



Banco de Costa Rica

**Unaudited Separate Financial Statements**

March 31, 2024, and 2023

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**BANCO DE COSTA RICA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
As of March 31, 2024  
(In colones without cents)

	Note	March 2024	December 2023	March 2023
<b>ASSETS</b>				
<b>Availabilities</b>	<b>4</b>	<b>€ 844,460,580,062</b>	<b>825,116,996,393</b>	<b>963,931,522,637</b>
Cash		82,294,669,736	93,808,332,597	88,829,869,034
Central Bank of Costa Rica		621,307,325,307	589,362,481,806	677,962,176,755
Foreign financial entities		50,417,080,904	51,670,455,421	71,649,291,142
Notes payable on demand		499,421,528	957,816,574	29,262,209,055
Restricted cash and cash equivalents		89,942,082,587	89,317,909,995	96,227,976,651
<b>Investment in financial instruments</b>	<b>5</b>	<b>1,488,472,222,212</b>	<b>1,438,028,141,674</b>	<b>1,431,286,319,777</b>
At fair value through profit or loss		155,651,766,914	136,439,991,845	133,182,939,248
At fair value through other comprehensive income		1,073,957,847,717	1,001,866,151,532	1,267,859,258,131
At amortized cost		239,189,294,647	279,654,887,948	16,306,841,825
Interest receivable		19,673,312,934	20,067,110,349	13,937,280,573
<b>Loan portfolio</b>	<b>6.b</b>	<b>3,122,011,913,379</b>	<b>3,118,336,134,065</b>	<b>3,100,593,382,777</b>
Current loans		3,017,851,728,986	3,008,536,812,492	3,000,404,311,903
Past due loans		174,111,075,050	182,671,380,816	188,754,642,218
Loans in legal collection		55,058,362,527	54,557,170,035	51,373,797,653
(Deferred income loan portfolio)		(20,642,998,439)	(20,466,507,362)	(20,239,555,338)
Interest receivable	<b>6.e</b>	19,315,352,510	17,936,955,267	21,020,608,643
(Allowance for impairment)	<b>6.f</b>	(123,681,607,255)	(124,899,677,183)	(140,720,422,302)
<b>Accounts and commissions receivable</b>		<b>46,514,440,261</b>	<b>36,059,121,421</b>	<b>34,162,505,092</b>
Commissions receivable		1,239,579,194	1,456,380,663	1,667,436,722
Accounts receivable for transactions with related parties		524,039,960	621,306,263	958,978,455
Deferred income tax and income tax receivable	<b>15</b>	41,553,168,061	28,954,662,053	30,389,417,863
Other accounts receivable		13,792,625,389	15,599,909,754	14,411,082,111
(Allowance for impairment)		(10,594,972,343)	(10,573,137,312)	(13,264,410,059)
<b>Foreclosed assets</b>	<b>7</b>	<b>25,641,195,031</b>	<b>25,631,805,593</b>	<b>33,246,403,751</b>
Assets and securities acquired as recovery of loans		83,655,832,275	87,715,466,340	99,136,959,521
Other foreclosed assets		4,254,994,538	4,577,866,252	3,369,180,711
(Allowance for impairment and per legal requirement)		(62,269,631,782)	(66,661,526,999)	(69,259,736,481)
<b>Interest in other companies' capital, net</b>	<b>8</b>	<b>116,132,643,855</b>	<b>115,553,654,368</b>	<b>113,841,186,326</b>
<b>Property, furniture and equipment, net</b>	<b>9</b>	<b>134,291,386,664</b>	<b>137,289,376,854</b>	<b>141,114,081,994</b>
<b>Property investments</b>		<b>6,831,625,000</b>	<b>6,831,625,000</b>	<b>6,831,625,000</b>
<b>Other assets</b>	<b>10</b>	<b>88,266,400,365</b>	<b>110,583,674,194</b>	<b>144,832,382,727</b>
Deferred charges	<b>10.a</b>	514,457,164	571,688,544	770,384,412
Intangible assets, net	<b>10.b</b>	16,632,081,272	19,459,493,998	20,814,406,366
Other assets	<b>10.c</b>	71,119,861,929	90,552,491,652	123,247,591,949
<b>TOTAL ASSETS</b>	<b>€</b>	<b>5,872,622,406,829</b>	<b>5,813,430,529,562</b>	<b>5,969,839,410,081</b>

**BANCO DE COSTA RICA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
As of March 31, 2024  
(In colones without cents)

	<u>Note</u>	<u>March</u> <u>2024</u>	<u>December</u> <u>2023</u>	<u>March</u> <u>2023</u>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Obligations with the public</b>	€	<b>4,511,916,733,474</b>	<b>4,458,184,633,908</b>	<b>4,614,043,546,034</b>
Demand obligations	11	3,139,438,175,978	3,109,625,393,854	2,869,303,495,320
Term obligations	12	1,356,647,531,192	1,321,626,600,481	1,718,458,360,454
Other obligations with the public		132,832,501	151,717,240	118,246,262
Financial charges payable		15,698,193,803	26,780,922,333	26,163,443,998
<b>Obligations with the Central Bank of Costa Rica</b>	14	<b>101,271,670,766</b>	<b>106,132,196,511</b>	<b>108,199,896,486</b>
Term obligations		99,002,909,685	103,950,578,331	106,607,072,703
Financial charges payable		2,268,761,081	2,181,618,180	1,592,823,783
<b>Obligations with entities</b>		<b>318,369,566,794</b>	<b>301,305,080,521</b>	<b>297,004,701,425</b>
Demand obligations	14	57,812,345,285	31,253,391,901	48,614,451,600
Term obligations	12	259,095,695,563	268,261,768,276	246,811,752,420
Financial charges payable		1,461,525,946	1,789,920,344	1,578,497,405
<b>Accounts payable and provisions</b>		<b>162,774,901,962</b>	<b>174,318,899,906</b>	<b>152,578,884,485</b>
Provisions	16	50,639,975,479	50,068,548,121	40,477,707,396
Accounts payable for stock transactions		177,511	612,746	124,586
Deferred income tax	15	44,460,831,041	44,017,529,597	29,243,605,391
Other sundry accounts payable	17	67,673,917,931	80,232,209,442	82,857,447,112
<b>Other liabilities</b>		<b>30,283,236,803</b>	<b>39,773,935,160</b>	<b>107,666,296,049</b>
Deferred income		427,063,768	380,309,303	393,184,705
Other liabilities		29,856,173,035	39,393,625,857	107,273,111,344
<b>Subordinated obligations</b>		<b>50,143,055,402</b>	<b>50,142,376,526</b>	<b>50,140,457,855</b>
Subordinated obligations	14	49,958,633,180	49,957,954,304	49,956,035,633
Financial charges payable	14	184,422,222	184,422,222	184,422,222
<b>TOTAL LIABILITIES</b>	€	<b>5,174,759,165,201</b>	<b>5,129,857,122,532</b>	<b>5,329,633,782,334</b>
<b>EQUITY</b>				
<b>Capital stock</b>	18	€ <b>181,409,990,601</b>	<b>181,409,990,601</b>	<b>181,409,990,601</b>
Paid-in capital		181,409,990,601	181,409,990,601	181,409,990,601
<b>Adjustments to equity - Other comprehensive income</b>		<b>43,475,002,941</b>	<b>41,260,638,559</b>	<b>16,064,199,960</b>
<b>Equity reserves</b>	1.w	<b>364,708,053,622</b>	<b>351,152,901,365</b>	<b>351,152,901,365</b>
<b>Accrued earnings from previous periods</b>		<b>47,328,475,171</b>	<b>41,896,492,820</b>	<b>41,896,492,820</b>
<b>Profit of current period</b>		<b>12,075,470,216</b>	<b>22,086,766,162</b>	<b>3,915,425,478</b>
<b>Equity of the Development Financing Fund</b>		<b>48,866,249,077</b>	<b>45,766,617,523</b>	<b>45,766,617,523</b>
<b>TOTAL EQUITY</b>		<b>697,863,241,628</b>	<b>683,573,407,030</b>	<b>640,205,627,747</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	€	<b>5,872,622,406,829</b>	<b>5,813,430,529,562</b>	<b>5,969,839,410,081</b>
<b>DEBIT CONTINGENT ACCOUNTS</b>	19	€ <b>444,946,255,570</b>	<b>465,113,925,304</b>	<b>441,914,064,169</b>
<b>TRUST ASSETS</b>	20	<b>805,916,182,667</b>	<b>846,209,117,926</b>	<b>840,032,017,167</b>
<b>TRUST LIABILITIES</b>		<b>245,654,948,241</b>	<b>275,164,242,326</b>	<b>265,913,210,902</b>
<b>TRUST EQUITY</b>		<b>560,261,234,427</b>	<b>571,044,875,600</b>	<b>574,118,806,266</b>
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	21	€ <b>20,868,349,433,233</b>	<b>19,799,380,104,336</b>	<b>18,180,075,501,234</b>
Own debit memoranda accounts		12,539,575,784,124	11,729,415,475,180	10,584,444,701,575
Third party debit memoranda accounts		130,335,557,082	53,588,287,084	86,315,896,957
Own debit memoranda accounts for custodial activities		809,062,162,567	796,536,153,662	961,955,112,666
Third party debit memoranda accounts for custodial activities		7,389,375,929,460	7,219,840,188,410	6,547,359,790,036

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

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

\_\_\_\_\_  
María Luisa Guzmán G.  
Accountant

\_\_\_\_\_  
María Eugenia Zeledón P.  
General Auditor a.i.

**BANCO DE COSTA RICA**  
**SEPARATE STATEMENT OF INCOME**  
For the period ended March 31, 2024  
(In colones without cents)

	<u>Note</u>	<u>March 2024</u>	<u>March 2023</u>
<b>Financial income</b>			
For availabilities		¢ 874,798,191	1,008,424,092
For investments in financial instruments	22	20,800,239,057	22,071,911,946
For financial leases	23	66,522,703,240	73,915,306,999
For profit from financial instruments at fair value through profit or loss		570,236,998	825,517,851
For profit from financial instruments at fair value through other comprehensive income		4,757,973,304	375,739,864
For other financial income		180,849,775	177,409,079
<b>Total financial income</b>		<b>93,706,800,565</b>	<b>98,374,309,831</b>
<b>Financial expenses</b>			
For obligations with the public	24	38,647,988,981	56,244,570,346
For obligations with the Central Bank of Costa Rica		210,444,835	433,344,817
For obligations with financial and non-financial entities		1,776,480,905	1,790,996,039
For subordinated, convertible and preferred obligations		1,537,443,877	1,537,367,219
For losses due to exchange differences and DU	1-d.ii	3,198,090,902	5,732,972,248
For losses from financial instruments at fair value through profit or loss		-	93,555,747
For losses from financial instruments at fair value through other comprehensive income		15,592,657	1,178,604,158
<b>Total financial expenses</b>		<b>45,386,042,157</b>	<b>67,011,410,574</b>
Allowance for impairment of assets	25	2,733,263,397	2,347,650,667
For assets recovery and decrease in allowance and provisions	26	3,108,928,860	6,573,677,312
<b>FINANCIAL INCOME</b>		<b>48,696,423,871</b>	<b>35,588,925,902</b>
<b>Other operating income</b>			
For service fees	27	22,647,706,672	23,205,106,162
For foreclosed assets		4,432,360,404	2,779,239,315
For gains in participations in capital interests of other companies	28	942,209,868	936,768,328
For gains in participations in capital interests of entities supervised by SUGEVAL	28	388,664,084	369,684,733
For gains in participations in capital interests of entities supervised by SUPEN	28	241,968,529	180,062,264
For gains in participations in capital interests of entities supervised by SUGESE	28	658,316,370	540,611,315
For foreign currency exchange and arbitrations		9,263,998,043	8,356,039,946
For other income from related parties		640,655,659	812,233,834
For other operating income		3,009,993,830	6,143,329,764
<b>Total other operating income</b>		<b>42,225,873,459</b>	<b>43,323,075,661</b>
<b>Other operating expenses</b>			
For service fees		7,507,031,536	6,544,708,560
For foreclosed assets		2,486,411,906	6,540,299,213
For loss in participations in capital interests of other companies	28	214,109,486	95,117,231
For loss in participations in capital interests of entities supervised by SUGEVAL	28	654,293	232,142,114
For provisions		636,749,228	1,194,156,912
For exchange and arbitration, foreign currency		225,080,402	59,107,582
For other expenses with related parties		46,535,374	86,848,406
For other operating expenses		9,938,445,536	10,973,372,374
<b>Total other operating expenses</b>		<b>21,055,017,761</b>	<b>25,725,752,392</b>
<b>GROSS OPERATING INCOME</b>		<b>69,867,279,569</b>	<b>53,186,249,171</b>
<b>Administrative expenses</b>			
Personnel expenses		26,010,504,268	26,171,055,339
Other administrative expenses		18,387,785,206	17,773,686,022
<b>Total administrative expenses</b>	29	<b>44,398,289,474</b>	<b>43,944,741,361</b>
<b>OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS</b>		<b>25,468,990,095</b>	<b>9,241,507,810</b>
Income tax	15	7,570,499,515	3,600,686,962
Deferred income tax	15	1,443,650,996	1,268,169,984
Decrease in income tax	15	2,032,827,353	1,516,594,842
Legal profit allocation	30	6,412,196,721	1,973,820,228
<b>RESULT OF THE PERIOD</b>		<b>12,075,470,216</b>	<b>3,915,425,478</b>
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>			
Adjustment for valuation of investments at fair value through other comprehensive income		7,055,236,777	10,716,974,050
Reclassification of unrealized profit to the income statement		(3,319,666,453)	562,005,006
Adjustment for valuation of restricted financial instruments, net of income tax		666,199,640	3,652,631,295
Adjustment for valuation of financial instruments in default			
Other		(2,187,405,582)	(6,267,061,822)
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>	31	<b>2,214,364,382</b>	<b>8,664,548,529</b>
<b>COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>		<b>14,289,834,598</b>	<b>12,579,974,007</b>

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

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

\_\_\_\_\_  
María Luisa Guzmán G.  
Accountant

\_\_\_\_\_  
María Eugenia Zeledón P.  
General Auditor a.i.

**BANCO DE COSTA RICA**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
 For the period ended March 31, 2024  
 (In colones without cents)

<b>Adjustments to equity</b>									
	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	Total equity
<b>Note</b>									
<b>Balance as of December 31, 2022</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(39,179,636,082)</b>	<b>5,494,074,682</b>	<b>7,399,651,431</b>	<b>325,313,265,088</b>	<b>73,026,024,844</b>	<b>40,476,721,777</b>	<b>627,625,653,741</b>
Allocation to legal reserve	0	0	0	0	0	25,839,636,277	(25,839,636,277)	0	0
Allocation to the Development Financing Fund	0	0	0	0	0	0	(5,289,895,747)	5,289,895,746	(1)
<b>Balance as of March 31, 2023</b>	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(39,179,636,082)</b>	<b>5,494,074,682</b>	<b>7,399,651,431</b>	<b>351,152,901,365</b>	<b>41,896,492,820</b>	<b>45,766,617,523</b>	<b>627,625,653,740</b>
<b>Other comprehensive income</b>									
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	(9,444,106,286)	(9,444,106,286)	0	0	0	(9,444,106,286)
Reclassification of unrealized gain from acquired subsidiary		0	0	(137,745,109)	(137,745,109)	0	0	0	(137,745,109)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	68,482,829,768	0	68,482,829,768	0	0	0	68,482,829,768
Transfer of realized net gain to the income statement		0	(8,330,302,954)	0	(8,330,302,954)	0	0	0	(8,330,302,954)
Impairment – Investments at fair value through other comprehensive income		0	(1,685,599,339)	0	(1,685,599,339)	0	0	0	(1,685,599,339)
Deferred income tax recognition	15	0	(18,045,364,769)	0	(18,045,364,769)	0	0	0	(18,045,364,769)
Change in equity of subsidiaries for unrealized gain		0	0	3,021,275,817	3,021,275,817	0	0	0	3,021,275,817
Result of the period		0	0	0	0	0	22,086,766,162	0	22,086,766,162
<b>Other total comprehensive income</b>		<b>0</b>	<b>40,421,562,706</b>	<b>(6,560,575,578)</b>	<b>33,860,987,128</b>	<b>0</b>	<b>22,086,766,162</b>	<b>0</b>	<b>55,947,753,290</b>
<b>Balance as of March 31, 2023</b>		<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>1,241,926,624</b>	<b>(1,066,500,896)</b>	<b>41,260,638,559</b>	<b>63,983,258,982</b>	<b>45,766,617,523</b>	<b>683,573,407,030</b>
Attributed to the financial conglomerate	e	181,409,990,601	41,085,212,831	1,241,926,624	(1,066,500,896)	41,260,638,559	351,152,901,365	63,983,258,982	45,766,617,523
<b>Balance as of December 31, 2023</b>	18	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>1,241,926,624</b>	<b>(1,066,500,896)</b>	<b>41,260,638,559</b>	<b>351,152,901,365</b>	<b>63,983,258,982</b>	<b>45,766,617,523</b>
Allocation to legal reserve		0	0	0	0	0	13,555,152,257	(13,555,152,257)	0
Allocation to the Development Financing Fund		0	0	0	0	0	(3,099,631,554)	3,099,631,554	0
<b>Balance as of March 31, 2024</b>	18	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>1,241,926,624</b>	<b>(1,066,500,896)</b>	<b>41,260,638,559</b>	<b>364,708,053,622</b>	<b>47,328,475,171</b>	<b>48,866,249,077</b>
<b>Other comprehensive income</b>									
Exchange differences resulting from the translation of financial statements of foreign entities	1.d.iii	0	0	(2,617,205,754)	(2,617,205,754)	0	0	0	(2,617,205,754)
Reclassification of unrealized gain from acquired subsidiary		0	0	(76,269,526)	(76,269,526)	0	0	0	(76,269,526)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	11,140,445,221	0	11,140,445,221	0	0	0	11,140,445,221
Transfer of realized net gain to the income statement		0	(4,742,380,647)	0	(4,742,380,647)	0	0	0	(4,742,380,647)
Impairment – Investments at fair value through other comprehensive income		0	(76,875,238)	0	(76,875,238)	0	0	0	(76,875,238)
Deferred income tax recognition	15	0	(1,919,419,372)	0	(1,919,419,372)	0	0	0	(1,919,419,372)
Change in equity of subsidiaries for unrealized gain		0	0	506,069,698	506,069,698	0	0	0	506,069,698
Result of the period		0	0	0	0	0	12,075,470,216	0	12,075,470,216
<b>Other total comprehensive income</b>		<b>0</b>	<b>4,401,769,964</b>	<b>(2,187,405,582)</b>	<b>2,214,364,382</b>	<b>0</b>	<b>12,075,470,216</b>	<b>0</b>	<b>14,289,834,598</b>
<b>Balance as of March 31, 2024</b>	18	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>5,643,696,588</b>	<b>(3,253,906,478)</b>	<b>43,475,002,941</b>	<b>364,708,053,622</b>	<b>59,403,945,387</b>	<b>48,866,249,077</b>
Attributed to the financial conglomerate	e	181,409,990,601	41,085,212,831	5,643,696,588	(3,253,906,478)	43,475,002,941	364,708,053,622	59,403,945,387	48,866,249,077

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

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i.



