii) of Law N.1644, Organic Law of the National Banking System, the Governing Council of the Development Banking System authorizes the managing banks to transfer the resources from the Development Credit Fund, the repayment of which will be in monthly installments for a maximum period of six months.

As of December 31, 2023, resources have been transferred from the Development Credit Fund.

		December 2023	**December 2022**
Banco Scotiabank		3,437,000,000	0
Banco Promerica	¢	4,302,366,182	7,768,261,881
	¢	**7,739,366,182**	**7,768,261,881**

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

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

c) IAS 7: Statements of Cash Flows

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

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

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

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

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

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

e) IAS 12: Income tax

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

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

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

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

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

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

f) IAS 16: Property, Plant and Equipment

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

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

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

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

g) <u>IAS 21: The Effects of Changes in Foreign Exchange Rates</u>

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

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

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

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

h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Supervised entities must present their separate financial statements.

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

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

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

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

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight0line method over a maximum of five years. Similar procedure and term must be used for the amortization of goodwill acquired.

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

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

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

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

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

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

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

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business combinations (revised)

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

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

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

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

a) its carrying amount; and
b) its fair value les selling costs.
The entity must implement a sales plan and a program to negotiate the assets at a reasonable price that allows the plan to be completed in the shortest possible time.

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

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

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

p) IFRS 9: Financial Instruments

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

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

a. At amortized cost. If an entity, in accordance with its business model and the current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:

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

   ii. the gain or loss that should have been recognized in profit or loss for the financial statements indicated in the previous section.

b. At fair value through other comprehensive income.

c. At fair value through profit or loss: Participations in open investment funds must be registered in this category.

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

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

q) IFRS 13: Fair Value Measurement

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

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

r) International Financial Reporting Standard (IFRS) focused on Sustainability

On June 26, 2023, the International Sustainability Standards Board (ISSB) approved two International Financial Reporting Standards (IFRS) focused on Sustainability. These new standards are IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures.

In accordance with Circular No. 33-2023, Adoption of International Sustainability Financial Reporting Standards issued by the College of Public Accountants of Costa Rica and published in La Gaceta No. 3 of January 10, 2024, IFRS Standards S1 and S2 are adopted by the College of Public Accountants of Costa Rica as of January 1, 2024. Its application will be voluntary as of January 1, 2024, and mandatory for Companies and Entities supervised and regulated by CONASSIF that will report in 2026 the information of the fiscal year ending as of December 31, 2025. An entity is not required to disclose comparative information in the first annual reporting period in which such standards apply.

43). Figures for 2023

As of December 31, 2023, financial statement figures have not been reclassified for comparison with those of 2022, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

44). Relevant and subsequent events

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

a) Transfer of charges and observations

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

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

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

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

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

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

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

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

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

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

Period		**Income tax**		**Penalties**		**Interest**		**Total**
2017	¢	16,755,470,469	¢	7,865,771,439	¢	8,042,094,675	¢	32,663,336,583

b) Value added tax

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

c) New administration of the Notarial Guarantee Fund

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

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

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

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

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

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

On March 18, 2020, directive 075-H was signed to instruct the State commercial banks, in exercise of their constitutional autonomy, to carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation.

The guideline urges banks to assess measures such as the following:

1. Decrease in interest rates according to the terms of each loan.
2. Extension of the term of loans.
3. Extension in the payment of the principal and/or interest for the time that is necessary.
4. Extraordinary payments to the principal amount without penalty.

Financial Information Regulation

As of March 2020, multiple regulations have been issued with the aim of mitigating the impact of COVID-19 related to the banking and financial sector, as follows:

Approved by CONASSIFF

a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).

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

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

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

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

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

g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.

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

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

General Superintendence of Financial Entities

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

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

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

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

Central Bank of Costa Rica

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

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

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

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

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

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

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

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

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

Measures adopted by the Bank in the face of the health emergency due to COVID-19. Measures were generated in three areas:

1) Direct loan: A total grace period of 6 or 12 months will be provided, in which the client will pay only what corresponds to credit-related policies, that is, the principal and interest will not be charged during that period; the collection will be carried out after the total grace period and will be treated according to the needs of each client.