**BANCO DE COSTA RICA**  
**SEPARATE STATEMENT OF CASH FLOWS**  
For the period ended March 31, 2024  
(In colones without cents)

	Note	March 2024	March 2023
<b>Cash flows from operating activities</b>			
Income of the period	c	12,075,470,216	3,915,425,478
<b>Items applied to results not requiring cash outlays</b>		<b>(27,872,403,506)</b>	<b>(18,101,821,917)</b>
<b>Increase or (decrease) for</b>			
Allowance for impairment or devaluation of financial instruments		2,783,327	121,136,291
Allowance for impairment of loan portfolio		620,074,271	976,092,343
Allowance for impairment and default of other accounts receivable		2,110,405,799	1,250,422,033
Allowance for impairment of assets in lieu of payment		0	4,538,955,882
Income from reversal of allowance for impairment or devaluation of investments		(79,658,564)	(1,187,717,463)
Income from reversal of allowance for impairment of loan portfolio		0	(342,795,919)
Income from reversal of allowance for impairment and default of accounts receivable		(1,960,598,861)	(1,011,599,111)
Income from reversal of allowance for impairment of assets in lieu of payment		(4,309,271,561)	(2,633,865,557)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		1,662,069,922	882,935,190
Interest in net profit of other companies		(2,016,395,072)	(1,699,867,295)
Depreciation		3,568,139,496	3,529,099,720
Amortization		4,187,859,301	4,504,277,093
Provisions for pending lawsuits		636,749,228	1,194,156,912
Income from provisions		(393,005,304)	(50,358,336)
Income tax		7,570,499,515	3,600,686,962
Deferred income tax		1,443,650,996	1,268,169,984
Decrease in income tax		(2,032,827,353)	(1,516,594,842)
Profit sharing		6,412,196,721	1,973,820,228
Interest for obligations with the public		38,647,988,981	56,244,570,346
Interest for obligations with financial entities		3,524,369,617	3,761,708,075
Income from availabilities		(874,798,191)	(1,008,424,092)
Interest from investment in financial instruments		(20,800,239,057)	(22,071,911,946)
Income from loan portfolio		(66,522,703,240)	(73,915,306,999)
Net profit or loss from exchange differences and Development Units		730,306,524	3,490,588,584
<b>Cash flows from operating activities</b>		<b>(148,682,372,420)</b>	<b>71,601,054,898</b>
<b>Net variation in assets increase or (decrease)</b>			
Increase in financial instruments - at fair value through profit or loss		(113,757,275,500)	(301,980,808,821)
Decrease in financial instruments - at fair value through profit or loss		94,545,500,431	398,774,940,011
Increase in financial instruments - at fair value through comprehensive income		(332,633,582,651)	(2,155,825,073,516)
Decrease in financial instruments - at fair value through comprehensive income		190,492,619,439	2,143,544,659,524
Loan portfolio		(33,671,689,759)	(24,704,655,703)
Accounts and commissions receivable		(11,754,543,844)	(9,657,292,917)
Assets available-for-sale		5,774,222,282	2,425,091,736
Interest receivable for financial instruments		20,067,110,349	23,632,804,149
Interest receivable for loan portfolio		13,313,734,427	14,915,431,625
Other assets		18,941,532,406	(19,524,041,190)
<b>Net variations in liabilities, increase or (decrease)</b>		<b>69,336,623,401</b>	<b>2,831,920,179</b>
Obligations with the public		108,797,135,277	30,666,834,346
Obligations with the Central Bank of Costa Rica and other entities		17,416,252,308	(43,679,492,439)
Obligations for accounts and commissions payable and provisions		(16,565,756,521)	(15,322,614,955)
Interest payable for obligations with the public		(26,780,922,333)	(17,268,041,973)
Interest payable for obligations with the BCCR and other entities		(4,155,960,746)	(2,694,486,340)
Other liabilities		(9,374,124,584)	51,129,721,540
Interests paid		(22,559,455,546)	(30,487,091,013)
Collected interest		53,832,295,884	66,078,267,304
Paid income tax		(8,940,139,446)	(15,870,077,016)
<b>Net cash flows provided by operating activities</b>		<b>(72,809,981,417)</b>	<b>79,967,677,912</b>
<b>Cash flows from investment activities</b>			
Increase in financial instruments at amortized cost		(12,809,440,603,147)	(2,612,642,173,113)
Decrease in financial instruments at amortized cost		12,849,906,196,448	2,610,309,193,987
Acquisition of property, furniture and equipment		(796,238,217)	(2,608,296,357)
Decrease for withdrawal and transfer of property, furniture and equipment		321,578,450	864,930,376
Acquisition of intangibles		(1,567,849,276)	(2,981,437,295)
Decrease for withdrawal and transfer of intangibles		267,038,795	184,730,805
Interest in other companies		(749,999,997)	(349,999,998)
<b>Cash flows (used for) provided by investment activities</b>		<b>37,940,123,056</b>	<b>(7,223,051,595)</b>
<b>Cash flows from financing activities</b>			
Subordinated obligations		678,876	602,219
<b>Cash flows provided by financing activities</b>		<b>678,876</b>	<b>602,219</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(34,869,179,485)</b>	<b>72,745,228,536</b>
Cash and cash equivalents at the beginning of the year		1,162,991,986,622	1,007,949,584,962
Effect of changes in exchange rates on cash		(9,511,644,024)	(33,052,475,654)
Cash and cash equivalents at the end of the year	4 c	1,118,611,163,113	1,048,774,837,180

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

Douglas Soto L.  
General Manager

María Luisa Guzmán G.  
Accountant

María Eugenia Zeledón P.  
General Auditor a.i.



## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### (1) Summary of operations and significant accounting policies

##### a. Operations

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

The Bank's website is [www.bancobcr.com](http://www.bancobcr.com)

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing certificates of deposit; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of March 31, 2024, the Bank has 155 distributed among the national territory (161 and 161 for December and March 2023, respectively) has in operation 556 automated teller machines (557 and 567 for December and March 2023, respectively) and has 4,091 employees (4,050 and 4,020 for December and March 2023, respectively).

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

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

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

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

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

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

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### b. Accounting policies for the preparation of financial statements

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

In January 2008, CONASSIF issued the Accounting Regulations Applicable to Entities Supervised by SUGEF, SUGEVAL and SUPEN and to non-financial issuers, and in September 2018 the Financial Information Regulation, CONASSIF Agreement 06-18, was issued, in which CONASSIF establishes the accounting policies that must be used when IFRS have alternative treatments and their exceptions, which favors their comparability and the reading of financial information, both for national and foreign users. In addition, it includes the provisions on remission, presentation, and publication of financial statements in a single regulatory body, which provides greater uniformity in the performance of supervisory bodies, as well as avoiding duplication and redundancy.

Issuing new IFRS or interpretation by the IASB, as well as any amendment to the adopted IFRSs to be applied by the entities under supervision will require a prior authorization by the National Council for the Supervision of the Financial System (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.

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for asset or liability.

#### c. Interest in other companies

##### Valuation of investments by the equity method

###### *i. Subsidiaries*

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its 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 conversion adjustments and unrealized gain or loss on valuation of investments, are recognized in the same manner in the Bank's equity. These effects are recorded in the account "adjustment for valuation of shares in other companies".

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

d. Foreign currency

i. *Transactions in foreign currency*

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

ii. *Monetary unit and foreign exchange regulations*

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

- In this regime, the Central Bank of Costa Rica will allow the exchange rate to be freely determined by the foreign exchange market but may participate in the market in a discretionary manner, to meet its own requirements of currency and those of the non-banking Public Sector, to avoid sharp exchange fluctuations.
- The Central Bank of Costa Rica may carry out direct operations or use forex held-for-trading instruments it deems appropriate in accordance with the current regulations.
- In its stabilization transactions, the Central Bank of Costa Rica will continue to use in the Foreign Currency Market (MONEX), the rules of engagement with the amendments provided for in this agreement. The Financial Stability Committee must determine the intervention procedures consistent with the strategy approved by the Board.

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of March 31, 2024, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢506.60 for US\$1.00 (¢526.88 and ¢601.99 for December and March 2023, respectively).

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended March 31, 2024, gave rise to foreign exchange losses of ¢103,000,141,249 (¢607,501,302,218 and ¢246,661,944,255 for December and March 2023, respectively) and gains for ¢99,802,050,347 (¢595,243,352,981 and ¢240,928,972,007 for December and March 2023, respectively), which are presented net in the income statement.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are recorded in “Other operating income” and “Other operating expenses”, respectively. For the period ended March 31, 2024, valuation of other assets gave rise to losses of ¢7,448,666 (¢159,390,535 and ¢299,119,545 for December and March 2023, respectively) and valuation of other liabilities gave rise to gains of ¢89,298,920 (¢1,239,839,265 and ¢2,852,671,453 for December and March 2023, respectively).

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

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

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

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

Valuation of the participation in the financial statements of this foreign subsidiary gave rise to net profits in the period ended March 31, 2024, for ¢2,617,205,754, (¢12,257,949,237 and ¢2,002,236,916 for December and March 2023, respectively).

e. Basis for the preparation of financial statements

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

f. Financial instruments

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

*(i) Classification*

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

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

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

*(ii) Recognition*

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

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

*(iii) Measurement*

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

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

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

*(iv) Principles for measurement at fair value*

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

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

(v) *Gains and losses on subsequent measurement*

Gains and losses produced by a change in the fair value of assets with changes through other comprehensive income are recognized directly in equity, until an investment is considered impaired, at which time the loss is recognized in the income statement. When the financial assets are sold, collected, or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the income statement.

(vi) *Derecognition*

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

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

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

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

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

- If the business model is aimed at both obtaining contractual cash flows and selling them to obtain liquidity and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest, the financial asset will be valued at its fair value through changes in other comprehensive income (equity). Interest, impairment, and exchange differences are recorded in results as in the amortized cost model. The rest of changes in fair value are recorded in equity items and may be recycled to profit and loss on their sale.
- Beside these scenarios, the rest of the assets will be valued at fair value through profit and loss. As indicated in the Financial Reporting Regulations, investment funds in open funds must be registered in this category. Due to their characteristics, open investment funds are those that do not present restrictions for their trading, therefore, within this category, mutual funds and money market type investment funds of international markets are included, which can be settled without restriction.
- If the objective of an entity's business model undergoes significant changes, the reclassification of the instrument will be mandatory. However, the standard provides that this circumstance occurs very rarely, and when it exists, its disclosure is required according to IFRS 7, Financial Instruments: Disclosure Information.

#### g. Cash and cash equivalents.

The Bank considers cash and due from banks, demand and term deposits, and investment securities that the Bank has the intent to convert into cash within two months or less to be cash and cash equivalents.

#### h. Investments in financial instruments

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

The effect of market price valuation at fair value through other comprehensive income is included in the equity account named "Adjustment for valuation of investments at fair value through other comprehensive income" until those investments are realized or sold.

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.
3. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity must classify its own investments or joint portfolios in financial assets according to the following valuation categories:
  - a. Amortized cost. If an entity, according to its business model and current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
    - i. The fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement.
    - ii. The profit or loss that should have been recognized in the result for the period, for the financial statements indicated in the previous section.
  - b. Fair value through changes in other comprehensive income.
  - c. Fair value through changes in profit or loss: Participations in open investment funds must be recorded in this category.

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

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

- Main business model

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

- Secondary business model

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

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

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

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

i. Loan portfolio.

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

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

j. Allowance for loan losses.

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

Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ₡65.000.000 (Group 1 under SUGEF Directive 1-05). From May 23, 2019, the amount of ₡100.000.000 or its equivalent in foreign currency according to the sales rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. This classification considers the following:

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

Risk categories are summarized below:

<u>Risk category</u>	<u>Arrears</u>	<u>Historical payment behavior</u>	<u>Creditworthiness</u>
<u>A1</u>	30 days or les	<u>Level 1</u>	<u>Level 1</u>
<u>A2</u>	30 days or les	<u>Level 2</u>	<u>Level 1</u>
<u>B1</u>	60 days or les	<u>Level 1</u>	<u>Level 1 or Level 2</u>
<u>B2</u>	60 days or les	<u>Level 2</u>	<u>Level 1 or Level 2</u>
<u>C1</u>	90 days or les	<u>Level 1</u>	<u>Level 1, Level 2 or Level 3</u>
<u>C2</u>	90 days or les	<u>Level 2</u>	<u>Level 1, Level 2 or Level 3</u>
<u>D</u>	120 days or less	<u>Level 1 o Level 2</u>	<u>Level 1, Level 2, Level 3 or Level 4</u>

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

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

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

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### Notes to the separate financial statements

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

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

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

The specific allowance is calculated on the covered and uncovered portion of each loan. The allowance on the exposed portion is equal to the total outstanding balance of each loan transaction 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 ratio updated, semiannually. SUGEF will verify the compliance in their normal supervisory duties.

In the case of loans denominated in foreign currency debtors placed among unhedged borrowers, an additional generic allowance of 1.5% must also be applied on the basis of calculation.

The indicated generic allowance will be applied cumulatively, so that in the case of unhedged debtors, with an indicator for service coverage greater than the reasonable indicator, the generic allowance applicable will be at least of 3% (0.5% + 1% + 1.5%).



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Notes to the separate financial statements

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

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

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

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

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

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

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

As of March 31, 2024, the total estimate of the loan portfolio in the accounting records amounts to ¢123,681,607,255 (¢124,899,677,183 and ¢140,720,422,302 for December and March 2023, respectively).

As of December 31, 2022, the increases in the allowance for bad debts resulting from the minimum allowance are included in the accounting records, in compliance with article 17 of SUGEF Agreement 1-05 “Regulation for the qualification of debtors”, with prior authorization from the supervising entity, in accordance with article 10 of the Organic Law of the National Banking System.

As of March 31, 2024, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

For 2024, the CONASSIF agreement 14-21 “Regulations on the calculation of credit estimates” enters into force, replacing SUGEF Agreement 1-05 “Regulations for the qualification of debtors”, which is detailed below.

The provisions established in this Regulation are applicable to entities and companies supervised by the General Superintendence of Financial Entities (SUGEF), as well as entities supervised by the Superintendence of Pensions (SUPEN), the General Superintendence of Securities (SUGEVAL) and the General Superintendence of Insurance (SUGESE) that carry out credit activities.

Without prejudice to what is stated in the previous paragraph, in the case of companies and entities supervised by SUPEN, SUGEVAL and SUGESE carrying out credit activities, the respective Superintendence is empowered not to object the use of internal methodologies by its supervised to quantify the credit risk, and constitute the corresponding estimates, replacing the methodology for calculating estimates for credit risk in force in each of these Superintendencies, in accordance with what is indicated in Article 29 of this Regulation.

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### Notes to the separate financial statements

These internal methodologies must be applied to the entire credit portfolio. In the case of companies that are members of financial groups and conglomerates, the use of internal methodologies is permitted.

In the case of entities and companies that are members of financial groups and conglomerates domiciled abroad and subject to supervision by the respective local authority, the calculation of credit estimates is permitted in accordance with the provisions issued by their respective supervisory authority.

Credit operations carried out by entities supervised by SUGEF through deferred liquidity operations, in national and foreign currency and under the unsecured modality, carried out with the Central Bank of Costa Rica as direct counterparty, are exempt from this Agreement.

For the purposes of this Regulation, the definitions established in the current regulatory framework will be considered applicable, in addition to the following definitions:

- **Payment capacity:** Financial situation and capacity of the debtor to generate cash flows in the normal course of his business or from the remuneration of his work and return of his capital, allowing to meet his financial obligations under the agreed conditions.
- **Historical payment behavior:** The debtor's credit history in meeting his financial obligations during the last four years, regardless of whether these are current or extinct as of the cut-off date.
- **Revolving credit:** Credit operation that allows the debtor to use funds up to a pre-authorized limit, in which each payment increases the availability of funds, such as lines of credit, credit cards, overdrafts, and other similar credit operations.
- **Debtor (or co-debtor):** Person who receives funds or credit facilities directly from the entity. In addition, the discounter in the case of a discount contract, the assignor in an assignment with recourse, the person obliged to pay a document in an assignment without recourse, or the person to whom the entity grants a guarantee will be considered as such.
- **Delinquency:** The greatest number of days of delay in the payment of principal, interest, other products, and accounts receivable associated with the credit operation, counted from the first day of delay, that the debtor presents in the attention of its credit operations in the entity on a specific date according to the contractual payment conditions.
- **Debtor with special operation:** Corresponds to all the operations of a debtor, if at least one operation has been refinanced, readjusted, or extended.
- **Extended operation:** Credit operation in which at least one total or partial payment of principal or interest has been postponed to a future date related to the current contractual conditions, with the objective of avoiding non-compliance.
- **Readjusted operation:** Credit operation in which at least one of the current contractual payment conditions has been modified, with the aim of avoiding non-compliance, except for modification by extension.

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

- Refinanced operation: Operation that is fully or partially updated because of a new credit operation with the aim of avoiding default.
- Adjusted value of the guarantee: The result of multiplying the last appraisal value by the discount factor and by the recovery percentage.
- Default rate (DR): Number of credit operations in default divided by the total credit operations, in a given time horizon.
- Probability of default (PD): It is a prospective metric on the expected default rate for a 12-month horizon, associated with each credit segment, considering possible scenarios for its forecast. Exposure: Corresponds to the exposed risk volume (amount) of the total balance owed from the credit operation.
- Exposure given default (EAD): Corresponds to the volume of risk exposed at the time of default.
- Loss given default (LGD): Final percentage of loss in the event of default, that is, the percentage not recovered.
- Lifetime probability of default (LTPD): It is a prospective metric on the expected default rate for the remaining term of the operation, associated with each credit segment, considering possible scenarios for its forecast.
- Total balance due: Sum of direct and contingent principal balance, interest, other products and accounts receivable associated with a credit operation.

The proposed regulation is an advance with respect to the current regulation in at least the following aspects:

- i) Recognizes the existence of different business lines of credit, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line.
- ii) Establishes segments according to the type of credit that allows to distinguish between a per-operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a per-debtor approach, for business and corporate portfolios.
- iii) Improves the calculation of estimates for each relevant line using forward-looking 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 in the event of default; and
  - c) exposure given default.

In all cases, relevant historical information from each line of business is used to calibrate the respective 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.

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### Segmentation of the credit portfolio

The credit portfolio must be classified into the following segments:

- Revolving consumer loans to individuals. Loans for vehicles to individuals and legal entities, whose sole purpose is to allocate it to the acquisition of the vehicle by an individual.
- Regular consumer loans: Consumer loans to individuals not belonging to the previous paragraph. Housing loans to individuals and legal entities.
- Business: Credits to micro and small businesses, medium businesses, large businesses (Corporate) and Central Government, according to the following classification:
- Business 1: Legal entities and natural persons whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 1,000 million colones on at least one occasion. Also, the following are classified in this segment:
  - i) Legal entity belonging to an economic interest group reported by the entity to SUGEF.
  - ii) Entities and bodies comprising the institutions of the Public Sector, according to the “Institutional Classification of the Public Sector” published by the Ministry of Finance.
  - iii) Entity supervised by SUGEF, or any Superintendence attached to the National Council for Supervision of the Financial System (CONASSIF).
- Business 2: Legal entities and natural persons not classified in the Business 1 segment and whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 500 million of colones at least once.
- Business 3: Legal entities and natural persons not classified in any previous segment. Also, revolving consumer loans to legal entities are classified in this segment. In the case of the Business 1 or Business 2 segments, all the debtor's transactions are classified as Business 1 or Business 2, including housing transactions and any other prior classification. The threshold of the total balance owed referred to in the definition of Business 1 and Business 2, will be adjusted at least every 3 years using the Consumer Price Index calculated by the National Institute of Statistics and Censuses (INEC).

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### Risk categories

The entity must individually classify credit operations or debtors into risk categories, as appropriate to their classification in one of the segments defined in Article 5 of this Regulation.

For the purposes of this rating under the standard methodology, eight risk categories are established, which are identified with 1, 2, 3, 4, 5, 6, 7 and 8, with risk category 1 corresponding to the lowest credit risk and category 8 to the highest credit risk.

#### Analysis of payment capacity

The entity must qualify the payment capacity of debtors classified in Business segment 1 or Business segment 2, both in the credit granting stage and the monitoring and control stages, based on the methodologies approved by Management or equivalent authority.

These methodologies must comply with their credit policies and congruent with the type of debtor, the lines of business and credit products. The methodologies must consider, at least, the following aspects:

- a) Financial position, net income and expected cash flows: Analysis of financial strength and the stability and continuity of the main sources of income. The effectiveness of the analysis depends on the quality and timeliness of the information.
- b) Background of the debtor and the business: Analysis of the experience in the business and the quality of the administration.
- c) Situation of the sector's environment: Analysis of the main variables of the sector that affect the debtor's payment capacity.
- d) Vulnerability to changes in the interest rate and exchange rate: Analysis, under stress scenarios, of the debtor's ability to face changes in the interest rate and exchange rate.
- e) Other factors: Analysis of other factors that may affect the debtor's payment capacity. The aspects that can be evaluated are, among others, environmental, technological, patents and exploitation permit, representation of foreign products or companies, relationships with significant clients and suppliers, sales contracts, legal risks and country risk (the latter in the case of debtors domiciled abroad).

#### Classification of payment capacity

The entity must classify the payment capacity of debtors in the Business 1 and Business 2 segments in following levels:

- a) Level 1: has payment capacity,
- b) Level 2: has slight weaknesses in payment capacity,
- c) Level 3: has serious weaknesses in the payment capacity, and
- d) Level 4: has no payment capacity.

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Notes to the separate financial statements

Classification of historical payment behavior

The entity must classify historical payment behavior according to following levels:

- a) Level 1: the historical payment behavior is good,
- b) Level 2: the historical payment behavior is acceptable, and
- c) Level 3: the historical payment behavior is deficient.

In any case, the level assigned by the entity cannot be a risk level lower than the level of historical payment behavior assigned to the debtor by the SUGEF Credit Information Center. The General Guidelines of this Regulation detail the methodology to calculate the level of historical payment behavior of debtors used by the SUGEF Credit Information Center.

Risk rating

The entity must qualify the credits arranged in segments indicated in paragraphs a) to d), and numeral 3 of paragraph e) Business, of Article 5 of this Regulation in accordance with the parameters of: delinquency of the operation, determined at the closing of the current month and the level of the debtor's historical payment behavior.

In the case of debtors classified in the segments indicated in segments 1 and 2 of paragraph e) Business, Article 5 of this Regulation, the entity must classify the debtors according to the parameters of: maximum delinquency of the debtor in the entity at the closing of the current month, the level of historical payment behavior of the debtor and the level of payment capacity of the debtor, according to following table:

Segment of revolving consumer loan:

<b>Phases</b>	<b>Categories</b>	<b>Delinquency of the operation</b>	<b>CPH</b>
Phase 1	1	Up to date	Level 1
	2	Up to 30 days	Level 1 or Level 2
Phase 2	3	Up to 60 days	Level 1 or Level 2
	4	Up to 90 days	Level 1 or Level 2 or Level 3
Phase 3	5	Up to 120 days	Level 1 or Level 2 or Level 3
	6	Up to 150 days	Level 1 or Level 2 or Level 3
	7	Up to 180 days	Level 1 or Level 2 or Level 3
	8	Over 181 days	



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Notes to the separate financial statements

a) Segment of vehicle and regular consumer loans:

Phases	Categories	Delinquency of the operation	CPH
Phase 1	1	Up to date	Level 1
	2	Up to 30 days	Level 1 or Level 2
Phase 2	3	Up to 60 days	Level 1 or Level 2
	4	Up to 90 days	Level 1 or Level 2 or Level 3
Phase 3	5	Up to 120 days	Level 1 or Level 2 or Level 3
	6	Up to 150 days	Level 1 or Level 2 or Level 3
	7	Up to 180 days	Level 1 or Level 2 or Level 3
	8	Over 181 days	

b) Segment of housing loans:

Phases	Categories	Delinquency of the operation	CPH
Phase 1	1	Up to date	Level 1
	2	Up to 30 days	Level 1 or Level 2
Phase 2	3	Up to 60 days	Level 1 or Level 2
	4	Up to 90 days	Level 1 or Level 2 or Level 3
Phase 3	5	Up to 120 days	Level 1 or Level 2 or Level 3
	6	Up to 150 days	Level 1 or Level 2 or Level 3
	7	Up to 180 days	Level 1 or Level 2 or Level 3
	8	Over 181 days	

c) Segment of Business 3:

Phases	Categories	Delinquency of the operation	CPH
Phase 1	1	Up to date	Level 1
	2	Up to 30 days	Level 1 or Level 2
Phase 2	3	Up to 60 days	Level 1 or Level 2
	4	Up to 90 days	Level 1 or Level 2 or Level 3
Phase 3	5	Up to 120 days	Level 1 or Level 2 or Level 3
	6	Up to 150 days	Level 1 or Level 2 or Level 3
	7	Up to 180 days	Level 1 or Level 2 or Level 3
	8	Over 181 days	

(Continues)

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Notes to the separate financial statements

d) Segment of Business 1 and Business 2:

<b>Phases</b>	<b>Categories</b>	<b>Delinquency of the operation</b>	<b>CPH</b>	<b>Payment Capacity</b>
Phase 1	1	Up to date	Level 1	Level 1
	2	Up to 30 days	Level 1 or Level 2	Level 1 or Level 2
Phase 2	3	Up to 60 days	Level 1 or Level 2	Level 1 or Level 2
	4	Up to 90 days	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3
Phase 3	5	Up to 120 days	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	6	Up to 150 days	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	7	Up to 180 days	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	8	Over 181 days		

The eight risk categories indicated in the tables above are associated with the following three classification stages consistent with International Financial Reporting Standard 9 (IFRS 9), Financial Instruments:

- a) Phase 1: Operations at normal risk, in this phase there is no evidence of a significant increase in risk since the initial recognition of the operation. Includes categories 1 and 2.
- b) Phase 2: Operations under special surveillance; a significant increase in credit risk is observed since the initial recognition of the operation. Includes categories 3 and 4.
- c) Phase 3: Operations of doubtful recovery. At this stage, credit operations that show evidence of deterioration are classified as delinquent operations or for which there is a high probability of non-payment. Includes categories 5, 6, 7 and 8.

For the purposes of establishing estimates in this Regulation, operations in Phase 3 are considered non-compliant.

Rate of default

The entity must calculate the amount of the specific estimate of each credit operation, multiplying the regulatory exposure in case of default (RECD) calculated according to Article 16 of this Regulation, by the regulatory loss given default (LGD) calculated according to Article 20 of this Regulation and by the regulatory rate of default (RD), by segment and risk category, indicated in the following table:

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Notes to the separate financial statements

Segment	CATEGORIES							
	1	2	3	4	5	6	7	8
Revolving consumer loans	2%	7.5%	15%	30%	50%	70%	100%	100%
Consumer loans	1%	3.5%	7.5%	15%	25%	50%	75%	100%
Vehicle loans	0.5%	3.5%	7.5%	15%	25%	50%	75%	100%
Housing loans	0.5%	3.5%	7.5%	15%	25%	50%	75%	100%
Business loans 1	0.5%	2.0%	7.5%	15%	25%	50%	75%	100%
Business loans 2	1%	2.0%	7.5%	15%	25%	50%	75%	100%
Business loans 3	1%	3.5%	7.5%	15%	25%	50%	75%	100%

Guarantee

Guarantees reduce exposure to credit risk, so it is reasonable to consider their effect as a risk mitigator, if they are well constituted and valued. Likewise, the acceptance of the guarantee as a risk mitigator is considered reasonable even in the highest risk categories but weighing its value at less than one hundred percent. The experience with the application of SUGEF Agreement 1-05 regarding guarantees – and the use of guarantees to mitigate credit risk – suggests that it is advisable to reduce the number of guarantees that can be used as a mitigator in the standard methodology.

Conditions to apply guarantee mitigation

The application of the mitigating effect of guarantees in the calculation of credit estimates will be conditional in compliance with each of the following aspects, which will be considered a minimum to provide legal certainty on the collectability of the guarantees:

- a) For assets that require registration in a public registry, the guarantee must be duly registered.
- b) The legal mechanism for delivery, transfer, appropriation, adjudication, and liquidation of the collateral asset must correspond to its nature; and
- c) That it is legally enforceable in an unconditional manner, 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.

Accounting estimate

Entities that use the standard methodology must keep an accounting record, with a counterpart in the income statement, at the end of each month individually in their books, at least the amount of the estimate referred to in article 14 and article 15 of the CONASSIF regulation 14-21.

Entities may record an estimated amount higher than the minimum established using the standard methodology. In such cases, the application of percentages that correspond to higher risk categories will imply the automatic reclassification of the debtor or transaction to the risk category associated with the reported estimate.

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

On the other hand, for entities that use internal methodologies based on expected losses, which have not obtained no objection for the creation of estimates by the Superintendence, the following criteria apply.

- a) If the amount of the estimates resulting from applying the internal methodology is less than the amount of the estimates calculated under the standard methodology, the entity must at least keep the amount corresponding to the standard methodology recorded and its registration will be against the results at the end of each month.
- b) If the amount of the estimates resulting from applying the internal methodology is greater than the amount of the estimates calculated under the standard methodology, only the amounts derived from the standard methodology must be recorded with a counterpart in the income statement at the end of each month.

Any excess determined in estimates calculated under the internal methodology, above the standard methodology, must be recorded in accounting using an individualized equity reserve account.

#### Settlement of credit operations against the estimate

The entity must have policies and procedures approved by its Managing Body if it needs to settle credit operations against the corresponding individual estimate. These policies and procedures must contemplate cases in which credit operations must be settled because they are considered uncollectible, after the administrative or judicial collection efforts have been reasonably exhausted, the practical impossibility of its recovery has been determined, or the total balance owed is estimated at one hundred percent.

The settlement of a credit transaction against the estimate is an accounting movement that consists of eliminating the asset charged to its respective accounting estimate, and its consequent transfer to a memoranda account.

This settlement in no way extinguishes the right of the creditor entity to continue collecting the amounts owed, nor does it relieve the person responsible for the credit from fulfilling his obligation.

For the settlement of credit operations against their respective estimate, the entity must comply with the provisions established in the Financial Information Regulations and Annexes, and document in the credit file of the operation the procedures and valuations carried out to support the settlement of the credit operation against its estimate.

## BANCO DE COSTA RICA

### Notes to the separate financial statements

The entity must report to SUGEF the details of credit operations and financial instruments settled each month, as well as the total amount of accounts and products receivable settled each month. The General Superintendent of Financial Entities is empowered to establish the information, periodicity and physical or electronic means that are deemed appropriate, with which the supervised entities must report on the settlement of credit operations, financial instruments and accounts and products receivable.

Likewise, at least every two years, internal methodologies must be assessed by an external body to evaluate suitability by each entity based on the eligibility criteria defined by each superintendency through general guidelines.

#### Internal methodologies

Entities may choose to create the specific estimates for credit risk referred to in Article 15 of this Regulation using internal methodologies, subject to no objection from the respective Superintendence.

The methodologies must be reflected in the entity's credit policies and be duly approved by the managing body. The methodologies must be developed considering the entity's knowledge of the credit subject, the business project, the production cycle and the nature of the productive activities that are financed.

#### Accounts and accrued interest receivable

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

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

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

From 2024, when the CONASSIF agreement 14-21 "Regulation on the calculation of credit estimates" comes into force, the following changes in the accounting treatment are included.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Goods that meet the conditions described in IFRS5:

Initial recognition:

At least among:

- a) principal plus products receivable, accounts receivable associated with credit, insurance and administration expenses derived from the credit, or
- b) Award amount or appraisal amount in case of payment in kind.

Subsequent valuation:

At least among:

- a) Carrying amount (without considering the regulatory estimate recorded in subaccount 159.10)
- b) Fair value less sales costs.

Impairment: An impairment loss is recognized when the carrying amount is greater than the fair value less sales costs.

Goods that do not comply with the conditions described in IFRS5:

Initial recognition:

The carrying amount corresponds to the original value less the estimate for impairment of the asset, on the date of reclassification (without considering the regulatory estimate recorded in subaccount 159.10).

Subsequent valuation: (IAS 36 Impairment of Assets).

At least among:

- a) Carrying amount at the date of the analysis
- b) Recoverable amount.

Recoverable amount:

The greatest among:

- a) Fair value less sales costs
- b) Value in use (discounted cash flows).

Impairment: An impairment loss is recognized when the carrying amount is greater than the recoverable amount.

k. Securities sold under repurchase agreements

The Bank enters sales of securities under repurchase agreements for a certain date in the future at a fixed price. The obligation to repurchase securities sold is reflected as a liability in the separate balance sheet and stated at the value of the original agreement. The underlying securities are held in asset accounts.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Finance expense recognized is calculated by the effective interest method. Interest is presented as finance expense in the separate income statement and accrued interest payable in the separate balance sheet.

l. Accounting for accrued interest receivable.

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

m. Other receivables

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

n. Foreclosed assets

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

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

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

(Continues)



## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

In CONASSIF Agreement 06-18, in its article 16, it also indicates that to determine the carrying amount of the assets awarded in judicial auctions or received in payment of obligations, the entity must record an estimate at the rate of one forty-eighth monthly until completing one hundred percent of the carrying amount of the asset. This accounting record will begin from the closing date of the month in which the asset was awarded or received in payment.

o. Offsetting

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

p. Property, furniture and equipment

(i) *Own assets*

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

*(ii) Leased assets*

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

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

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

*(iii) Subsequent cost*

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

*(iv) Depreciation*

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

	<u>Useful lives</u>
Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
Computer hardware	5 years
Improvements	5 years

*(v) Revaluation*

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

If the realizable value of the assets is different than the one included in the accounting records, the Bank must adjust the book value to the resulting value of the appraisal.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

The last appraisal was done on 2022 and the accounting record on December 31, 2022.

q. Deferred charges

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

r. Intangible assets

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

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

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

s. Impairment of assets

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

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

The recoverable amount of an asset is the greater of its net selling price and value in use. The net selling price is equivalent to the value obtained in an arm's length transaction. Value in use is the present value of future cash flows and disbursements derived from continuing use of an asset and from its disposal at the end of its useful life.

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

t. Obligations with the public

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

u. Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

v. Legal benefits (severance)

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

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

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

w. Legal reserve

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

x. Revaluation surplus

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

y. Use of estimates

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

z. Estimate 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 against it 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.

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BANCO DE COSTA RICA

Notes to the separate financial statements

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.

If an entity concludes that the tax authority is not likely to accept an uncertain tax treatment, the entity shall reflect the effect of the uncertainty in determining the tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

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.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

aa. Recognition of main types of revenue and expenses

(i) *Financial income*

Financial income and expense are recognized in the separate income statement as it accrues considering the effective yield or interest rate. Financial income and expense include amortization of any premium or discount during the term of the instrument and until its maturity and is calculated on an effective interest basis.

(ii) *Fees and commissions income*

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

(iii) *Net income on trading securities*

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

(iv) *Operating lease expenses*

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

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 enacted at the separate balance sheet date, and any adjustment to tax payable in respect of previous years.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(ii) *Deferred*

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

dd. Pension, retirement, and outgoing personnel

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

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

ee. Statutory allocations

Under article 12 of IRNBS, the net earnings of commercial State-owned banks are allocated as follows: 50% to a legal reserve; 10% to increase the capital of the National Institute for Cooperative Development (INFOCOOP); and the remainder to increase the Bank's capital, pursuant to article 20 of Law No. 6074. Transition provision III of Law No. 8634 "Development Banking System" establishes that for a five-year period starting in 2007, the contributions made by State-owned banks equivalent to 5% of their annual net earnings (prescribed by article 20 of the Law for the creation of the National Commission for Educational Loans (CONAPE) will be allocated as follows: two percent (2%) to CONAPE and three percent (3%) to the capital of the Development Financing Fund (FINADE). On January 2013 transitory III is removed and will continue calculating a 5% for CONAPE, in accordance with law 9092, Return of Income of the National Commissions for Educational Loans.



## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

ff. Development Financing Fund

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

gg. Development Credit Fund

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

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

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

hh. Economic period

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

(2) Collateralized or restricted assets

The collateralized or restricted assets are as follows:

	<b>March 2023</b>	<b>December 2023</b>	<b>March 2022</b>
Cash due from banks (see note 4)	¢ 697,310,452,732	669,762,792,743	758,865,830,147
Investment in financial instruments (see note 5)	194,562,434,188	113,228,042,840	289 962 396 968
	<b>¢ 891,872,886,920</b>	<b>782,990,835,583</b>	<b>1,048,828,227,115</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(3) Balances and transactions with related parties

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<b>Assets:</b>			
Availabilities	¢ 22,974,310,000	23,182,720,000	24,786,130,000
Loan portfolio	3,792,969,917	2,616,269,195	21,811,333
Accounts receivable	913,281,305	1,076,573,773	1,524,395,836
Interest in other companies	116,132,643,855	115,553,654,368	113,841,186,326
<b>Total assets</b>	<b>¢ 143,813,205,077</b>	<b>142,429,217,336</b>	<b>140,173,523,495</b>
<b>Liabilities:</b>			
Obligations with the public	¢ 2,519,609,102	5,276,388,361	7,975,439,382
Accounts payable and provisions	700,000,000	700,000,000	0
<b>Total liabilities</b>	<b>¢ 3,219,609,102</b>	<b>5,976,388,361</b>	<b>7,975,439,382</b>
<b>Income:</b>			
Financial income	¢ 1,392,584	1,466,464,363	1,008,424,092
Income from investments in other companies	2,231,158,851	9,427,521,424	2,027,126,640
Sundry operating income	720,336,023	2,907,259,863	884,463,366
<b>Total income</b>	<b>¢ 2,952,887,458</b>	<b>13,801,245,650</b>	<b>3,920,014,098</b>
<b>Expenses:</b>			
Finance expense	¢ 10,005,569	1,701,467,644	50,596,880
Expense from investments in other companies	214,763,779	824,542,618	327,259,345
Sundry operating expenses	5,700,000	6,627,840	1,083,467
<b>Total expenses</b>	<b>¢ 230,469,348</b>	<b>2,532,638,102</b>	<b>378,939,692</b>
<b>Equity:</b>			
Adjustment for valuation of investments in other companies	¢ 429,800,172	2,883,530,708	819,383,637

As of March 31, 2024, there are no amounts in investments for participations in funds managed by BCR Sociedad Administradora de Fondos de Inversión, S.A. (subsidiary company). (In December and March 2023 there were no such investments).

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

	<b>March 2023</b>	<b>December 2023</b>	<b>March 2022</b>
Short-term benefits	¢ 282,087,452	1,135,537,530	285,093,944
Board per-diem	18 446 120	69,592,180	21,590,345
	<b>¢ 300,533,572</b>	<b>1,205,129,710</b>	<b>306,684,289</b>

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BANCO DE COSTA RICA

Notes to the separate financial statements

(4) Availabilities

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

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Cash	¢	82,294,669,736	93,808,332,597	88,829,869,034
Demand deposits BCCR		621,307,325,307	589,362,481,806	677,962,176,755
Checking accounts and demand deposits in financial entities abroad		50,417,080,904	51,670,455,421	71,649,291,142
Notes payable on demand		499,421,528	957,816,574	29,262,209,055
Restricted availabilities		89,942,082,587	89,317,909,995	96,227,976,651
<b>Total cash and due from Banks</b>		<b>844,460,580,062</b>	<b>825,116,996,393</b>	<b>963,931,522,637</b>
Investment in financial instruments to be traded		274,150,583,051	337,874,990,229	84,843,314,543
<b>Total cash and cash equivalents</b>	¢	<b><u>1,118,611,163,113</u></b>	<b><u>1,162,991,986,622</u></b>	<b><u>1,048,774,837,180</u></b>

As of March 31, 2024, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢667,310,452,732, (¢669,762,792,743 and ¢758,865,830,147 for December and March 2023, respectively).

As of March 31, 2024, there is a liability called “checks receivable” for an amount of ¢609,187,948, which are cleared with the account of immediate collection documents. in the clearinghouse the next day (¢608,813,166 and ¢2,512,804,775 for December and March 2023, respectively).

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
At fair value through profit or loss	¢	155,651,766,914	136,439,991,845	133,182,939,248
At fair value through other comprehensive income		1,073,957,847,717	1,001,866,151,532	1,267,859,258,131
At amortized cost		239,189,294,647	279,654,887,948	16,306,841,825
Interest receivable for investments at comprehensive income		2,730,595,353	1,864,437,267	2,262,927,116
Interest receivable for investments at fair value through other comprehensive income		16,942,717,581	18,202,673,082	11,674,353,457
	¢	<b><u>1,488,472,222,212</u></b>	<b><u>1,438,028,141,674</u></b>	<b><u>1,431,286,319,777</u></b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<b>At fair value through profit or loss</b>			
<u>Local issuers:</u>			
Open investment funds      ¢	69,529,766,914	52,139,191,840	7,912,517,111
	<b>69,529,766,914</b>	<b>52,139,191,840</b>	<b>7,912,517,111</b>
<u>Issuers abroad:</u>			
Private banks	86,122,000,000	84,300,800,005	125,270,422,137
¢	<b>155,651,766,914</b>	<b>136,439,991,845</b>	<b>133,182,939,248</b>
	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<b>At fair value through other comprehensive income</b>			
<u>Local issuers:</u>			
Government      ¢	926,090,560,319	846,587,975,609	1,104,135,256,457
State-owned Banks	32,822,723,646	32,815,264,882	58,523,178,489
Private Banks	510,865,455	0	290,166,438
Private issuers	5,532,745,505	4,518,798,370	3,022,220,890
Other	34,439,299,399	29,962,553,575	0
	<b>999,396,194,324</b>	<b>913,884,592,436</b>	<b>1,165,970,822,274</b>
<u>Issuers abroad:</u>			
Private Banks	65,712,233,543	55,369,500,264	11,647,235,875
Private issuers	8,849,419,850	32,612,058,832	90,241,199,982
¢	<b>1,073,957,847,717</b>	<b>1,001,866,151,532</b>	<b>1,267,859,258,131</b>
	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
	<b>Valor razonable</b>	<b>Valor razonable</b>	<b>Valor razonable</b>
<b>At amortized cost</b>			
<u>Local issuers:</u>			
Government      ¢	239,189,294,647	279,654,887,948	16,306,841,825
¢	<b>239,189,294,647</b>	<b>279,654,887,948</b>	<b>16,306,841,825</b>

As of March 31, 2024, the investment portfolio amounts to ¢84,279,408,361 (¢94,495,938,981 and ¢111,584,132,166 for December and March 2023, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from January 01, 2024, to April 30, 2032.

Purchased financial instruments earn annual yield rates as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Colones	4.99% to 7.25%	4.60% to 11.53%	8.04% to 11.53%
US dollars	0,14% to 5.85%	0,01% to 6.58%	0,01% to 6.58%

(Continues)

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Notes to the separate financial statements

As of March 31, 2024, there are investments granted as collateral for investments and deposits in the liquidity market in SINPE, as well as Deferred Term Operations, for ¢194,562,434,188, (¢113,228,042,840 and ¢289,962,396,968 for December and March 2023, respectively). (see note 2).

Repurchase operations

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

As of March 2024, and 2023 there are no repurchase operations.