   The unpaid interest will be charged through a new loan that will take effect at the end of the grace period.

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

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

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

2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest. During the months of the full grace period, no late fees nor default interests will be charged.

3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution.

   As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

   In this first stage, facilities will be given with emphasis on Tourism and Commerce, which will allow a medium-term solution, ranging between 6 or 12 months in both currencies.

In a second stage, the Transportation and Commercial sector with real estate activity will be addressed with greater emphasis, also covering other economic activities.

As of December 31, 2023, Loans are detailed by activity in operations readjusted by Covid-19:

		Loans – Balances converted to colones	
Activity		**Colones**	**Converted US dollars**
Agriculture		1,586,034,594	17,709,765,259
Trade		50,067,144,541	22,809,378,485
Construction		5,087,905,404	5,238,731,448
Retail		52,809,343,502	1,173,198,722
Livestock		2,464,920,387	0
Industry		27,384,406,858	1,731,379,009
Services		22,573,412,503	6,732,713,182
Transportation		16,203,835,083	0
Tourism		5,224,164,678	33,774,824,930
Housing		162,029,778,536	34,339,518,048
Total by currency	**¢**	**345,430,946,086**	**123,509,509,083**
Total	**¢**	**468,940,455,169**	

		Activity	
Activity	**Colones**	**US dollars**	**Total**
Agriculture	75	4	79
Trade	541	41	582
Construction	17	11	28
Retail	6,289	184	6,473
Livestock	50		50
Industry	75	1	76
Services	342	16	358
Transportation	117		117
Tourism	35	31	66
Housing	7,527	952	8,479
Total	**15,068**	**1,240**	**16,308**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the audited Consolidated Financial Statements

As of December 31, 2023

(with corresponding figures as of December 31, 2022)
(in colones with no cents)

As of December 31, 2022

		Loans – Balances converted to colones	
Activity		**Colones**	**Converted US dollars**
Agriculture		1,869,154,251	29,396,612,154
Trade		59,588,289,374	29,403,105,392
Construction		5,429,447,377	9,029,425,826
Retail		64,241,759,419	2,531,696,450
Livestock		3,146,799,788	0
Industry		30,279,656,003	2,118,138,910
Services		27,901,602,062	11,811,450,962
Transportation		20,224,288,897	55,138,491
Tourism		6,174,538,898	42,976,318,039
Housing		174,526,727,621	46,041,845,375
Total by currency	**¢**	**393,382,263,690**	**173,363,731,599**
Total	**¢**	**566,745,995,289**	

Activity	**Colones**	**Amount in US Dollars**	**Total**
Agriculture	77	5	82
Trade	704	52	756
Construction	19	14	33
Retail	7,217	357	7,574
Livestock	78		78
Industry	83	2	85
Services	401	28	429
Transportation	146	2	148
Tourism	38	36	74
Housing	8,033	1,084	9,117
Total	**16,796**	**1,580**	**18,376**

Effects of the pandemic on BICSA

As of December 31, 2020, the number of moratoriums granted by BICSA Group reaches an amount of 184.7 million dollars, which represents 12% of the total portfolio and provisions were made to cover the potential effect of macroeconomic impairment of the loan portfolio according to the entity's expected loss models.

Faced with the pandemic, Grupo BICSA was forced to respond quickly to critical questions in the operational and financial areas. In particular, the recalibration and updating of IFRS 9 models is of particular importance as a fundamental task in the current context because of various factors that in turn have an impact on provisions. These reviews considered adjustments to conventional methodological aspects such as the probability of default (PD), the loss given default (LGD) and the forward-looking adjustment (prospective economic effect of the IFRS 9 model). The classification criteria in Stages have also been revised to incorporate the effects that the COVID-19 environment could bring to customers, in this case it is necessary to define criteria for a significant increase in credit risk (ISRC) based on the risk of the economic sector, the activity within the economic sector and the particular characteristics of each client. Finally, based on the methodology defined taking as reference the international regulations and the local regulatory context, the Bank defined the Post Model Adjustments (Overlays) with general guidelines for the classification process of modified loans in the different stages established by IFRS 9. After applying the adjustments, the bank resulted in an increase in its IFRS 9 reserve estimate of $1.3 million.