As of December 31, 2023, repurchase operations are detailed as follows:

<u>Issuer</u>	<u>Asset's balance</u>	<u>Guarantee's fair value</u>	<u>Repurchase date</u>	<u>Repurchase Price</u>
Banco de Costa Rica	0	0	to 30/12/2021 at 03/01/2022 to 20/12/2023	100.00%
Local government	¢ <u>1,689,615,963</u>	<u>1,663,700,000</u>	at 04/01/2024	100.00%
	¢ <u><b>1,689,615,963</b></u>	<u><b>1,663,700,000</b></u>		

(6) Loan portfolio by sector

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<b>Current loans</b>			
Loans–Personal	¢ 1,312,717,580,478	1,312,346,890,460	1,305,005,731,148
Loans Development Banking System	89,366,542,820	81,194,734,463	77,816,617,379
Loans-Business	108,853,117,253	94,182,522,224	92,106,624,149
Loans-Corporate	1,228,977,801,092	1,440,322,083,850	1,417,953,912,468
Loans–Public Sector	259,551,569,304	58,050,059,983	71,080,838,409
Loans–Financial Sector	18,385,118,039	22,440,521,512	36,440,588,350
	<u>3,017,851,728,986</u>	<u>3,008,536,812,492</u>	<u>3,000,404,311,903</u>
<b>Past due loans</b>			
Loans–Personal	125,965,013,531	127,857,664,760	134,902,031,664
Loans Development Banking System	5,171,840,670	4,370,523,362	3,771,745,604
Loans-Business	10,492,866,900	13,546,557,498	14,885,954,669
Loans-Corporate	32,481,353,949	36,896,635,196	35,194,682,665
Loans-Public Sector	0	0	227,616
	<u>174,111,075,050</u>	<u>182,671,380,816</u>	<u>188,754,642,218</u>
<b>Loans in legal collection</b>			
Loans–Personal	31,696,534,968	31,015,697,072	28,148,090,424
Loans Development Banking System	777,994,335	742,263,981	682,543,525
Loans-Business	4,617,530,408	4,433,526,632	4,224,621,045
Loans-Corporate	17,966,302,816	18,365,682,350	18,318,542,659
	<u>55,058,362,527</u>	<u>54,557,170,035</u>	<u>51,373,797,653</u>
	¢ <u><b>3,247,021,166,563</b></u>	<u><b>3,245,765,363,343</b></u>	<u><b>3,240,532,751,774</b></u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

(a) Loan portfolio by activity

<b>Economic activity</b>	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Agriculture, livestock, hunting and related services	¢ 129,603,883,295	133,828,756,266	139,677,131,676
Public administration	0	19,382,332,809	21,806,970,584
Fishing and aquaculture	20,214,265	42,617,690	42,986,799
Manufacturing	234,558,858,703	232,754,738,209	239,584,355,091
Telecommunications and public utilities	432,955,900	237,657,850,422	245,252,320,540
Mining and quarrying	198,757,538,693	21,982,027	27,153,578
Trade	304,267,669,757	296,138,155,439	277,216,012,015
Services	2,955,005,551	582,789,273,745	553,318,459,485
Transportation	83,822,555,546	31,005,549,708	32,710,809,599
Financial activity and stock exchange	1,274,708,331,291	2,687,299,499	3,227,204,933
Real estate, business, and lease activities	2,603,093,757	21,398,613,478	25,037,418,747
Construction, purchase, and repair of real estate	106,764,991,110	1,316,723,625,795	1,333,056,570,948
Consumer	605,174,947,927	265,748,034,982	258,070,178,821
Hospitality	30,909,405,453	104,478,630,055	110,312,448,423
Education	506,930,755	657,174,250	717,837,785
Other activities of the non - financial private sector	271,934,784,560	450,728,969	474,892,750
	<u>3,247,021,166,563</u>	<u>3,245,765,363,343</u>	<u>3,240,532,751,774</u>
Interest receivable	19,315,352,510	17,936,955,267	21,020,608,643
Deferred income from loan portfolio	(20,642,998,439)	(20,466,507,362)	(20,239,555,338)
Less allowance for loan losses	<u>(123,681,607,255)</u>	<u>(124,899,677,183)</u>	<u>(140,720,422,302)</u>
¢	<u><b>3,122,011,913,379</b></u>	<u><b>3,118,336,134,065</b></u>	<u><b>3,100,593,382,777</b></u>

The loan portfolio by arrears is detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Current	¢ 3,017,851,728,986	3,008,536,812,492	3,000,404,311,903
01 to 30 days	101,242,426,524	104,340,825,497	102,061,266,109
31 to 60 days	27,914,478,541	30,973,659,406	37,861,712,659
61 to 90 days	12,655,681,174	13,435,672,836	13,281,448,588
91 to 120 days	4,447,111,536	4,285,463,214	4,911,863,686
121 to 180 days	4,427,964,743	6,900,329,305	6,002,164,280
More than 181 days	78,481,775,059	77,292,600,593	76,009,984,549
¢	<u><b>3,247,021,166,563</b></u>	<u><b>3,245,765,363,343</b></u>	<u><b>3,240,532,751,774</b></u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

(b) Past due loans

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
Number of operations	2,324	2,033	1,856
Past due loans in non-accrual Status	¢ <u>78,481,775,058</u>	<u>77,292,600,592</u>	<u>76,009,984,549</u>
Past due loans in accrual Status	¢ 150,687,662,519	159,935,950,259	164,118,455,322
Total unearned interest	¢ <u>11,640,425,271</u>	<u>11,858,154,997</u>	<u>12,037,858,254</u>

Loans in legal collections as of March 31, 2024:

<u>No. of loans</u>	<u>Percentage</u>	<u>Balance</u>
1,268	1.70%	¢ <u>55,058,362,527</u>

As of March 31, 2024, the average annual interest rate accrued on the loans is 8.32% in colones (8.77% and 9.44% for December and March 2023, respectively) and 6.93% in US dollars (interest rate of 7.14 % and 7.51% for December and March 2023, respectively).

Loans in legal collections as of December 31, 2023:

<u>No. of loans</u>	<u>Percentage</u>	<u>Balance</u>
1,087	1.68%	¢ <u>54,557,170,035</u>

Loans in legal collections as of March 31 2022:

<u>No. of loans</u>	<u>Percentage</u>	<u>Balance</u>
1,062	1.59%	¢ <u>51,373,797,653</u>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

(c) Accrued interest receivable on loan portfolio

Interest receivables by economic sector are detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Loans – Personal	¢ 8,791,451,380	8,925,961,415	9,204,994,454
Loans Development Banking System	350,293,363	289,864,050	334,228,309
Loans - Business	1,236,714,445	1,151,439,604	1,160,385,398
Loans - Corporate	7,779,066,130	7,162,544,441	9,555,201,240
Loans – Public Sector	1,068,693,256	282,987,434	627,132,806
Loans – Financial Sector	89,133,936	124,158,323	138,666,436
	<b>¢ 19,315,352,510</b>	<b>17,936,955,267</b>	<b>21,020,608,643</b>

Interest receivable by aging is detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Current loans	¢ 11,528,352,647	10,101,069,167	13,649,903,887
Past due loans	4,078,300,728	4,208,698,435	4,238,706,562
Loans in legal collection	3,708,699,135	3,627,187,665	3,131,998,194
	<b>¢ 19,315,352,510</b>	<b>17,936,955,267</b>	<b>21,020,608,643</b>

(d) Allowance for loan impairment

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

<b>2023 opening balance</b>	¢	<b>124,899,677,183</b>
Plus:		
Allowance charged to profit or loss (see note 25)		620,074,271
Less:		
Adjustment for foreign exchange differences		(1,838,144,199)
<b>Balance as of March 31, 2024</b>	¢	<b>123,681,607,255</b>
<b>2022 opening balance</b>	¢	<b>145,623,881,422</b>
Plus:		
Allowance charged to profit or loss (see note 25)		5,960,683,052
Transfer of balances		8,202
Adjustment for foreign exchange differences		318,731,125
Less:		
Adjustment for foreign exchange differences		(7,223,777,684)
Transfer of paid balances		(4,038,952,885)
Other transfers		(15,740,896,049)
<b>Balance as of December 31, 2023</b>	¢	<b>124,899,677,183</b>

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<b>2022 opening balance</b>	¢	<b>145,623,881,422</b>
Plus:		
Allowance charged to profit or loss (see note 25)		976,092,343
Less:		
Adjustment for foreign exchange differences		(5,169,891,181)
Transfer of paid balances		(366,864,363)
Other transfers		(342,795,919)
<b>Balance as of March 31, 2023</b>	¢	<b><u>140,720,422,302</u></b>

(e) Syndicated loans

As of March 31, 2024, December 31 and March 2023, the Bank does not have a syndicated loan portfolio with other banks.

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

(7) Foreclosed assets, net

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
Real estate	¢ 83,269,742,342	87,259,101,407	98,488,221,640
Other acquired assets	386,089,933	456,364,933	648,737,881
Purchased for sale	2,031,225,862	2,296,276,749	1,318,518,839
Idle property and equipment	<u>2,223,768,676</u>	<u>2,281,589,503</u>	<u>2,050,661,872</u>
	87,910,826,813	92,293,332,592	102,506,140,232
Allowance for impairment and per legal requirement	<u>(62,269,631,782)</u>	<u>(66,661,526,999)</u>	<u>(69,259,736,481)</u>
	¢ <b><u>25,641,195,031</u></b>	<b><u>25,631,805,593</u></b>	<b><u>33,246,403,751</u></b>

The movement of the foreclosed assets is as follows:

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<b>At the beginning of the year</b>	¢ <b>92,293,332,592</b>	<b>100,745,669,591</b>	<b>100,745,669,591</b>
Increase of foreclosed assets	3,136,410,081	15,710,715,606	5,068,497,567
Transfer of property, furniture, and equipment out of use	37,126,974	503,882,698	86,968,564
Increase in acquired-for-sale assets	1,018,089,132	13,302,920,018	1,949,417,409
Sale of assets	(8,479,184,166)	(37,783,608,158)	(5,344,152,238)
Withdrawal of property, furniture and equipment out of use	<u>(94,947,800)</u>	<u>(186,247,163)</u>	<u>(260,661)</u>
<b>Balance at the end of the period</b>	¢ <b><u>87,910,826,813</u></b>	<b><u>92,293,332,592</u></b>	<b><u>102,506,140,232</u></b>

(Continues)

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Notes to the separate financial statements

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<b>Opening balance</b>	€ 66,661,526,999	67,354,646,156	67,354,646,156
Increases in allowance	0	16,095,628,678	4,538,955,882
Reversals in allowance	(4,309,271,561)	(16,772,635,939)	(2,633,865,557)
Transfer to unused accounts	(82,623,656)	(16,111,896)	0
<b>Balance at the end of the period</b>	€ <u>62,269,631,782</u>	<u>66,661,526,999</u>	<u>69,259,736,481</u>

(8) Investments in other companies

Investments in other companies are as follows:

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<u>Local entities:</u>			
BCR Valores, S.A. (Stock Exchange)	€ 22,830,272,517	22,056,775,195	19,072,539,556
BCR Sociedad Administradora de Fondos Inversión, S.A. (Investment Fund Manager)	6,892,632,032	6,840,890,701	7,797,162,584
BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)	7,669,295,032	7,380,246,887	6,960,223,938
BCR Corredora de Seguros, S.A. Seguros (Insurance Broker).	8,581,172,518	7,900,748,736	8,452,804,167
Capital interest in Banprocesa, S.R.L.	169,332,320	171,883,497	169,371,804
Capital interest in Depósito Agrícola de Cartago S.A.	1,052,771,816	1,060,770,675	1,003,004,449
Capital interest in BCR Leasing	646,618,801	67,985,201	350,000,000
	<u>47,842,095,036</u>	<u>45,479,300,892</u>	<u>43,805,106,498</u>
<u>Foreign entities:</u>			
Banco Internacional de Costa Rica, S.A. and subsidiary	68,290,548,819	70,074,353,476	70,036,079,828
	€ <u>116,132,643,855</u>	<u>115,553,654,368</u>	<u>113,841,186,326</u>

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panamá in 1976. It operates under a general license granted by the Superintendencia of Banks of Panama to engage in banking transactions in Panama or abroad. BICSA is in the city of Panama, Republic of Panama, BICSA Financial Center, 50 floor, Avenida Balboa and Calle Aquilino de la Guardia.

The Bank owns a 51 % ownership interest in BICSA (domiciled in Panamá). As of March 31, 2024, that ownership interest is represented by 6.772.137 ordinary shares of US\$10 par value each. Banco Nacional de Costa Rica owns the remaining 49% of shares.

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Notes to the separate financial statements

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

The Bank's income statement as of March 31, 2024, includes ¢909,670,624 (¢3,344,760,119 and ¢811,033,338 for December and March 2023, respectively) for BICSA's result of operations.

The Bank's statement of changes in equity for the period ended March 31, 2024, includes a decrease in equity for ¢2,617,205,754 (increases of ¢9,444,106,286 and ¢811,033,338 for December and March 2023, respectively), corresponding to changes arising from translation of BICSA's financial statements.

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Notes to the separate financial statements

(9) Property and equipment

As of March 31, 2024, property and equipment is as follows:

	Land	Building	Furniture and equipment	Computer hardware	Vehicles	Assets for the right- of-use – buildings and infrastructure	Total
<b>Cost:</b>							
<b>Balance on December 31, 2022</b>	₡ 35,307,716,949	96,129,721,043	38,156,498,242	52,073,062,550	5,770,974,011	28,267,914,326	255,705,887,121
Additions	0	89,062,424	291,020,083	416,155,704	2	0	796,238,213
Withdrawals	0	0	(7,557,429)	(364,315,010)	0	0	(371,872,439)
Transfers	0	0	(24,351,515)	(307,826,657)	(1,867,861)	0	(334,046,033)
<b>Balance as of March 31, 2024</b>	<b>35,307,716,949</b>	<b>96,218,783,467</b>	<b>38,415,609,381</b>	<b>51,817,076,587</b>	<b>5,769,106,152</b>	<b>28,267,914,326</b>	<b>255,796,206,862</b>
<b><u>Accumulated depreciation and impairment</u></b>							
<b>Balance as of December 31, 2023</b>	0	38,464,231,296	26,267,920,443	38,478,231,949	4,584,525,615	10,621,600,960	118,416,510,263
Depreciation expense	0	485,109,177	603,210,435	1,496,863,260	54,240,731	928,715,893	3,568,139,496
Withdrawals	0	0	(34,888,755)	(364,431,986)	0	0	(399,320,741)
Transfers	0	0	30,722,737	(15,742,018)	0	(95,489,539)	(80,508,820)
<b>Balance as of March 31, 2024</b>	<b>0</b>	<b>38,949,340,473</b>	<b>26,866,964,860</b>	<b>39,594,921,205</b>	<b>4,638,766,346</b>	<b>11,454,827,314</b>	<b>121,504,820,198</b>
<b>March 31, 2024</b>	₡ <b>35,307,716,949,</b>	<b>57,269,442,994</b>	<b>11,548,644,521</b>	<b>12,222,155,382</b>	<b>1,130,339,806</b>	<b>16,813,087,012</b>	<b>134,291,386,664</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2023, property and equipment is as follows:

						Assets for the right-of-use – buildings and infrastructure	Total	
<b>Cost:</b>			<b>Furniture and equipment</b>	<b>Computer hardware</b>	<b>Vehicles</b>			
<b>Balance on December 31, 2022</b>	€	<b>35,641,464,379</b>	<b>93,992,714,909</b>	<b>38,953,482,134</b>	<b>52,429,641,539</b>	<b>5,430,093,554</b>	<b>28,231,216,964</b>	<b>254,678,613,480</b>
Additions		0	801,689,831	1,198,978,477	8,464,033,813	24,000,000	0	10,488,702,121
Withdrawals		(337,747,430)	0	(195,342,717)	(1,217,532,681)	0	0	(1,746,622,828)
Transfers		0	1,335,316,303	(1,814,504,183)	(7,603,080,121)	316,939,599	36,697,362	(7,728,631,040)
Revaluation		0	0	13,884,531	0	0	0	13 884,531
<b>Reversed revaluation</b>		0	0	0	0	(59,142)	0	(59,142)
<b>Balance a of December 31, 2023</b>		<b>35,307,716,949</b>	<b>96,129,721,043</b>	<b>38,156,498,242</b>	<b>52,073,062,550</b>	<b>5,770,974,011</b>	<b>28,267,914,326</b>	<b>255,705,887,121</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance as of December 31, 2022</b>		<b>0</b>	<b>36,502,815,587</b>	<b>25,536,628,894</b>	<b>38,236,667,509</b>	<b>4,310,722,155</b>	<b>7,287,001,898</b>	<b>111,873,836,042</b>
Depreciation expense		0	1,961,415,710	3,429,332,937	4,763,973,520	274,097,178	3,714,863,571	14 143 682 916
Withdrawals		0	0	(1,811,302,566)	(6,172,282,799)	0	0	(7 983 585 365)
Transfers		0	0	(886,738,821)	1,649,873,719	(293,717)	(380,264,508)	382 576 673
<b>Balance as of December 31, 2023</b>	€	<b>0</b>	<b>38,464,231,297</b>	<b>26,267,920,444</b>	<b>38,478,231,949</b>	<b>4,584,525,616</b>	<b>10,621,600,961</b>	<b>118,416,510,267</b>
<b>December 31, 2023</b>	€	<b>35,307,716,949</b>	<b>57,665,489,746</b>	<b>11,888,577,798</b>	<b>13,594,830,601</b>	<b>1,186,448,395</b>	<b>17,646,313,365</b>	<b>137,289,376,854</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2023, property and equipment is as follows:

	Land	Building	Furniture and equipment	Computer hardware	Vehicles	Assets for the right-of-use – buildings and infrastructure	Total
<b>Cost:</b>							
<b>Balance on December 31, 2022</b>	¢ 35,641,464,379	93,992,714,909	38,953,482,134	52,429,641,539	5,430,093,554	28,231,216,964	254,678,613,480
Additions	0	1,195,239,639	605,881,356	802,684,530	0	0	2,603,805,525
Withdrawals	0	0	(31,877,474)	(32,793,847)	0	0	(64,671,321)
Transfers	0	0	(373,483,295)	(561,424,968)	0	0	(934,908,263)
Revaluation	0	0	4,775,204	0	0	0	4,775,204
<b>Balance as of March 31, 2023</b>	<u>35,641,464,379</u>	<u>95,187,954,548</u>	<u>39,158,777,925</u>	<u>52,638,107,254</u>	<u>5,430,093,554</u>	<u>28,231,216,964</u>	<u>256,287,614,624</u>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as of December 31, 2023</b>	0	36,502,815,587	25,536,628,894	38,236,667,509	4,310,722,155	7,287,001,898	111,873,836,043
Depreciation expense	0	512,083,211	633,213,656	1,386,859,272	68,512,060	928,715,893	3,529,384,092
Withdrawals	0	0	(101,722,385)	(31,458,081)	0	0	(133,180,466)
Transfers	0	0	15,638,227	(16,995,775)	(111,194)	(95,038,297)	(96,507,039)
<b>Balance as of March 31, 2023</b>	<u>0</u>	<u>37,014,898,798</u>	<u>26,083,758,392</u>	<u>39,575,072,925</u>	<u>4,379,123,021</u>	<u>8,120,679,494</u>	<u>115,173,532,630</u>
<b>March 31, 2023</b>	¢ <u>35,641,464,379</u>	<u>58,173,055,750</u>	<u>13,075,019,533</u>	<u>13,063,034,329</u>	<u>1,050,970,533</u>	<u>20,110,537,470</u>	<u>141,114,081,994</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<u>March 2024</u>	<u>December 2023</u>	<u>December 2023</u>
Improvements in property in operating lease	¢ 514,457,164	571,688,544	770,384,412
	<u>¢ 514,457,164</u>	<u>571,688,544</u>	<u>770,384,412</u>

(b) Intangible assets

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

	<u>2024</u>
<i>Cost:</i>	
<b>Balance as of December 31, 2023</b>	¢ 83,003,690,715
Additions to computer systems	1,567,849,276
Transfer balances	(267,038,796)
Withdrawals	(4,471,106)
<b>Balance of costs as of March 31, 2024</b>	<u>84,300,030,089</u>
<i>Accumulated amortization and impairment:</i>	
<b>Balance as of December 31, 2023</b>	63,544,196,717
Expense for amortization of computer systems	4,128,223,207
Withdrawals	(4,471,107)
<b>Balance of amortization and impairment as of March 31, 2024</b>	<u>67,667,948,817</u>
<b>Total balance as of March 31, 2024</b>	¢ <u>16,632,081,272</u>
<i>Cost:</i>	
<b>Balance as of December 31, 2022</b>	¢ 71,146,283,273
Additions to computer systems	16,602,941,796
Transfer balances	(2,825,522,814)
Withdrawals	(1,920,011,540)
<b>Balance of costs as of December 31, 2023</b>	<u>83,003,690,715</u>
<i>Accumulated amortization and impairment:</i>	
<b>Balance as of December 31, 2022</b>	48,724,952,010
Expense for amortization of computer systems	19,186,424,156
Withdrawals	(4,362,708,342)
Transfer balances	(4,471,107)
<b>Balance of amortization and impairment as of December, 2023</b>	<u>63,544,196,717</u>
<b>Total balance as of December 31, 2023</b>	¢ <u>19,459,493,998</u>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

*Cost:*

<b>Balance as of December 31, 2022</b>	¢	<b>71,146,283,273</b>
Additions to computer systems		2,981,437,295
Transfer balances		(180,198,122)
Withdrawals		(14,353,613)
<b>Balance of costs as of March 31, 2023</b>		<b>73,933,168,833</b>

*Accumulated amortization and impairment:*

<b>Balance as of December 31, 2022</b>		<b>48,724,952,010</b>
Expense for amortization of computer systems		4,403,631,387
Withdrawals		(9,820,930)
<b>Balance of amortization and impairment as of March 31, 2023</b>		<b>53,118,762,467</b>
<b>Total balance as of March 31, 2023</b>	¢	<b>20,814,406,366</b>

(c) Other assets

Other assets are detailed as follows:

	March 2024	December 2023	March 2023
Prepaid taxes	¢ 2,991,886,408	25,248,384,621	5,595,754,068
Prepaid rentals	78,383	78,383	78,383
Prepaid insurance policy	221,678,844	39,031,578	273,361,997
Prepaid expenses	3,213,643,635	25,287,494,582	5,869,194,448
Stationery, supplies and other materials	213,222,693	229,335,584	171,028,778
Library and works of art	17,509,333	17,325,262	9,781,375
Constructions in process	9,466,793,481	8,996,494,115	7,944,796,998
Amortized applications in development	4,843,321,035	4,734,897,934	4,489,149,913
Rights in social and union institutions	36,633,800	36,633,800	36,633,800
Other sundry assets	2,064,373,132	2,064,373,132	2,064,373,132
Miscellaneous goods	16,641,853,474	16,079,059,827	14,715,763,996
Missing cash	35,791,164	48,850,004	55,294,638
Transactions to be settled	50,913,962,896	48,768,901,076	102,237,007,140
Other charge pending operations	122,092,724	170,809,575	168,749,332
Operations pending allocation	51,071,846,784	48,988,560,655	102,461,051,110
Deposits in guarantee	192,518,036	197,376,588	201,582,395
Judicial and administrative deposits	0	0	0
Restricted assets	192,518,036	197,376,588	201,582,395
	¢ <b>71,119,861,929</b>	<b>90,552,491,652</b>	<b>123,247,591,949</b>

As of March 2024, there is no record of asset appraisal (for December and March 2023, there is no record of asset appraisal.)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(11) Demand obligations with the public

Demand obligations with the public as follows:

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Checking accounts	¢	2,083,692,088,396	2,040,666,112,404	1,847,504,732,682
Certification checks		128,170,520	114,965,048	159,588,631
Demand saving deposits		1,051,153,468,452	1,064,033,527,490	1,001,422,465,224
Matured term deposits		1,533,783,964	1,863,395,806	1,956,484,451
Other demand obligations with the public		2,930,664,646	2,947,393,106	18,260,224,332
	¢	<b><u>3,139,438,175,978</u></b>	<b><u>3,109,625,393,854</u></b>	<b><u>2,869,303,495,320</u></b>

(12) Term and demand deposits from clients

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

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
		<b><u>On demand</u></b>	<b><u>On demand</u></b>	<b><u>On demand</u></b>
Public	¢	3,136,507,511,333	3,106,678,000,747	2,851,043,270,989
Other obligations with the public		2,930,664,645	2,947,393,107	18,260,224,331
		<b><u>3,139,438,175,978</u></b>	<b><u>3,109,625,393,854</u></b>	<b><u>2,869,303,495,320</u></b>
State-owned entities		22,165,232,331	9,627,823,007	17,328,197,786
Deposits from other banks		4,123,132,345	3,859,520,635	4,011,123,958
Other financial entities		31,523,980,609	17,766,048,259	27,275,129,856
		<b><u>57,812,345,285</u></b>	<b><u>31,253,391,901</u></b>	<b><u>48,614,451,600</u></b>
	¢	<b><u>3,197,250,521,263</u></b>	<b><u>3,140,878,785,755</u></b>	<b><u>2,917,917,946,920</u></b>
		<b><u>Term</u></b>	<b><u>Term</u></b>	<b><u>Term</u></b>
Public	¢	1,356,647,531,192	1,321,626,600,481	1,718,458,360,454
		<b><u>1,356,647,531,192</u></b>	<b><u>1,321,626,600,481</u></b>	<b><u>1,718,458,360,454</u></b>
State-owned entities		52,130,000,000	64,724,100,000	47,407,825,924
Deposits from other banks		4,222,435,516	593,590,023	9,160,204,850
Other financial entities		202,743,260,047	202,944,078,253	190,243,721,646
		<b><u>259,095,695,563</u></b>	<b><u>268,261,768,276</u></b>	<b><u>246,811,752,420</u></b>
	¢	<b><u>1,615,743,226,755</u></b>	<b><u>1,589,888,368,757</u></b>	<b><u>1,965,270,112,874</u></b>

As of March 31, 2024, demand deposits from customers include court-ordered deposits for ¢258,775,226,314, (¢258,756,472,753 and ¢250,145,353,841 for December and March 2023, respectively) which are restricted because of their nature.

As of March 31, 2024, the Bank has a total of 1,864,259 (1,896,596 and 1,794,733 for December and March 2023, respectively) customers with demand deposits and has a total 37,530, (36,047 and 38,411 for December and March 2023, respectively).

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(13) Repurchase and reverse repurchase agreements

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

As of March 31, 2024, and December and March 2023, the Bank does not hold repurchase agreements.

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

Obligations with entities are as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Term deposits with the Central Bank de Costa Rica	¢ 99,002,909,685	103,950,578,331	106,607,072,703
Charges payable for obligations with Central Bank of Costa Rica	<u>2,268,761,081</u>	<u>2,181,618,180</u>	<u>1,592,823,783</u>
	101,271,670,766	106,132,196,511	108,199,896,486
Checking accounts of local entities	43,738,243,745	23,623,304,079	35,992,737,289
Overdrafts on demand checking accounts in foreign financial entities	13,464,913,592	7,021,274,656	10,108,909,536
Obligations for checks to be collected	609,187,948	608,813,166	2,512,804,775
Term deposits of local financial entities	71,055,275,516	78,940,870,024	65,553,525,774
Loans from foreign financial entities	32,207,095,000	28,398,831,999	2,661,506,250
Obligations for the right-of-use leased properties	17,051,594,736	18,332,403,201	21,218,332,805
Obligations for deferred liquidity operations	0	2,108,456,619	0
Obligations with resources from the Development, Credit, Fund, (DCF)	138,781,730,311	140,481,206,433	157,378,387,591
Charges payable for obligations with, financial, and, non-financial, entities	<u>1,461,525,946</u>	<u>1,789,920,344</u>	<u>1,578,497,405</u>
	318,369,566,794	301,305,080,521	297,004,701,425
Subordinated loans	49,958,633,180	49,957,954,304	49,956,035,633
Charges payable subordinated loans	<u>184,422,222</u>	<u>184,422,222</u>	<u>184,422,222</u>
	50,143,055,402	50,142,376,526	50,140,457,855
¢	<u><u>469,784,292,962</u></u>	<u><u>457,579,653,558</u></u>	<u><u>455,345,055,766</u></u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Maturities of term obligations with entities are from January 1, 2024, to February 03, 2025.

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
Colones	6.03% to 9.75%	6.03% to 9.75%	7.97 % to 9.75%
US dollars	2.66% to 8.72%	1.0% to 7.59%	2.99% to 3.43%

As of March 31, 2024, and December and March 2023, there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

As of March 31, 2024, loans payable mature as follows:

	<u>Banco Central de Costa Rica</u>	<u>Local financial entities</u>	<u>Foreign financial entities</u>	<u>International organizations</u>	<u>Total</u>
Less than one year	99,002,909,685	0	0	25,330,000,000	124,332,909,685
From one to two years	0	0	0	1,811,095,000	1,811,095,000
Over 5 years	0	0	0	5,066,000,000	5,066,000,000
<b>Total</b>	<b>¢ 99,002,909,685</b>	<b>0</b>	<b>0</b>	<b>32,207,095,000</b>	<b>131,210,004,685</b>

As of December 31, 2023, loans payable mature as follows:

	<u>Banco Central de Costa Rica</u>	<u>Local financial entities</u>	<u>Foreign financial entities</u>	<u>International organizations</u>	<u>Total</u>
Less than one year	2,108,456,619	0	0	26,344,000,000	2,108,456,619
From one to two years	103,950,578,331	0	0	0	103,950,578,331
From three to five years	0	0	0	2,054,832,000	2,054,832,000
<b>Total</b>	<b>¢ 106,059,034,950</b>	<b>0</b>	<b>0</b>	<b>28,398,832,000</b>	<b>134,457,866,950</b>

As of March 31, 2023, loans payable mature as follows:

	<u>Banco Central de Costa Rica</u>	<u>Local financial entities</u>	<u>Foreign financial entities</u>	<u>International organizations</u>	<u>Total</u>
Less than one year	106,607,072,703	0	0	0	106,607,072,703
From three to five years	0	0	0	2,661,506,250	2,661,506,250
<b>Total</b>	<b>¢ 106,607,072,703</b>	<b>0</b>	<b>0</b>	<b>2,661,506,250</b>	<b>109,268,578,953</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(b) Lease obligations

As of March 31, 2024, the Bank has following obligations from financial leases:

		<u>Installment</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,362,272,589	10,595,294,442	0	3,302,743,147
Between one and five years		17,525,397,524	2,495,736,414	0	15,029,660,054
	¢	<u>21,887,670,113</u>	<u>13,091,030,856</u>	<u>0</u>	<u>18,332,403,201</u>

As of December 31 2023, the Bank has following obligations from financial leases:

		<u>Installment</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,362,272,589	1,059,529,442	0	3,302,743,147
Between one and five years		17,525,397,524	2,495,736,414	0	15,029,660,054
	¢	<u>21,887,670,113</u>	<u>3,555,265,856</u>	<u>0</u>	<u>18,332,403,201</u>

As of March 31, 2023, the Bank has following obligations from financial leases:

		<u>Installment</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	3,327,133,491	355,192,334	0	2,971,941,157
Between one and five years		19,389,144,941	1,142,753,294	0	18,246,391,647
	¢	<u>22,716,278,433</u>	<u>1,497,945,628</u>	<u>0</u>	<u>21,218,332,805</u>

As of March 31, 2024, the estimate of future lease payments is as follows:

		<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	¢	772,639,630	2,487,078,432
2 years		827,033,459	1,935,944,635
3 years		885,256,615	1,811,764,046
4 years		866,128,355	1,756,122,101
5 years		1,008,554,117	2,025,837,198
Over 5 years		894,491,928	1,780,744,219
	¢	<u>5,254,104,104</u>	<u>11,797,490,632</u>

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

		<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	¢	1,107,240,405	3,255,032,184
2 years		1,107,240,405	2,778,813,593
3 years		1,107,240,405	2,302,595,212
4 years		1,107,240,405	2,302,595,212
5 years		1,107,240,405	2,302,595,212
Over 5 years		1,107,240,405	2,302,595,212
	¢	<u>6,643,442,430</u>	<u>15,244,227,684</u>

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Notes to the separate financial statements

As of March 31, 2023, the estimate of future lease payments is as follows:

		<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	¢	659,778,037	2,312,163,120
2 years		768,271,645	2,667,278,388
3 years		822,357,969	2,158,056,563
4 years		880,251,970	1,943,034,401
5 years		942,221,709	2,059,616,493
Over 5 years		1,903,046,045	4,102,256,464
	¢	<u><b>5,975,927,375</b></u>	<u><b>15,242,405,429</b></u>

As of March 31, 2024, future payments of the lease liability are presented as follows:

Year		Payments	Present value	Amortization	Interest	Balance
1	31/3/2024	¢ 4,236,983,999	3,179,212,833	2,121,441,666	1,057,771,166	13,872,381,903
2	31/3/2025	3,550,151,424	2,778,126,194	2,006,100,965	772,025,229	11,094,255,709
3	31/3/2026	3,321,207,232	2,713,077,642	2,104,948,053	608,129,589	8,381,178,067
4	31/3/2027	3,321,207,232	2,885,068,922	2,448,930,612	436,138,310	5,496,109,145
5	30/3/2028	3,321,207,232	3,068,027,897	2,814,848,563	253,179,334	2,428,081,247
6	31/3/2029	2,490,905,424	2,428,081,247	2,365,257,071	62,824,177	0
7	31/3/2030	0	0	0	0	0
8	31/3/2031	0	0	0	0	0
9	30/3/2032	0	0	0	0	0
10	31/3/2033	0	0	0	0	0
	¢	<u><b>20,241,662,541</b></u>	<u><b>17,051,594,736</b></u>	<u><b>13,861,526,930</b></u>	<u><b>3,190,067,806</b></u>	

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

Year		Payments	Present value	Amortization	Interest	Balance
1	31/12/2024	¢ 4,362,272,590	4,362,272,589	3,302,743,147	1,059,529,442	17,525,396,468
2	31/12/2025	3,886,054,209	3,886,053,998	3,037,912,278	848,141,720	13,639,342,470
3	31/12/2026	3,409,835,829	3,409,835,617	2,743,827,330	666,008,287	10,229,506,852
4	31/12/2027	3,409,835,829	3,409,835,617	2,917,508,220	492,327,397	6,819,671,235
5	31/12/2028	3,409,835,829	3,409,835,617	3,102,247,190	307,588,427	3,409,835,617
6	31/12/2029	3,409,835,829	3,409,835,617	3,228,165,035	181,670,582	0
7	31/12/2030	0	0	0	0	0
8	31/12/2031	0	0	0	0	0
9	31/12/2032	0	0	0	0	0
10	31/12/2033	0	0	0	0	0
	¢	<u><b>21,887,670,114</b></u>	<u><b>21,887,669,057</b></u>	<u><b>18,332,403,201</b></u>	<u><b>3,555,265,856</b></u>	

(Continues)

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Notes to the separate financial statements

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

	Year	Payments	Present value	Amortization	Interest	Balance
1	31/3/2023	¢ 4,106,745,385	2,868,538,691	1,630,331,997	1,238,206,694	18,349,794,113
2	31/3/2024	4,480,085,875	3,450,876,111	2,421,666,347	1,029,209,764	14,898,918,002
3	31/3/2025	3,822,146,243	2,996,660,175	2,171,174,106	825,486,068	11,902,257,827
4	31/3/2026	3,493,176,428	2,840,506,754	2,187,837,079	652,669,674	9,061,751,074
5	31/3/2027	3,493,176,428	3,020,091,800	2,547,007,173	473,084,627	6,041,659,274
6	31/3/2028	3,493,176,428	3,211,096,428	2,929,016,428	282,080,000	2,830,562,846
7	31/3/2029	2,910,980,356	2,830,562,846	2,750,145,335	80,417,511	0
8	31/3/2030	0	0	0	0	0
9	31/3/2031	0	0	0	0	0
10	31/3/2032	0	0	0	0	0
	¢	<u>25,799,487,143</u>	<u>21,218,332,805</u>	<u>16,637,178,466</u>	<u>4,581,154,338</u>	

(15) Income tax

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

As of March 31, 2024, the Bank's separate balances of income tax payable and expected income tax amount to ¢7,520,621,523, (¢10,162,055,585 and ¢3,364,857,186 for December and March 2023, respectively) (see note 17) and income tax advances for ¢2,991,886,408, (¢19,477,106,850 and ¢5,595,754,068 for December and March 2023, respectively) are recorded as "Other assets".

Income tax expense is detailed as follows:

	March 2024	December 2023	March 2023
Income tax	¢ 7,570,499,515	23,386,290,155	3,600,686,962
Decrease in income tax	0	(13,174,356,578)	(185,922,378)
Adjustment for income tax of the previous period	0	(49,877,992)	(49,907,398)
	<u>7,570,499,515</u>	<u>10,162,055,585</u>	<u>3,364,857,186</u>
<u>Income tax expense:</u>			
Expense for current tax of the period	7,570,499,515	23,386,290,155	3,600,686,962
Expense for deferred income tax	1,443,650,996	19,784,750,524	1,268,169,984
	<u>9,014,150,511</u>	<u>43,171,040,679</u>	<u>4,868,856,946</u>
<u>Income for income tax:</u>			
Decrease in income tax of the period	0	(13,174,356,578)	(186,052,859)
Income for deferred income tax	(2,032,827,353)	(15,376,584,952)	(1,330,541,983)
	<u>(2,032,827,353)</u>	<u>(28,550,941,530)</u>	<u>(1,516,594,842)</u>
Expense for income tax, net	¢ <u>6,981,323,158</u>	<u>14,620,099,149</u>	<u>3,352,262,104</u>

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Notes to the separate financial statements

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

As of March 31, 2024, deferred tax assets and liabilities are attributed to the following:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 1,477,422,225	(3,672,166,778)	(2,194,744,553)
Revaluation of buildings	242,823,928	(8,429,616,925)	(8,186,792,998)
Revaluation of property	0	(5,763,717,661)	(5,763,717,661)
Financial leases	5,143,917,186	(5,175,905,530)	(31,988,343)
Deferred tax on exchange differences	10,881,108,456	(21,419,424,147)	(10,538,315,691)
<b>Total</b>	<b>¢ 17,745,271,794</b>	<b>(44,460,831,041)</b>	<b>(26,715,559,246)</b>

As of December 31, 2023, deferred tax assets and liabilities are attributed to the following:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 2,605,631,334	(2,880,956,515)	(275,325,181)
Revaluation of buildings	242,823,928	(8,498,910,976)	(8,256,087,048)
Revaluation of property	0	(5,763,717,661)	(5,763,717,661)
Financial leases	5,548,672,538	(5,454,520,297)	94,152,241
Deferred tax on exchange differences	10,235,085,566	(21,419,424,148)	(11,184,338,582)
<b>Total</b>	<b>¢ 18,632,213,366</b>	<b>(44,017,529,597)</b>	<b>(25,385,316,231)</b>

As of March 31, 2023, deferred tax assets and liabilities are attributed to the following:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 11,891,860,346	(978,188,555)	10,913,671,791
Revaluation of buildings	242,823,928	(8,576,437,323)	(8,333,613,395)
Revaluation of property	0	(5,763,717,660)	(5,763,717,660)
Financial leases	6,400,506,266	(6,290,364,601)	110,141,665
Deferred tax on exchange differences	982,633,165	(7,634,897,252)	(6,652,264,088)
<b>Total</b>	<b>¢ 19,517,823,705</b>	<b>(29,243,605,391)</b>	<b>(9,725,781,687)</b>

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Notes to the separate financial statements

Movement of temporary differences is as follows:

As of March 31, 2024

	December 31, 2023	Income statement	Equity	March 31, 2024
<b>Liabilities account</b>				
Valuation of investments	¢ (2,880,956,515)	0	(791,210,263)	(3,672,166,778)
Revaluation of buildings	(8,498,910,976)	69,294,051	0	(8,429,616,925)
Revaluation of property	(5,763,717,661)	0	0	(5,763,717,661)
Financial leases	(5,454,520,297)	278,614,767	0	(5,175,905,530)
For exchange differences	(21,419,424,148)	1	0	(21,419,424,147)
<b>Assets account</b>				
Valuation of investments	2,605,631,334	0	(1,128,209,109)	1,477,422,225
Income tax for revaluation of assets	242,823,928	0	0	242,823,928
Financial leases	5,548,672,538	(404,755,352)	0	5,143,917,186
Deferred income tax on exchange differences	10,235,085,566	646,022,890	0	10,881,108,456
<b>Total</b>	¢ <b><u>(25,385,316,231)</u></b>	<b><u>589,176,357</u></b>	<b><u>(1,919,419,372)</u></b>	<b><u>(26,715,559,246)</u></b>

As of December 31, 2023

	December 31, 2022	Income statement	Equity	December 31, 2023
<b>Liabilities account</b>				
Valuation of investments	¢ (382,461,507)	0	(2,498,495,008)	(2,880,956,515)
Revaluation of buildings	(8,645,731,373)	146,820,397	0	(8,498,910,976)
Revaluation of property	(5,763,717,661)	0	0	(5,763,717,661)
Financial leases	(6,568,979,369)	1,114,459,072	0	(5,454,520,297)
For exchange differences	(7,094,329,886)	(14,325,094,262)	0	(21,419,424,148)
<b>Assets account</b>				
Valuation of investments	18,152,501,095	0	(15,546,869,761)	2,605,631,334
Income tax for revaluation of assets	242,823,928	0	0	242,823,928
Financial leases	7,128,108,883	(1,579,436,345)	0	5,548,672,538
Deferred income tax on exchange differences	0	10,235,085,566	0	10,235,085,566
<b>Total</b>	¢ <b><u>(2,931,785,889)</u></b>	<b><u>(4,408,165,572)</u></b>	<b><u>(18,045,364,769)</u></b>	<b><u>(25,385,316,231)</u></b>

As of March 31, 2023

	December 31, 2022	Income statement	Equity	March 31, 2023
<b>Liabilities account</b>				
Valuation of investments	¢ (382,461,507)	0	(595,727,048)	(978,188,555)
Revaluation of buildings	(8,645,731,373)	69,294,050	0	(8,576,437,323)
Revaluation of property	(5,763,717,660)	0	0	(5,763,717,660)
Financial leases	(6,568,979,369)	278,614,768	0	(6,290,364,601)
For exchange differences	(7,094,329,886)	(540,567,367)	0	(7,634,897,252)
<b>Assets account</b>				
Valuation of investments	18,152,501,095	0	(6,260,640,749)	11,891,860,346
Income tax for revaluation of assets	242,823,928	1,468,875,294	0	242,823,928
Financial leases	7,128,108,883	(727,602,617)	0	6,400,506,266
Deferred income tax on exchange differences	0	982,633,164	0	982,633,164
<b>Total</b>	¢ <b><u>(2,931,785,888)</u></b>	<b><u>62,371,999</u></b>	<b><u>(6,856,367,797)</u></b>	<b><u>(9,725,781,687)</u></b>

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BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, the Bank has a balance for income tax receivable of ¢23,147,914,797, (¢8,568,979,468 and ¢10,146,874,945 for December and March 2023, respectively), in addition to bear value added tax for ¢659,979,745, (¢1,753,467,495 and ¢724,717,488 for December and March 2023, respectively) and value added tax deductible for ¢1,725 (¢1,725 and ¢1,725 for December and March 2023, respectively).