Management and impacts of the pandemic for COVID-19 at BICSA

As of the second quarter of 2020, the Group increased its volume of current assets to an average greater than 63.65% of the Legal Liquidity indicator, doubling the minimum 30% required (see Note 5 - Liquidity Risk). Finally, the Group's solvency level has improved compared to the previous closing ended on December 31, 2019 and remains well above the requirements of the SBP in 12.76% of weighted equity/assets based on risk (see Note 5 - Capital Management). The final magnitude of the impact of the pandemic for COVID-19 on the Group's business, financial situation and results will depend on future and uncertain events, including the intensity and persistence over time of the consequences derived from the pandemic in the different geographies in which the Group operates.

Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018, held on September 11, 2018, CONASSIF approved the Financial Information Regulation, in effect from January 1, 2020.

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

Distribution of dividends

As of April 14, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A, distributed dividends in the amount of ¢500,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 21, 2023, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢1,400,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-23 of March 20, 2023.

As of April 24, 2023, BANPROCESA, S.R.L., distributed dividends in the amount of ¢400,000,000, in compliance with resolution of the Extraordinary General Quota Holders Meeting No. 07-23 of March 20, 2023.

As of May 31, 2023, BCR Corredora de Seguros S.A., distributed dividends in the amount of ¢3,000,000,000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 08-23 of April 24, 2023.

As of April 26, 2022, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3,100,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-22, April 19, 2022.

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢2,750,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BCR Valores, S.A., distributes dividends in the amount of ¢3,000,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BANPROCESA, S.A., distributes dividends in the amount of ¢300,000,000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

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

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

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

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

Gradual increase of the Minimum Legal Reserve

The Board of Directors of the Central Bank of Costa Rica, in article 8 of the minutes of session 6066-2022, held on June 15, 2022, ordered to gradually increase the percentage of minimum legal reserve and liquidity reserve, both in national currency, from 12.0% to 15.0%.

As of the first fortnight of July 2022, 13.5% is applied and as of the second fortnight of July 2022, 15.0% is applied, through the modification to Title VI of the Monetary Policy Regulations.

Maximum annual interest rates for credits and microcredits

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

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

Every type of credit (except microcredits)	**Semiannual 1/2022**	**Semiannual 2/2022**	**Semiannual 1/2023**
Colones	33.44	33.41	35.51
US dollars	27.98	27.72	28.71
Microcredits			
Colones	47.27	47.23	50.16
US dollars	39.69	39.32	40.70
Credits in other currencies	5.86	5.68	6.34

For the purposes of this law, microcredit is understood to be any credit that does not exceed a maximum amount of 1.5 times the base salary of clerk 1 of the Judiciary, according to Law 7337, of May 5, 1993. Credit cards are excluded from microcredits.

Asset appraisal

As of September 2022, a net appraisal was recorded in buildings for ¢11,447,128,295 and in property for ¢456,051,531.

CONASSIF Agreement 14-21 Regulation on calculation of credit estimates

Currently, according to SUGEF Agreement 1-05, debtors are individually classified in one of eight risk categories (A1, A2, B1, B2, C1, C2, D and E), with A1 being the lowest risk and E being the higher credit risk.

With the entry into force of the CONASSIF Agreement 14-21 as of January 1, 2024, credit operations or debts must be classified individually in risk categories, according to their classification from 1 to 8, with category 1 corresponding to the one with the lowest credit risk and 8 the one with the highest credit risk.

Approved by the National Council for Supervision of the Financial System through articles 8 and 9, of the minutes of sessions 1699-2021 and 1700-2021, held on November 11 and 15, 2021, respectively, it comes into force as of January 1, 2024. Published in scope 241 of the official paper La Gaceta 229 on Friday, November 26, 2021.