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Income tax receivable	¢	23,147,914,797	8,568,979,468	10,146,974,945
Supported value added tax		659,979,745	1,753,467,495	724,717,488
Deductible value added tax	¢	1,725	1,725	1,725
		<b><u>23,807,896,267</u></b>	<b><u>10,322,448,688</u></b>	<b><u>10,871,594,158</u></b>

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

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

As of March 31, 2024, the amount recorded by the Bank as provision is of ¢18,640,703,527 (¢18,640,703,527 and ¢13,765,703,527 for December and March 2023, respectively).

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

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

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 March 31, 2024, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of de ¢21,419,424,147, (¢21,419,424,148 and ¢7,634,897,252 for December and March 2023, respectively) and ¢10,881,108,456 are recorded as an asset (¢10,235,085,565 and ¢982,633,164 for December and March 2023, respectively, there is no amount recorded).

(16) Provisions

Movement in provisions is as follows:

	<u>Severance benefits</u>	<u>Litigations</u>	<u>Others</u>	<u>Total</u>
<b>Balance on December 31, 2023</b>	<b>9,577,319,983</b>	<b>20,832,826,114</b>	<b>19,658,402,023</b>	<b>50,068,548,120</b>
Increase in provision	0	636,749,228	577,140,693	1,213,889,921
Use of provision	(6,906,743)	(552,354,311)	(83,095,711)	(642,356,765)
Adjustment for foreign exchange	0	(105,797)	0	(105,797)
<b>Balance on March 31, 2024</b>	<b>¢ 9,570,413,240</b>	<b>20,917,115,234</b>	<b>20,152,447,005</b>	<b>50,639,975,479</b>

As of December 31, 2023, Movement in provisions is as follows:

	<u>Severance benefits</u>	<u>Litigations</u>	<u>Others</u>	<u>Total</u>
<b>Balance on December 31, 2022</b>	<b>¢ 10,057,853,284</b>	<b>15,387,176,608</b>	<b>14,186,632,788</b>	<b>39,631,662,680</b>
Increase in provision	0	6,799,882,720	6,747,260,559	13,547,143,279
Use of provision	(73,566,955)	(1,332,653,074)	(1,275,491,323)	(2,681,711,352)
Adjustment for foreign exchange	0	(3,197,138)	0	(3,197,138)
Reversal of provision	(406,966,345)	(18,383,003)	0	(425,349,348)
<b>Balance on December 31, 2023</b>	<b>¢ 9,577,319,984</b>	<b>20,832,826,113</b>	<b>19,658,402,024</b>	<b>50,068,548,121</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, Movement in provisions is as follows:

	Severance benefits	Litigations	Others	Total
<b>Balance on December 31, 2022</b>	<b>10,057,853,284</b>	<b>15,387,176,608</b>	<b>14,186,632,788</b>	<b>39,631,662,680</b>
Increase in provision	0	1,194,156,912	453,489,588	1,647,646,500
Use of provision	(5,546,081)	(530,034,419)	(263,400,410)	(798,980,910)
Adjustment for foreign exchange	0	(2,620,874)	0	(2,620,874)
<b>Balance on March 31, 2023</b>	<b>€ 10,052,307,203</b>	<b>16,048,678,227</b>	<b>14,376,721,966</b>	<b>40,477,707,396</b>

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

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provisions in colones	Provision in US dollars	Contingency colones	Contingency US dollars
Contentious	231	22	207	2	€34,708,729,402.56	\$370,404,084.89	€2,465,724,301.12	\$2,948.58	€32,243,005,101.44	\$370,401,136.31
Criminal	19	2	17	0	€636,829,601.60	\$5,856.98	€190,614,797.56	\$0.00	€446,214,804.04	\$5,856.98
Labor	352	63	289	0	€6,200,791,032.80	\$825,001.00	€2,366,390,196.70	\$0.00	€3,834,400,836.10	\$825,001.00
Procedures	22	0	22	0	€15,096,422.44	\$2,000.00	€0.00	\$0.00	€15,096,422.44	\$2,000.00
<b>Total</b>	<b>624</b>	<b>87</b>	<b>535</b>	<b>2</b>	<b>€41,561,446,459.40</b>	<b>\$371,236,942.87</b>	<b>€5,022,729,295.38</b>	<b>\$2,948.58</b>	<b>€36,538,717,164.02</b>	<b>\$371,233,994.29</b>

As of March 31, 2024, there are 5 high category litigations without estimate (32 and 32 litigations, for December and March 2023, respectively).

As of December 31, 2023

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provisions in colones	Provision in US dollars	Contingency colones	Contingency US dollars
Contentious	251	28	221	2	€35,192,664,484	\$370,448,045	€2,569,200,262	\$5,669	€32,623,464,222	\$370,442,377
Criminal	18	2	16	0	€636,459,162	\$5,857	€186,625,634	\$0	€449,833,528	\$5,857
Labor	354	66	288	0	€6,575,485,879	\$825,000	€2,689,522,921	\$0	€3,885,962,958	\$825,000
Procedures	22	0	22	0	€15,096,422	\$2,000	€0	\$0	€15,096,422	\$2,000
<b>Total</b>	<b>645</b>	<b>96</b>	<b>547</b>	<b>2</b>	<b>€42,419,705,947</b>	<b>\$371,280,902</b>	<b>€5,445,348,817</b>	<b>\$5,669</b>	<b>€36,974,357,130</b>	<b>\$371,275,234</b>

As of March 31, 2023

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provisions in colones	Provision in US dollars	Contingency colones	Contingency US dollars
Contentious	214	27	184	3	€22,177,457,902.09	\$372,822,817.39	€793,493,603.35	\$47,278.35	€21,383,964,298.74	\$372,775,539.04
Criminal	16	2	14	0	€476,459,161.60	\$5,856.98	€169,544,162.63	\$0.00	€306,914,998.97	\$5,856.98
Labor	360	79	281	0	€5,700,857,724.98	\$825,000.00	€2,526,050,064.42	\$0.00	€3,174,807,660.57	\$825,000.00
Procedures	22	0	22	0	€15,096,422.44	\$2,000.00	€0.00	\$0.00	€15,096,422.44	\$2,000.00
<b>Total</b>					<b>€28,369,871,211.11</b>	<b>\$373,655,674.37</b>	<b>€3,489,087,830.39</b>	<b>\$47,278.35</b>	<b>€24,880,783,380.72</b>	<b>\$373,608,396.02</b>

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BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank have been estimated at ₡34,708,729,403 and US\$370,404,085 for which the Bank has provisioned ₡2,465,724,301 and US\$2,949, respectively.
- The criminal lawsuits against the Bank have been estimated at ₡636,829,602 and \$5,857, for which the Bank has recorded a provision in the amount of ₡190,614,798.
- By their nature, labor suits are difficult to estimate. However, they have been estimated at ₡6,200,791,033 and \$825,001 for which the Bank has recorded a provision in the amount of ₡2,366,390,197, in cases where there is a non-firm conviction.
- There are administrative proceedings at different stages in the amount ₡15,096,422 and US\$2,000.
- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ₡282,912,999.

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

- Ordinary suits filed against the Bank have been estimated at ₡33,113,828,061 and US\$370,297,533 for which the Bank has provisioned ₡1,834,841,446 and US\$5,669, respectively.
- The criminal lawsuits against the Bank have been estimated at ₡476,459,162 and \$5,857, for which the Bank has recorded a provision in the amount of ₡182,625,634.
- By their nature, labor suits are difficult to estimate. However, they have been estimated at ₡6,359,515,866 and \$825,001 for which the Bank has recorded a provision in the amount of ₡2,669,522,921, in cases where there is a non-firm conviction.
- There are administrative proceedings at different stages in the amount ₡15,096,422 and US\$2,000.
- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ₡471,102,734.

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Notes to the separate financial statements

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

- Ordinary suits filed against the Bank were estimated at ₡24,280,811,453 and US\$372,973,329 for which the Bank has provisioned ₡1,528,300,357 and US\$47,278, respectively.
- The criminal lawsuits against the Bank have been estimated at ₡1,879,803,039 and \$5,857 for which the Bank has recorded a provision in the amount of ₡169,544,163.
- Labor suits by their nature are difficult to estimate. However, they have been estimated at ₡5,920,827,737 and \$825,001 for which the Bank has provisioned ₡2,549,994,246, corresponding to cases where a provisional judgment has been handed down.
- There are administrative proceedings at different stages in the amount ₡15,096,422 and US\$2,000.
- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ₡221,227,571.

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
Fees payable	₡ 106,880,279	65,399,842	85,529,118
Current income tax (see note 15)	7,570,499,515	10,162,055,585	3,364,857,186
UD Income Tax	24,177,904	24,218,622	(11,458,739)
Value added tax payable	94,685,039	198,113,498	117,157,312
Employer contributions	2,671,838,790	1,335,592,744	6,653,913,841
Withholdings by legal order	1,063,801,141	835,607,709	827,770,798
Retained taxes payable	2,629,539,378	3,619,656,255	16,588,998,002
Employer withholdings	1,044,731,579	485,109,396	2,767,723,869
Other third-party withholdings	13,489,200,504	13,677,110,349	14,789,849,585
Compensations and salaries payable	2,674,257,274	8,495,648,557	2,777,756,594
Distributions payable on results of the period (see note 30)	6,412,196,721	10,976,478,788	841,320,893
Accrued vacation payable	6,381,935,790	6,648,624,589	6,521,130,249
Accrued statutory Christmas bonus payable	2,062,863,685	725,408,200	2,033,118,083
Commissions payable for insurance placement	425,900,835	167,096,264	358,630,568
Sundry creditors	21,021,409,497	22,816,089,044	25,141,149,753
	<b>₡ 67,673,917,931</b>	<b>80,232,209,442</b>	<b>82,857,447,112</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

(18) Equity

a) Capital Social

The Bank's capital is comprised as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Capital under Law 1644	¢ 30,000,000	30,000,000	30,000,000
Bank capitalization bonds	1,288,059,486	1,288,059,486	1,288,059,486
Capital increase under Law 7107	118,737,742,219	118,737,742,219	118,737,742,219
Capital increase under Law 8703	27,619,000,002	27,619,000,002	27,619,000,002
Capital increase under Law 9605	18,907,432,694	18,907,432,694	18,907,432,694
Increase from revaluation of assets	14,130,125,230	14,130,125,230	14,130,125,230
Other	697,630,970	697,630,970	697,630,970
	¢ <b><u>181,409,990,601</u></b>	<b><u>181,409,990,601</u></b>	<b><u>181,409,990,601</u></b>

On December 23, 2008, the Executive Branch of the Costa Rican Government authorized a capital contribution funded under Law No. 8703 "Amendment to the Law on the Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)". Such law grants funds to capitalize three State-owned banks, including the Bank, in order to stimulate productive sectors, particularly small and medium-sized enterprises. For such purposes, the Bank handed over four securities for a total of US\$50,000,000 equivalent to ¢27,619,000,002 (¢27,619,000,002 and ¢27,619,000,002 for December and March 2023, respectively), for its capitalization, to stimulate the productive sectors, especially small and medium enterprises.

b) Surplus from revaluation

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

As of March 31, 2024, revaluation surplus amounts to ¢41,085,212,831 (¢41,085,212,831 and ¢41,085,212,831 for December and March 2023, respectively).

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Notes to the separate financial statements

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

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

As of March 31, 2024, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net gain in the amount of ¢5,643,696,588, (¢1,241,926,624 and ¢24,248,025,371, for December and March 2023, respectively).

d) Adjustment for valuations of investments in other companies

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

As of March 31, 2024, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢3,253,906,478, (¢1,066,500,896, and ¢772,987,140, for December and March 2023, respectively).

e) Equity Development Financing Fund (FOFIDE)

As of March 31, 2024, the amount for the constitution of the equity of the Development Financing Fund are of ¢48,866,249,077 (¢45,766,617,523 and ¢45,766,617,523 for December and March 2023, respectively). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

f) Equity reserves

As of March 31, 2024, the equity reserves reflected in the statement of changes in equity amount to ¢364,708,053,622, (¢351,152,901,365 and ¢351,152,901,365 for December and March 2023 respectively).

Regulatory Capital

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<u>Primary Capital</u>			
Ordinary paid in capital	¢ 181,409,990,601	181,409,990,601	181,409,990,601
Legal reserve	364,708,053,622	351,152,901,365	351,152,901,365
Accumulated result of previous periods	47,328,475,171	41,896,492,820	41,896,492,820
Profit of the current period	<u>12,075,470,216</u>	<u>22,086,766,162</u>	<u>3,915,425,478</u>
	<u>605,521,989,610</u>	<u>579,749,280,533</u>	<u>578,374,810,264</u>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

<u>Secondary Capital</u>			
Adjustment for valuation of property	30,813,909,622	30,813,909,622	30,813,909,624
Adjustment for valuation of available-for-sale Investments	0	0	(19,974,156,681)
Adjustment for valuation of restricted Financial Instruments	0	(33,234,065)	(4,273,869,050)
Adjustment for valuation of shares in other Companies	(3,253,906,478)	(1,066,500,896)	(772,987,140)
Subordinated loan instruments	49,958,633,180	49,957,954,304	49,956,035,633
Development Financing Fund	48,866,249,077	45,766,617,523	45,766,617,523
	<u>126,384,885,401</u>	<u>87,560,503,415</u>	<u>101,515,549,909</u>
<u>Deductions</u>			
Interest in other companies	(116,132,643,855)	(115,553,654,368)	(113,841,186,326)
<b>Total regulatory capital</b>	<b>¢ <u>615,774,231,156</u></b>	<b><u>549,251,403,093</u></b>	<b><u>566,049,173,847</u></b>

(19) Commitments and contingencies

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

Off-balance financial instruments with risk are as follows:

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
Guarantees granted:			
Performance bonds	¢ 56,269,331,304	63,975,547,908	71,076,363,656
Bid bonds	60,520,378	88,636,438	740,900,504
Letters of credit issued, not negotiated	18,008,104,294	25,837,857,965	17,323,670,046
Automatic draw lines of credit	145,953,020,445	142,278,939,278	120,747,134,438
Other contingencies	224,605,858,671	232,883,506,405	231,902,375,720
Credits pending disbursement	49,420,478	49,437,310	123,619,805
	¢ <u><b>444,946,255,570</b></u>	<u><b>465,113,925,304</b></u>	<u><b>441,914,064,169</b></u>

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

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
With prior deposit	¢ 11,967,841,491	15,051,804,160	7,705,435,625
Without prior deposit	208,372,555,408	217,178,614,739	202,306,252,824
Pending litigation and Claims	224,605,858,671	232,883,506,405	231,902,375,720
<b>Total deposits</b>	¢ <u><b>444,946,255,570</b></u>	<u><b>465,113,925,304</b></u>	<u><b>441,914,064,169</b></u>

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

As of March 31, 2024, floating guarantees in custody are for ₡234,576,449,745, (₡238,796,296,606 and ₡228,345,841,944 for December and March 2023, respectively).

Other contingencies:

As of March 31, 2024, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ₡32,243,005,101 and US\$370,401,136. 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 ₡446,214,804 and US\$5,857.
- Ordinary labor suits estimated at ₡3,834,400,836 and US\$825,001.
- Administrative proceedings against the Bank have been estimated in the amount of ₡15,096,422 and US\$2,000.

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

- Administrative suits against the Bank estimated at ₡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 ₡289,833,528 and US\$5,857.
- Ordinary labor suits estimated at ₡3,689,992,945 and US\$825,000.
- Administrative proceedings against the Bank have been estimated in the amount of ₡15,096,422 and US\$2,000.

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

- Administrative suits against the Bank estimated at ₡22,752,511,096 and US\$372,926,051. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ₡3,370,833,492 and US\$825,000.

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BANCO DE COSTA RICA

Notes to the separate financial statements

- Criminal proceedings in which the Bank is a third-party defendant estimated at ₡1,710,258,876 and US\$5,857.
- Administrative proceedings against the Bank have been estimated in the amount of ₡15,096,422 and US\$2,000.

(20) Trusts

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

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

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

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Cash and due from banks	₡ 46,507,562,056	44,520,717,107	81,583,123,546
Investment	161,215,847,921	170,539,523,358	158,823,639,248
Loan portfolio	9,404,428,705	9,678,942,791	10,114,852,487
Allowance for loan losses	(6,903,894,611)	(7,213,903,691)	(7,664,901,008)
Assets held-for-sale	124,543,693,553	155,036,648,198	76,267,563,745
Investment in other companies	795,609,900	795,609,900	852,972,583
Other receivables	32,435,462,332	32,439,325,803	56,784,434,647
Property and equipment	100,674,329,702	101,878,211,099	134,180,059,356
Other assets	337,243,143,109	338,534,043,361	329,090,272,563
	<b>₡ 805,916,182,667</b>	<b>846,209,117,926</b>	<b>840,032,017,167</b>

(Continues)

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Notes to the separate financial statements

(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Guarantees received and held in custody	¢ 5,279,857,438,766	5,104,022,095,963	4,757,167,704,016
Guarantees received and held by third parties	4,008,430,864	4,168,318,384	1,698,106,264
Other memoranda accounts unused authorized lines of credit	388,437,558,836	389,898,541,851	173,039,684,420
Write-offs	213,642,431,798	213,245,607,472	211,284,831,290
Suspense interest receivable	21,351,255,664	21,418,891,153	21,554,351,017
Other memoranda accounts	6,632,278,668,198	5,996,662,020,357	5,419,700,024,569
Assets and securities held in custody for third parties	130,335,557,082	53,588,287,084	86,315,896,957
Marketable securities received as collateral (Guarantee trust)	0	1,843,213,774	0
Own trading securities	809,062,162,567	794,692,939,888	961,955,112,666
Cash and accounts receivable custodial activities	25,656,688,966	106,272,676,594	67,522,010,990
Third party trading securities pledged as guarantee (Guarantee Trust)	23,440,953,321	15,946,110,376	59,912,168,755
Negotiable securities pending receipt	535,683,717		
Confirmed cash contracts pending settlement	683,511,960	0	0
Future contracts pending settlement	19,090,415,157	0	0
Third parties trading securities	7,319,968,676,337	7,097,621,401,440	6,419,925,610,290
	<b>¢ 20,868,349,433,233</b>	<b>19,799,380,104,336</b>	<b>18,180,075,501,234</b>

(22) Financial income on financial instruments

Finance income on financial instruments is as follows:

	<b>March 2024</b>	<b>March 2023</b>
Interest for investments in financial instruments at fair value through other comprehensive income	¢ 17,794,207,863	21,110,602,871
Interest from investments at amortized cost	3,005,095,185	961,309,075
Interest for investments in expired and restricted financial instruments	936,009	0
	<b>¢ 20,800,239,057</b>	<b>22,071,911,946</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(23) Financial income on credit portfolio

Financial income on credit portfolio is as follows:

	<b>March 2024</b>	<b>March 2023</b>
<b>Current loans</b>		
Loans – Personal	€ 33,018,917,500	36,064,368,966
Loans - Development Financing Fund	1,076,192,530	1,084,410,174
Loans - Business	2,039,105,220	2,155,617,486
Loans – Corporate	26,442,101,994	29,400,275,915
Loans – Public Sector	1,129,523,251	1,335,364,656
Loans – Financial Sector	407,370,991	1,124,832,481
	<u>64,113,211,486</u>	<u>71,164,869,678</u>
<b>Past due loans and loans in legal collection</b>		
Past due loans – Personal	141,207,957	167,180,660
Past due loans – Development Banking System	2,984,741	8,308,059
Past due loans – Business	167,260,181	220,491,319
Past due loans – Corporate	126,222,237	179,478,148
Past due loans – Financial Sector	564,186,198	590,166,384
Loans in legal collection	<u>1,001,861,314</u>	<u>1,165,624,570</u>
Amortization of the net commission of the direct incremental cost associated to loans	1,051,846,916	1,235,131,380
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts	355,783,524	349,681,371
	<u>€ 66,522,703,240</u>	<u>73,915,306,999</u>

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

	<b>March 2024</b>	<b>March 2023</b>
Demand deposits	€ 17,320,103,268	24,153,503,805
Term deposits	21,327,885,713	32,091,066,541
	<u>€ 38,647,988,981</u>	<u>56,244,570,346</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

	<b>March 2024</b>	<b>March 2023</b>
Allowance for loan losses (see note 6-e)	¢ 0	60,695,611
Allowance for other doubtful Receivables	2,110,405,799	1,250,422,033
Expenses generic estimation and against cyclic for loan (see note 6-e)	620,074,271	915,396,732
Expenses for allowance for impairment of securities at fair value through other comprehensive income	2,783,327	121,136,291
	<b>¢ <u>2,733,263,397</u></b>	<b><u>2,347,650,667</u></b>

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

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

	<b>March 2024</b>	<b>March 2023</b>
Recovery of written-off loans	¢ 1,068,671,435	4,031,564,819
Decrease in allowance for loan losses (see note 6-e)	0	342,756,183
Decrease in allowance for other doubtful receivables	1,960,598,861	1,011,599,111
Decrease in generic estimation and Against cyclic for loan (see note 6-e)	0	39,736
Decrease in allowance for uncollectible investments securities	79,658,564	1,187,717,463
	<b>¢ <u>3,108,928,860</u></b>	<b><u>6,573,677,312</u></b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

	<b>March 2024</b>	<b>March 2023</b>
Drafts and transfers	¢ 612,398,558	654,862,325
Foreign trade	238,305,392	183,804,046
Certified checks	450,258	485,510
Trust management	765,172,743	1,020,124,825
Custodial services	96,540,395	77,376,552
By mandate	303,399	765,501
Collections	158,242,768	174,560,424
Credit cards	10,998,635,707	11,128,656,082
Authorized custodial services for securities	231,701,015	322,168,711
Commissions for transactions with related parties	3,771,269	0
Other commissions	9,542,185,168	9,642,302,186
	<b>¢ 22,647,706,672</b>	<b>23,205,106,162</b>

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

	<b>March 2024</b>	<b>March 2023</b>
<u>Local entities:</u>		
Capital interest in BCR Valores, S.A.- Puesto de Bolsa	341,576,111	199,382,292
Capital interest in BCR Sociedad Administradora de Fondos de Inversión, S.A.	47,087,973	170,302,441
Capital interest in BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	241,968,529	180,062,264
Capital interest in BCR Corredora de Seguros, S.A.	658,316,370	540,611,315
Capital interest in Banprocesa -TI, S.A.	28,265,321	103,973,300
Capital interest in Depósito Agrícola de Cartago S.A.	4,273,922	21,761,689
<u>Entities abroad:</u>		
Banco Internacional de Costa Rica, S.A and subsidiaries	909,670,625	811,033,339
	<b>¢ 2,231,158,851</b>	<b>2,027,126,640</b>

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As of March 31, 2024, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company of the Conglomerate, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢41,543,949, corresponding to the profit generated from the service provided to support the Bank's software, in the statement of financial position and in the income statement, (¢333,890,203 and ¢201,841,788 for December and March 2023, respectively).

As of March 31, 2024, there are amounts in the account for participation expenses for ¢654,292 from operations of BCR Valores, ¢30,816,497 from Banprocesa and ¢11,926,589 for Depósito Agrícola de Cartago and ¢171,366,400 from BCR Leasing (for December there are amounts in the account for participation expenses for ¢182,947,410 from operations of BCR Valores, ¢128,582,284 from BCR SAFI and ¢230,998,125 from Banprocesa and ¢282,014,799 from BCR Leasing and for March 2023 there are amounts in the account for participation expenses for ¢ 181,898,020 from operations of BCR Valores, ¢50,244,094 from BCR SAFI and ¢95,117,230 from Banprocesa. For the Depósito Agrícola there are no amounts recorded for December and March 2023).

(29) Administrative expenses

Administrative expenses are as follows:

	<b>March 2024</b>	<b>March 2023</b>
Salaries and bonuses, permanent staff	¢ 14,386,489,549	14,343,675,379
Salaries and bonuses, contractors	105,109,329	121,009,202
Compensation for directors and statutory examiners	18,446,120	21,590,345
Overtime	230,007,028	243,113,611
Per diem	71,213,253	90,834,519
Statutory Christmas bonus	1,251,843,244	1,263,167,516
Vacation	1,487,858,864	1,449,655,420
Other compensation	187,363,416	285,100,671
Severance payments	759,083,980	710,236,444
Employer social security taxes	5,633,887,278	5,568,015,304
Refreshments	10,536,334	10,540,757
Uniforms	21,892,728	942,024
Training	32,926,951	44,751,445
Employee insurance	35,674,234	0
Assets for personal use	335,156	156,924
“Back-to-school” bonus	1,449,014,044	1,433,941,157
Compulsory retirement savings account	229,459,134	488,922,052
Other personnel expenses	99,363,628	95,402,569
Outsourcing	5,819,879,032	3,593,754,512
Transportation and communications	462,382,676	531,475,026
Property insurance	234,504	612,664
Property maintenance and repairs	1,092,556,228	1,593,606,014
Public utilities	509,522,336	466,072,635
Leasing of property	928,715,893	928,715,893
Leasing of furniture and equipment	131,888,750	239,325,984
Depreciation of property and equipment, except vehicles	2,585,182,872	2,531,982,961
Amortization of leasehold property	59,636,094	100,645,706
Other infrastructure, expenses	788,680,969	479,136,449
Overhead	6,009,105,850	7,308,358,178
	<b>¢ 44,398,289,474</b>	<b>43,944,741,361</b>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

	<b>March 2024</b>	<b>March 2023</b>
Allocation for CONAPE	¢ 1,167,629,751	377,082,026
Allocation for Instituto Nacional de Fomento Cooperativo	1,041,099,865	239,242,909
Allocation for the National Emergencies Commission	700,577,851	226,249,215
Allocation for Régimen de Invalidez, Vejez y Muerte	<u>3,502,889,254</u>	<u>1,131,246,078</u>
	<b>¢ <u>6,412,196,721</u></b>	<b><u>1,973,820,228</u></b>

As of March 31, 2024 are no adjustments, ( for Decembre 2023 there is an increase in legal allocations of profit for Old Age and Death Regime, ¢62,281,667 for the National Emergency Commission and a decrease of ¢730,897,010 for INFOCOOP for a total of ¢668,615,344, and for March 2023 there is a decrease in legal allocations of profit for Old Age and Death Regime, for ¢184,446,146 in allocation for the National Education Loan Commission, ¢553,338,437 in allocation for the Disability, Old Age and Death Regime, ¢ 110,667,687 for the National Emergency Commission and ¢284,047,065 for INFOCOOP for a total of ¢1,132,499,335.

(31) Components of other comprehensive income

The components of other comprehensive income are as follows:

	<b>March 2024</b>		
	<b>Amount before income tax</b>	<b>Profit (expense)</b>	<b>Net taxes</b>
Adjustment for investments at fair value through other comprehensive income	¢ 6,321,189,336	(1,919,419,372)	4,401,769,964
Exchange differences for conversion of financial statements, foreign entities	(2,617,205,754)	0	(2,617,205,754)
Changes in equity from foreign subsidiaries	(76,269,526)	0	(76,269,526)
Change in equity of subsidiaries from unrealized profit	<u>506,069,698</u>	<u>0</u>	<u>506,069,698</u>
	<b>¢ <u>4,133,783,754</u></b>	<b><u>(1,919,419,372)</u></b>	<b><u>2,214,364,382</u></b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

	<b>December 2023</b>		
	<b>Amount before income tax</b>	<b>Profit (expense)</b>	<b>Net taxes</b>
Adjustment for investments at fair value through other comprehensive income	¢ 58,466,927,475	(18,045,364,769)	40,421,562,706
Exchange differences for conversion of financial statements, foreign entities	(9,444,106,286)	0	(9,444,106,286)
Changes in equity from foreign subsidiaries	(137,745,109)	0	(137,745,109)
Change in equity of subsidiaries from unrealized profit	3,021,275,817	0	3,021,275,817
	<b>¢ 51,906,351,897</b>	<b>(18,045,364,769)</b>	<b>33,860,987,128</b>

	<b>March 2023</b>		
	<b>Amount before income tax</b>	<b>Profit (expense)</b>	<b>Net taxes</b>
Adjustment for investments at fair value through other comprehensive income	¢ 21,787,978,148	(6,856,367,797)	14,931,610,351
Exchange differences for conversion of financial statements, foreign entities	(7,086,445,459)	0	(7,086,445,459)
Changes in equity from foreign subsidiaries	2,917,485	0	2,917,485
Change in equity of subsidiaries from unrealized profit	816,466,152	0	816,466,152
	<b>¢ 15,520,916,326</b>	<b>(6,856,367,797)</b>	<b>8,664,548,529</b>

(32) Operating leases

The Bank as tenant

As to date there are no operating leases.

(33) Fair value

Fair values of financial instruments are as follows:

	<b>March 2024</b>		<b>December 2023</b>		<b>March 2023</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Cash and due from banks	¢ 844,460,580,063	844,460,580,063	825,116,996,393	825,116,996,393	963,931,522,636	963,931,522,636
Investment	1,488,472,222,211	1,468,798,909,278	1,438,028,141,675	1,417,961,031,325	1,431,286,319,777	1,417,349,039,204
Loan portfolio	3,245,693,520,634	3,388,613,044,113	3,243,235,811,248	3,434,520,458,713	3,241,313,805,079	3,541,474,387,994
	<b>5,578,626,322,908</b>	<b>5,701,872,533,454</b>	<b>5,506,380,949,316</b>	<b>5,677,598,486,431</b>	<b>5,636,531,647,492</b>	<b>5,922,754,949,834</b>
Demand deposits	3,155,269,202,282	3,155,269,202,282	3,136,558,033,428	3,136,558,033,428	2,895,585,185,579	2,895,585,185,579
Term deposits	1,356,647,531,192	1,341,657,756,786	1,321,626,600,481	1,305,524,221,793	1,718,458,360,454	1,695,821,970,086
Financial obligations	469,784,292,963	394,941,213,424	457,579,653,559	384,497,841,250	455,345,055,767	385,829,976,469
	<b>¢ 4,981,701,026,437</b>	<b>4,891,868,172,492</b>	<b>4,915,764,287,468</b>	<b>4,826,580,096,471</b>	<b>5,069,388,601,800</b>	<b>4,977,237,132,134</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

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

- (b) Investments in financial instruments

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

- (c) Securities sold under repurchase agreements

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

- (d) Loan portfolio

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

- (e) Deposits and loans payable

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(34) Risk Management

Comprehensive Risk Management

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

Corporate governance of the risk management area

Boards of Directors, committees, and senior managers of member institutions of the Financial Conglomerate strengthen and ensure the above mentioned SIGIR, aware of its contribution to the improvement of institutional processes, and hence to the achievement of objectives and goals.

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

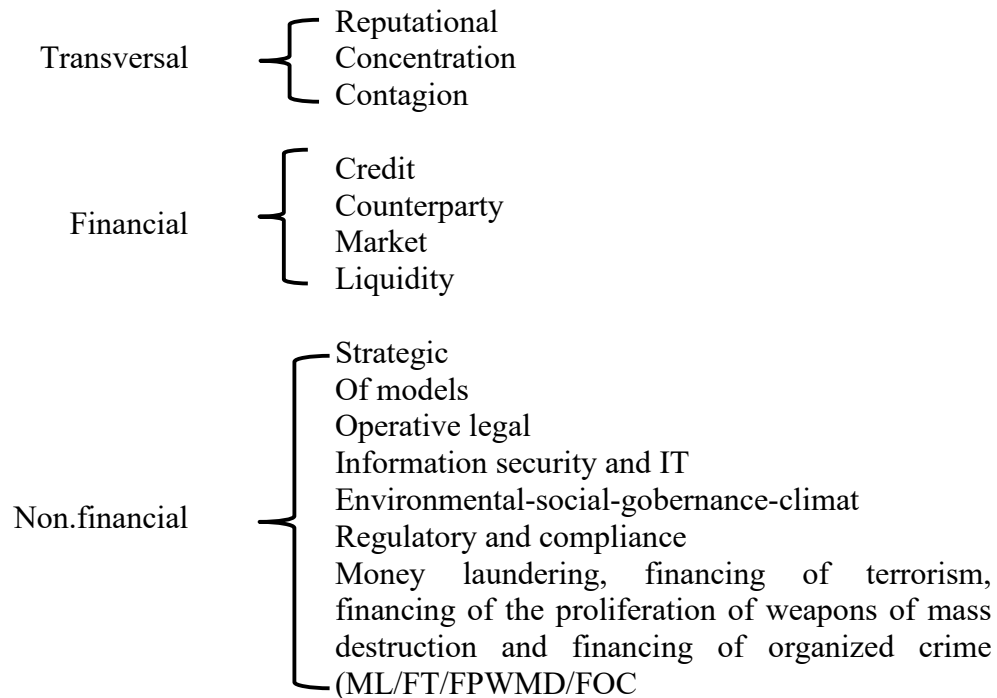
General Risk Principles and Policies

- A robust regulatory framework to provide legal, technical, and administrative certainty for the functioning, evaluation, and improvement of the SIGIR.
- Strategies that seek to strengthen the system's maturity level
- The risk management culture is promoted at all levels of the organization, thereby raising awareness of the importance of effective risk-based management.
- Methodologies and measurement models are available for the valuation of the different types of risk, which are periodically subjected to retrospective and stress tests, to adjust the variables and factors that influence the exposure to risks.
- Updated tools and systems are available to meet the needs of managing each type of risk.
- Risk and contingency management plans are in place to deal with situations that prevent the fulfillment of the stated objectives, as well as for materialized events whose consequences may generate negative impacts on the entities.

Classification of significant risks

The relevant risks for the Bank are classified as follows:

Classification of risk



(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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.

Indicator by type of risk	Strategic objective				
	Strengthen BCR's profitability	Be a market leader with a robust business model and growing diversified portfolios	Prioritize the external customer experience, promoting digital and internal transformation, and employee satisfaction	Promote efficient management of the business and conglomerate, based on an agile culture	Promote the development and the sustainability of the country
Capital	Equity adequacy				
Credit	Expected loss for credit risk				
	Debtors with exposure to high-risk currency risk				
Marketing	Value at Risk by SUGEF 3-06				
	Sensitivity of the financial margin to movements in the interest rate				
Liquidity	Liquidity coverage ratio by currency	Banking cycle by currency			
Operative	Expected loss due to operational risk		Number of negative mentions / total mentions		
	VaR for litigations.				
TI			Vulnerability analysis of the technological platform.  Management of changes in applications		

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

#### Process of comprehensive risk management

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

#### Types of risk assessments

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

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

#### Risk control framework

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

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

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.

## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### 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 since June 2023 has remained in normality 1 (equal or greater than 14.00%) in accordance with the General Superintendency 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 SIGIR using self-assessment tools for continuous improvement. Annually, a Model of Corporate Maturity is applied to evaluate the progress in management by type of risk. The results of this assessment are used to define strategies and work plans.

#### Information generated by the Comprehensive Risk Management System

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

#### (a) Credit risk management

##### Definition

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

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

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

In addition, statistical support is complemented with expert criteria for the analysis of debtors' payment capacity, where macroeconomic and microeconomic factors are considered, as well as the Bank's own variables.

For the analysis of estimates, starting in January 2024, the Standard Methodology came into force, referred to in the Regulation on Calculation of Credit Estimates (CNF 14-21), which aims to establish the methodology to quantify credit risk of credit operations or debtors, and constitute the corresponding estimates to safeguard the stability and solvency of the supervised entities, as well as financial groups and conglomerates.

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

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

#### Exposure and risk management

At the end of March 2024, the percentage of arrears greater than 90 days remained at 2,70% (2,74% and 2,70 for December and March 2023, respectively). This last indicator is out of the risk appetite according to the Risk Appetite Declaration, with personal banking showing the highest delinquencies.

The US dollar portfolio accounts for 23.07% of the total portfolio by the end of March (22.98% and 23.04% for December and March 2023, respectively). 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 in particular to the portfolio of clients with exposure to exchange risk.

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

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

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

(Continues)

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Notes to the separate financial statements

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 starts. The foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of March 2024, the expected loss of the investment portfolio was of 0.03%, (0.04% and 0.08% for December and March 2023, respectively).

Expected losses are shown in the following table:

Banco de Costa Rica, expected losses of the investment portfolio by currency December 2023 vs March 2024				
Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment	
Value correction for losses as of March 31, 2024				
Colones	363,958,677	0	0	0
US dollars	184,622	0	0	0
UDES	928	0	0	0
Value correction for losses As of December 31, 2023				
Colones	424,717,621	0	0	0
US dollars	185,230	0	0	0
UDES	1,300	0	0	0
Rollover to 12-month expected credit losses				
Colones	(60,758,943)	0	0	0
US dollars	(608)	0	0	0
UDES	(372)	0	0	0

(Continues)

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Notes to the separate financial statements

Banco de Costa Rica, expected losses of the investment portfolio  
by currency  
December 2022 vs December 2023

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of December 31, 2023			
Colones	424,717,621	0	0
US dollars	185,230	0	0
UDES	1,300	0	0
Value correction 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
Rollover to 12-month 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)

Banco de Costa Rica, expected losses of the investment portfolio  
by currency  
December 2022 vs March 2023

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of March 31, 2023			
Colones	424,717,621	0	0
US dollars	185,230	0	0
UDES	1,300	0	0
Value correction 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
Rollover to 12-month 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 March 2024, the expected loss of the investment portfolio was 0.03%, with a variation of -0.01% compared to December 2023, under a decrease of approximately 13% in the face value due to instrument maturity in the last quarter of 2023.

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Notes to the separate financial statements

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

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

	Note	Direct loan portfolio		Direct loan portfolio		Direct loan portfolio		Contingent loan portfolio		Contingent loan portfolio	
		March		December		March		March		December	
		2024		2023		2023		2024		2023	
Principal	6a	€	3,247,021,166,563	3,245,765,363,343	3,240,532,751,774	208,372,555,408	217,178,614,739	202,306,252,824			
Interest			19,315,352,510	17,936,955,267	21,020,608,643	0	0	0			
			3,266,336,519,073	3,263,702,318,610	3,261,553,360,417	208,372,555,408	217,178,614,739	202,306,252,824			
Allowance for bad debts			(116,853,484,743)	(124,601,629,687)	(140,413,120,463)	(6,828,122,512)	(298,047,496)	(307,301,839)			
Carrying amount		€	<u>3,149,483,034,330</u>	<u>3,139,100,688,923</u>	<u>3,121,140,239,954</u>	<u>201,544,432,896</u>	<u>216,880,567,243</u>	<u>201,998,950,985</u>			
Loan portfolio											
Total balances:											
A1		€	0	2,563,133,496,963	2,639,901,687,408	0	211,322,024,388	194,699,430,574			
A2			0	3,117,196,781	36,692,333,113	0	319,588,092	1,238,336,668			
B1			0	260,868,161,925	222,399,463,886	0	2,910,408,383	3,866,311,197			
B2			0	1,285,748,107	19,218,239,190	0	42,883,009	217,370,935			
C1			0	140,255,975,763	34,850,793,825	0	1,059,762,559	376,319,545			
C2			0	2,552,664,227	5,683,190,684	0	23,769,022	72,412,526			
D			0	107,278,513,781	71,824,875,039	0	293,991,268	444,645,523			
E			0	98,878,396,515	148,894,926,194	0	1,200,289,606	1,378,007,059			
1			2,616,859,958,442	80,019,058,345	78,402,662,286	156,815,026,842	5,898,412	13,418,797			
2			302,969,148,684	512,502,422	549,283,796	2,487,809,215	0	0			
3			27,634,000,205	4,166,260,134	1,288,556,500	2,750,000	0	0			
4			147,655,665,520	585,107,861	1,078,595,845	44,626,418,620	0	0			
5			80,684,711,122	228,027,154	125,080,327	4,419,767,463	0	0			
6			2,386,058,248	821,208,632	643,672,324	0	0	0			
7			2,404,163,984	0	0	7,713,043	0	0			
8			85,742,812,868	0	0	13,070,225	0	0			
			3,266,336,519,073	3,263,702,318,610	3,261,553,360,417	208,372,555,408	217,178,614,739	202,306,252,824			
Allowance for bad debts			(56,989,544,014)	(67,629,859,159)	(74,334,500,527)	0	(104,465,012)	(95,606,898)			
Carrying amount, net			<u>3,209,346,975,059</u>	<u>3,196,072,459,451</u>	<u>3,187,218,859,890</u>	<u>208,372,555,408</u>	<u>217,074,149,727</u>	<u>202,210,645,926</u>			
Carrying amount			3,266,336,519,073	3,263,702,318,610	3,261,553,360,417	208,372,555,408	217,178,614,739	202,306,252,824			
Allowance for bad debts			(56,989,544,014)	(67,629,859,159)	(74,334,500,527)	0	(104,465,012)	(95,606,898)			
(Surplus) inadequacy of allowance on structural estimate			(59,863,940,729)	(56,971,770,528)	(66,078,619,936)	(6,828,122,512)	(193,582,484)	(211,694,941)			
Carrying amount, net	6a	€	<u>3,149,483,034,330</u>	<u>3,139,100,688,923</u>	<u>3,121,140,239,954</u>	<u>201,544,432,896</u>	<u>216,880,567,243</u>	<u>201,998,950,985</u>			