Through article 7, of the minutes of session 540-2005, held on November 24, 2005, the CONASSIF approved the Regulation for the Classification of Debtors, SUGEF Agreement 1-05, establishing the methodological framework for the classification of debtors and the corresponding estimates. Such Regulation covers the entities supervised by SUGEF.

In accordance with articles 6 and 5 of the minutes of sessions 1442-2018 and 1443-2018, both held on September 11, 2018, the Financial Reporting Regulations, Agreement 30-18, (hereinafter: RIF) were approved, effective as of January 1, 2020, and published in Scope 188 of the official paper La Gaceta 196 of October 24, 2018. The RIF is a regulation with scope to all entities supervised by the four financial superintendencies of the country. With the approval of the RIF, the regulatory accounting base was updated with the purpose of moving towards the adoption in the National Financial System (SFN) of the International Financial Reporting Standards (IFRS) with its most recent amendments, issued by the International Standards Board of Accounting (IASB), to promote comparability and the reading of financial information for both national and foreign users. In Consideration XXXIV of such Regulation, it was established that until IFRS 9, Financial Instruments, for the loan portfolio of financial intermediaries is implemented in Costa Rica, the provisions established in the Regulation for the classification of debtors of SUGEF Agreement 1-05 will remain in force and the entities will continue to calculate the estimates according to the methodology provided in such Regulation. Likewise, through Transitory III of the RIF it was established that for the application of IFRS 9, specifically for the measurement of expected credit losses, the prudential regulation issued by CONASSIF for the portfolio of loans and contingent credits granted will continue, until this rule is modified.

The proposed regulation is an advance with respect to the current regulation in at least the following aspects: i) It recognizes the existence of different lines of credit business, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line. ii) It establishes segments according to the type of credit that allow to distinguish between an operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a debtor approach, for business and corporate portfolios. iii) It improves the calculation of estimates for each relevant line using prospective elements consistent with expected credit loss approaches. These approaches identify three essential components of credit losses: a) the probability of default, b) the severity of loss given default, and c) the exposure given default. In all cases, relevant historical information from each line of business is used to calibrate the corresponding risk factors. In the particular case of the probability of default, the usual practice contemplates the calculation of historical default rates and their subsequent transformation into default probabilities, using a forecast function that includes scenarios for the relevant environmental conditions over a 12-month horizon. Through this forecast, the default metric is given its prospective value. This Regulation establishes a standard methodology developed by SUGEF. The methodology incorporates several of the concepts indicated in the previous points, however, the standard model is not pure IFRS 9 and contains prudential aspects. This implies that it is up to SUGEF to design the model and update the parameters of the standard model that entities will use to calculate regulatory credit estimates. However, the Regulation allows entities to develop and use internal IFRS 9 methodologies for regulatory segments, which may be used in the internal calculation of their credit estimates.

It adjusts the credit mitigation value, transforming the “acceptance percentage” included in the current regulation, by an adjustment factor calculated with loss severity criteria in case of default (one minus recovery percentage), likewise, it comprehensively reviews the admissible guarantees and collateral to limit their use in the standard methodology to those that have demonstrated recovery effectiveness under stress scenarios.

The regulation segments the credit portfolio into several risk categories that can be associated with the three stages identified by IFRS 9. Supervised entities may calculate the corresponding probabilities of default for 12 months and for the life of the credit according to the provisions of IFRS 9 and complement the calculation of regulatory estimates. These three segments are defined in the regulation as follows:

a) Stage 1: Operations at Normal Risk. Includes transactions without evidence of a significant increase in credit risk since their initial recognition.

b) Stage 2: Special Surveillance Operations. Included are operations that present a significant increase in credit risk with respect to the risk assessment carried out in the initial recognition of the operation, without becoming doubtful or failed operations. To evaluate whether there is a significant increase in credit risk, the entity will use qualitative and quantitative indicators (relative variation in the Probability of Default with respect to that estimated at the time the operation originated). Likewise, the automatic criteria that define a debtor with a special operation will be applied. In this case, classification to Stage 2 will be made for the total amount of the credit.

c) Stage 3: Operations of Doubtful Recovery. Included are operations that present objective evidence of impairment, which occurs when a non-compliance event has occurred, or it is considered that there is a high probability that it will occur.

The concept of Special Operations is adjusted as provided in the current regulation, to give rise to the concept of Debtor with Special Operation, located in Stage 2 (Operations under Special Surveillance) or in Stage 3 (Operations of doubtful recovery). The classification in these stages is consistent with healthy risk management, by identifying credit operations whose payment conditions have been modified or that have special payment conditions such as extension, readjustment, or refinancing. Currently, the regulation refers to special operations in individual terms and in this case, the impact of the operations will be considered at the debtor´s level. Therefore, the debtor's rating must be maintained for a reasonable period before improving its rating to evaluate the debtor's payment behavior under the modified terms or maintain the debtor's rating while it has at least one loan with special payment conditions.

Financial institutions may use internal methodologies based on expected credit losses to calculate credit estimates. However, the recorded amount of these estimates may not be less than the amount resulting from using the standard approach if such methodologies have not obtained no objection from the SUGEF and a prudential period of up to a maximum of 24 months has elapsed and that SUGEF will determine in the same act. During this period, both results will be calculated and reported in parallel and the amount in excess of that minimum must be recorded in accounting in a reserve account duly identified in assets.

The guarantee that supports more than one credit operation must be considered according to the percentage of responsibility established in the credit contract for the calculation of the adjusted value of the guarantee corresponding to each credit operation. If the percentage of liability is not established, the guaranteed coverage is calculated in proportion to the total balances owed from the guaranteed credit operations. For the purposes of this calculation, the total balance owed on contingent operations must be multiplied by the respective credit equivalence factor.

The application of the mitigating effect of guarantees in the calculation of credit estimates will be conditional on compliance with each of the following aspects, which will be considered a minimum to provide legal certainty on the collectability of guarantees: a) For the assets that require registration in a public registry, that the guarantee is duly registered; b) That the legal mechanism for delivery, transfer, appropriation, adjudication and settlement of the collateral asset corresponds to its nature, and; c) That it is legally enforceable unconditionally in the event of non-compliance with credit obligations. It is the responsibility of the financial institution to verify compliance with each of the above aspects, before applying the mitigation effect of the guarantees.

The loss in case of default to be used in the calculation of the specific estimates will be determined according to the following methodology:

a) In the case of real collateral, such as real estate or personal property, the regulatory LGD (Loss Given Default) is calculated using the following formula:

$$\text{LGD average} = \max \{(\text{EAD}_R - \text{Guarantee mitigating amount}) / \text{EAD}_R, 0\}$$
$$\text{LGD}_R = \text{LGD min} + (1\text{-LGD min}) \times \text{LGD average}$$

Where:
LGD min: Minimum LGD value of 10%
LGD average: Percentage of EAD value lost after default.
LGD regulatory (LryGD$_R$): Loss given default to be used in the calculation of specific estimates.
EAD$_R$: Exposure in the event of non-compliance, regulatory.

b) In the case of financial collateral and other collection rights, the regulatory LGD is calculated using the following formula:

$$LGD\ prom = \max\{(EAD_R - \text{Guarantee mitigating amount}) / EAD_R, 0\}$$
$$LGD_R = LGD\ min + (1\text{-}LGD\ min) \times LGD\ average$$

Where:

LGD min:	Minimum LGD value of 5%
LGD average:	Percentage of EAD value lost after default.
LGD regulatory (LGD_R):	Loss given default to be used in the calculation of specific estimates.
EAD_R:	Exposure in the event of non-compliance, regulatory.

(45) <u>Authorization date for issuance of financial statements</u>

The General Management of the Bank authorized the issuance of the separate financial statements on January 29, 2024. SUGEF has the possibility of requiring modifications to the financial statements after their date of authorization for issuance.