Loan Portfolio	Direct loan portfolio				Contingent loan portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct specific allowance						
1	2,616,859,958,442	0	0	0	156,815,026,842	0
2	302,969,148,684	0	0	0	2,487,809,215	0
3	27,634,000,205	0	0	0	2,750,000	0
4	147,655,665,520	0	0	0	44,626,418,620	0
5	80,684,711,122	0	0	0	4,419,767,463	0
6	2,386,058,248	0	0	0	0	0
7	2,404,163,984	0	0	0	7,713,043	0
8	85,742,812,868	0	0	0	13,070,225	0
	<b>€ 3,266,336,519,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,372,555,408</b>	<b>0</b>
	<b>€ 3,266,336,519,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,372,555,408</b>	<b>0</b>
Direct specific allowance						
Aging of loan portfolio						
Direct specific allowance						
Up to date	3,029,380,081,634	0	0	0	208,372,555,408	0
Equal or less than 30 days	101,295,216,213	0	0	0	0	0
Equal or less than 60 days	28,685,317,046	0	0	0	0	0
Equal or less than 90 days	13,652,590,961	0	0	0	0	0
Equal or less than 180 days	9,340,477,296	0	0	0	0	0
More than 180 days	83,982,835,923	0	0	0	0	0
	<b>€ 3,266,336,519,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,372,555,408</b>	<b>0</b>
	<b>€ 3,266,336,519,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,372,555,408</b>	<b>0</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2023

Loan Portfolio	Direct loan portfolio				Contingent loan portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct generic 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)
	<b>2,646,269,752,089</b>	<b>1,686,820,499,093</b>	<b>959,449,252,996</b>	<b>(13,031,749,283)</b>	<b>211,647,510,892</b>	<b>(76,448,926)</b>
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
	<b>¢ 617,432,566,521</b>	<b>534,784,213,663</b>	<b>82,648,352,858</b>	<b>(54,598,109,876)</b>	<b>5,531,103,847</b>	<b>(28,016,086)</b>
	<b>¢ 3,263,702,318,610</b>	<b>2,221,604,712,756</b>	<b>1,042,097,605,854</b>	<b>(67,629,859,159)</b>	<b>217,178,614,739</b>	<b>(104,465,012)</b>

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Aging of loan portfolio						
Direct generic 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
	<b>2,566,250,693,744</b>	<b>1,641,911,593,292</b>	<b>924,339,100,452</b>	<b>(13,031,749,282)</b>	<b>211,641,612,480</b>	<b>(76,448,926)</b>
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
	<b>¢ 697,451,624,866</b>	<b>579,693,119,464</b>	<b>117,758,505,402</b>	<b>(54,598,109,877)</b>	<b>5,537,002,259</b>	<b>(28,016,086)</b>
	<b>¢ 3,263,702,318,610</b>	<b>2,221,604,712,756</b>	<b>1,042,097,605,854</b>	<b>(67,629,859,159)</b>	<b>217,178,614,739</b>	<b>(104,465,012)</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2023

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2,639,901,687,408	1,758,783,191,844	881,118,495,564	(13,199,508,546)	194,699,430,574	(85,390,237)
A2	36,692,333,113	32,233,415,692	4,458,917,421	(183,461,668)	1,238,336,668	0
1	78,402,662,286	39,614,088,507	38,788,573,779	(196,457,559)	13,418,797	(8,387)
	<u>2,754,996,682,807</u>	<u>1,830,630,696,043</u>	<u>924,365,986,764</u>	<u>(13,579,427,773)</u>	<u>195,951,186,039</u>	<u>(85,398,624)</u>
Direct specific allowance						
B2	222,399,463,886	210,990,056,051	11,409,407,835	(1,625,420,674)	3,866,311,197	(6,112,721)
C1	19,218,239,190	17,594,816,015	1,623,423,175	(250,316,400)	217,370,935	(274,791)
C2	34,850,793,825	33,177,427,779	1,673,366,046	(584,228,651)	376,319,545	(3,136,954)
D	5,683,190,684	4,960,435,037	722,755,647	(386,180,000)	72,412,526	0
E	71,824,875,039	64,041,075,093	7,783,799,946	(6,031,274,501)	444,645,523	(320,746)
1	148,894,926,194	88,392,195,823	60,502,730,371	(51,712,417,711)	1,378,007,059	(363,062)
2	549,283,796	516,106,208	33,177,588	(4,239,410)	0	0
3	1,288,556,500	1,061,377,069	227,179,431	(62,101,743)	0	0
4	1,078,595,845	964,179,973	114,415,872	(62,028,836)	0	0
5	125,080,327	124,392,246	688,081	(1,103,618)	0	0
6	643,672,324	610,965,944	32,706,380	(35,761,210)	0	0
	<u>¢ 506,556,677,610</u>	<u>422,433,027,238</u>	<u>84,123,650,372</u>	<u>(60,755,072,754)</u>	<u>6,355,066,785</u>	<u>(10,208,274)</u>
	<u>¢ 3,261,553,360,417</u>	<u>2,253,063,723,281</u>	<u>1,008,489,637,136</u>	<u>(74,334,500,527)</u>	<u>202,306,252,824</u>	<u>(95,606,898)</u>

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Aging of loan portfolio						
Direct generic allowance						
Up to date	¢ 2,601,855,860,503	1,729,766,582,132	872,089,278,371	(13,200,535,989)	195,893,767,242	(85,178,624)
Equal or less than 30 days	71,141,165,946	58,094,215,337	13,046,950,609	(360,906,814)	44,000,000	(220,000)
Equal or less than 60 days	3,586,390,288	3,145,206,282	441,184,006	(17,931,952)	0	0
More than 180 days	10,603,785	10,603,785	0	(53,019)	0	0
	<u>2,676,594,020,522</u>	<u>1,791,016,607,536</u>	<u>885,577,412,986</u>	<u>(13,579,427,774)</u>	<u>195,937,767,242</u>	<u>(85,398,624)</u>
Direct specific allowance						
Up to date	412,197,594,594	346,436,561,305	65,761,033,289	(14,098,265,895)	6,368,485,582	(10,208,274)
Equal or less than 30 days	26,845,924,695	21,116,009,502	5,729,915,193	(1,991,732,329)	0	0
Equal or less than 60 days	38,919,160,615	31,469,396,119	7,449,764,496	(2,179,682,652)	0	0
Equal or less than 90 days	15,014,043,858	12,237,164,202	2,776,879,656	(1,512,993,859)	0	0
Equal or less than 180 days	11,401,366,485	6,886,394,512	4,514,971,973	(4,398,866,470)	0	0
More than 180 days	80,581,249,648	43,901,590,105	36,679,659,543	(36,573,531,548)	0	0
	<u>¢ 584,959,339,895</u>	<u>462,047,115,745</u>	<u>122,912,224,150</u>	<u>(60,755,072,753)</u>	<u>6,368,485,582</u>	<u>(10,208,274)</u>
	<u>¢ 3,261,553,360,417</u>	<u>2,253,063,723,281</u>	<u>1,008,489,637,136</u>	<u>(74,334,500,527)</u>	<u>202,306,252,824</u>	<u>(95,606,898)</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

On March 31, 2024		Loans receivable from customer	
		Gross	Net
Risk Category:			
1	¢	2,616,859,958,442	2,609,840,019,833
2		302,969,148,684	300,807,977,218
3		27,634,000,205	26,740,924,620
4		147,655,665,520	141,277,676,437
5		80,684,711,122	77,529,059,129
6		2,386,058,248	1,697,935,675
7		2,404,163,984	1,733,772,100
8		85,742,812,868	49,719,610,047
	¢	<u>3,266,336,519,073</u>	<u>3,209,346,975,059</u>

On December 31, 2023		Loans receivable from customer	
		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
	¢	<u>3,263,702,318,610</u>	<u>3,196,072,459,451</u>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

On March 31, 2023	Loans receivable from customer	
	Gross	Net
Risk Category:		
A1	¢ 2,639,901,687,409	2,626,702,178,864
A2	36,692,333,112	36,508,871,444
B1	222,399,463,886	220,774,043,212
B2	19,218,239,190	18,967,922,790
C1	34,850,793,825	34,266,565,173
C2	5,683,190,684	5,297,010,684
D	71,824,875,038	65,793,600,538
E	148,894,926,193	97,182,508,483
1	78,402,662,287	78,206,204,727
2	549,283,796	545,044,385
3	1,288,556,501	1,226,454,757
4	1,078,595,845	1,016,567,009
5	125,080,326	123,976,709
6	643,672,325	607,911,115
	¢ <u>3,261,553,360,417</u>	<u>3,187,218,859,890</u>

In compliance with SUGEF Directive 1-05, as of March 31, 2024, the Bank must maintain a minimum allowance in the amount of ¢56,989,544,014, (¢67,734,324,171 and ¢74,430,107,425 for December and March 2023, respectively) of which ¢56,989,544,014, (¢67,629,859,159 and ¢74,334,500,527 for December and March 2023, respectively) is allocated to the valuation of the direct loan portfolio and ¢0.00 (¢104,465,012 and ¢95,606,898 for December and March 2023, respectively) to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢43,357,256,419, (¢12,817,921,587 and ¢5,694,346,858 for December and March 2023, respectively).

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

	March 2024		December 2023		March 2023	
	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts
Trade	¢ 304,267,669,757	20,265,350,055	296,138,155,439	25,451,223,818	277,216,012,015	25,477,486,849
Manufacturing	234,558,858,703	0	232,754,738,209	6,554,821	239,584,355,091	6,554,821
Construction, purchase and repair of real estate	106,764,991,110	44,000,000	1,316,723,625,795	44,000,000	1,333,056,570,948	44,000,000
Agriculture, livestock. Hunting and related services	129,603,883,295	0	133,828,756,266	0	139,677,131,676	0
Fishing and aquaculture	20,214,265	0	42,617,690	0	42,986,799	0
Consumer	605,174,947,927	0	265,748,034,982	142,284,376,588	258,070,178,821	120,826,754,242
Education	506,930,755	0	657,174,250	0	717,837,785	0
Transportation	83,822,555,546	0	31,005,549,708	43,447,072	32,710,809,599	44,248,012
Financial and stock Exchange	1,274,708,331,291	7,856,520,482	2,687,299,499	0	3,227,204,933	0
Telecommunications and public utilities Services	432,955,900	0	237,657,850,422	0	245,252,320,540	0
	2,955,005,551	46,166,335,306	582,789,273,745	53,300,298,901	553,318,459,485	60,217,332,239
Hospitality	30,909,405,453	43,195,312	104,478,630,055	0	110,312,448,423	0
Mining and quarrying	198,757,538,693	6,554,821	21,982,027	0	27,153,578	0
Real estate, business and leasing activities	2,603,093,757	0	21,398,613,478	0	25,037,418,747	0
Public Administration	0	0	19,382,332,809	10,820,576,851	21,806,970,584	3,377,941,258
Other activities from the non financial private sector	271,934,784,560	145,958,440,923	450,728,969	279,940,847	474,892,750	17,371,028
	3,247,021,166,563	220,340,396,899	3,245,765,363,343	232,230,418,898	3,240,532,751,774	210,011,688,449
Other contingencies	0	224,605,858,671	0	232,883,506,405	0	231,902,375,720
¢	<b><u>3,247,021,166,563</u></b>	<b><u>444,946,255,570</u></b>	<b><u>3,245,765,363,343</u></b>	<b><u>465,113,925,303</u></b>	<b><u>3,240,532,751,774</u></b>	<b><u>441,914,064,169</u></b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, and December and March 2023, the Bank's risk associated to the loan portfolio is concentrated in Costa Rica.

As of March 31, 2024, the Bank has banking mandates for ₡3,382,250, (₡166,500 and ₡452,625 for December and March 2023, respectively).

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Properties	₡ 83,269,742,342	87,259,101,407	98,488,221,640
Other	386,089,933	456,364,933	648,737,881
	<b>₡ 83,655,832,275</b>	<b>87,715,466,340</b>	<b>99,136,959,521</b>

The loan portfolio by type of guarantee is as follows:

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

	<b>March 2024</b>		<b>December 2023</b>		<b>March 2023</b>	
	<b>Loan portfolio</b>	<b>Contingent accounts</b>	<b>Loan portfolio</b>	<b>Contingent accounts</b>	<b>Loan portfolio</b>	<b>Contingent accounts</b>
<b>Guarantee</b>						
Fiduciary	432,425,658,499	0	450,206,132,232	0	432,151,561,340	0
Mortgage	1,454,915,783,021	0	1,467,751,992,020	0	1,490,982,574,644	0
Chattel mortgage	75,402,960,195	0	82,033,046,093	0	92,230,412,191	0
Other	1,284,276,764,847	208,940,162,550	1,245,774,192,998	208,940,162,550	1,225,168,203,599	210,011,688,449
	<b>₡ 3,247,021,166,562</b>	<b>208,940,162,550</b>	<b>3,245,765,363,343</b>	<b>208,940,162,550</b>	<b>3,240,532,751,774</b>	<b>210,011,688,449</b>

See notes 6 and 19.

As of March 31, 2024, 47% of the loan portfolio is secured by mortgage or chattel collaterals (48% and 47% for December and March 2023, respectively).

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

As of March 31, 2024, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

As of March 31, 2024:

	<u>Percentage</u>	<u>Band</u>	<u>Total value</u>	<u>N° customers</u>
1	0-4,99%	27,305,902,211	¢ 81,674,962,122	1
2	5-9,99%	54,611,804,422	686,988,773,276	86
3	10-14,99%	81,917,706,633	0	0
4	15-20%	109,223,608,845	0	0
<b>Total</b>			¢ <b>768,663,735,398</b>	<b>87</b>

As of December 31, 2023:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total value</u>	<u>N° customers</u>
1	0-4,99%	26,628,144,598	¢ 83,084,177,539	1
2	5-9,99%	53,256,289,197	227,731,503,220	3
3	10-14,99%	79,884,433,795	0	0
4	15-20%	106,512,578,393	0	0
<b>Total</b>			¢ <b>310,815,680,759</b>	<b>4</b>

As of March 31, 2023:

	<u>Percentage</u>	<u>Band</u>	<u>Total value</u>	<u>N° customers</u>
1	0-4,99%	26,628,144,598	¢ 87,867,209,426	1
2	5-9,99%	53,256,289,197	272,449,661,824	4
3	10-14,99%	79,884,433,795	0	0
4	15-20%	106,512,578,393	0	0
<b>Total</b>			¢ <b>360,316,871,250</b>	<b>5</b>

(b) Management of market and liquidity risk

Definitions

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

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

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

#### 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 uses the Montecarlo simulation to calculate the value at risk with daily monitoring of the impact of interest rate and exchange rate factors on the performance of the investment portfolio.

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### Tolerance limits and risk indicators

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

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

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

#### Exposure and risk management

##### (c) Liquidity risk

Cash and cash equivalents show a year-on-year decrease of 16.57%, mainly due to decreases in investments for decreases in demand deposits in BCR, checking accounts and demand deposits in financial entities abroad as well as investments in financial instruments held-for-trading (see cash and cash equivalents table in note 4).

Demand deposits decreased by 4.05% on a year-on-year basis, due to the decrease in current account balances and demand savings deposits (see chart of demand obligations with the public in note 12).

Wholesale funding show a year-on-year increase of 10.69%, mainly in term obligations with the BCCR, current accounts with local financial entities, obligations for checks due for collection, 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 14 of this document).

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BANCO DE COSTA RICA

Notes to the separate financial statements

In the following table, the results for the end of March 2024 are observed:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Liquidity coverage indicator (colones)	1.56	1.26	1.31
Liquidity coverage indicator (US dollars)	1.66	1.80	1.66
Regulatory limit	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>

On the other hand, the term matches, another regulatory indicator, had the following results indicator as of March 31, 2024:

Regulatory liquidity matches by currency and term		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>	<b>Approved levels</b>	
<b>Indicator</b>	<b>Interpretation</b>	<b>Observation</b>	<b>Observation</b>	<b>Observation</b>		
1-month term matching US dollars		2.03	1.90	1.93	Limite:	1.13
1-month term matching colones	Ratio between assets and liabilities with account's volatility	2.75	2.19	2.76	Limite:	1.03
3-months term matching US dollars		1.54	1.26	1.50	Limite:	0.98
3-months term matching colones		<u>1.57</u>	<u>1.45</u>	<u>1.72</u>	Limite:	<u>0.88</u>

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

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

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BANCO DE COSTA RICA

Notes to the separate financial statements

The Bank's assets and liabilities mature as follows:

As of March 31, 2024

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢ 243,148,737,250	0	0	0	0	0	0	0	243,148,737,250
Cash reserve- BCCR	419,863,267,074	20,965,731,452	17,029,184,379	18,070,582,123	41,207,622,341	50,112,599,707	34,062,855,737	0	601,311,842,813
Investments	0	422,487,810,541	7,314,539,429	62,035,391,383	113,774,796,224	127,099,451,245	736,086,920,455	0	1,468,798,909,277
Interest on investments	0	10,400,972,143	1,430,535,713	2,466,261,007	5,360,653,486	14,890,585	0	0	19,673,312,934
Loan portfolio	0	66,976,314,122	48,576,558,488	55,692,904,000	107,371,749,151	195,633,333,537	2,626,565,821,888	125,561,486,938	3,226,378,168,124
Interest on loans	0	9,124,518,199	2,130,774,540	106,855,949	252,143,788	19,174,788	1,811,850	7,680,073,396	19,315,352,510
	¢ <u>663,012,004,324</u>	<u>529,955,346,457</u>	<u>76,481,592,549</u>	<u>138,371,994,462</u>	<u>267,966,964,990</u>	<u>372,879,449,862</u>	<u>3,396,717,409,930</u>	<u>133,241,560,334</u>	<u>5,578,626,322,908</u>
<b>Liabilities</b>									
Obligations with the public	3,139,438,175,978	156,651,018,013	127,308,493,024	135,128,548,052	308,190,406,811	374,742,606,124	254,759,291,669	0	4,496,218,539,671
Obligations with the BCCR	0	0	0	0	0	99,002,909,685	0	0	99,002,909,685
Obligations with financial									
Entities	57,812,345,286	146,451,424,634	17,981,197,600	5,431,646,200	51,405,313,789	17,815,721,666	20,010,391,673	0	316,908,040,848
Charges payable	1,558,092,151	3,201,046,931	3,192,627,888	2,297,306,613	3,375,587,631	4,807,933,807	995,885,809	0	19,428,480,830
	<u>3,198,808,613,415</u>	<u>306,303,489,578</u>	<u>148,482,318,512</u>	<u>142,857,500,865</u>	<u>362,971,308,231</u>	<u>496,369,171,282</u>	<u>275,765,569,151</u>	<u>0</u>	<u>931,557,971,034</u>
<b>Assets and liabilities spread</b>	<u>(2,535,796,609,091)</u>	<u>223,651,856,879</u>	<u>(72,000,725,963)</u>	<u>(4,485,506,403)</u>	<u>(95,004,343,241)</u>	<u>(123,489,721,420)</u>	<u>3,120,951,840,779</u>	<u>133,241,560,334</u>	<u>647,068,351,874</u>

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Notes to the separate financial statements

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	More than 30 days past due	Total
Cash and due from banks	¢ 253,892,717,009	0	0	0	0	0	0	0	
Cash reserve- 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	253,892,717,009
Investments	0	463,897,287,503	10,428,871,619	6,651,217,219	98,711,806,689	142,342,282,496	695,929,565,800	0	571,224,279,384
Interest on investments	0	8,898,203,698	5,060,250,151	950,649,936	4,266,460,054	891,546,510	0	0	1,417,961,031,326
Loan portfolio	0	59,971,234,877	33,866,618,540	36,115,237,694	117,434,652,954	197,780,928,755	2,644,659,212,417	135,470,970,744	20,067,110,349
Interest on loans	0	9,030,053,409	187,126,531	115,007,835	822,709,629	28,630,253	2,145,603	7,751,282,007	3,225,298,855,981
	¢ <u>654,786,597,866</u>	<u>576,795,392,734</u>	<u>68,562,651,841</u>	<u>59,246,942,784</u>	<u>253,947,148,419</u>	<u>376,174,788,382</u>	<u>3,373,645,174,539</u>	<u>143,222,252,751</u>	<u>5,506,380,949,316</u>
<b>Liabilities</b>									
Obligations with the public	¢ 3,109,625,393,854	271,480,890,184	147,648,524,063	119,655,335,781	253,792,663,855	272,903,074,147	256,297,829,692	0	4,431,403,711,576
Obligations with the BCCR	0	0	0	0	0	0	103,950,578,331	0	103,950,578,331
Obligations with financial entities	31,253,391,901	150,996,543,030	27,750,209,005	8,500,000,000	23,099,800,285	40,553,374,825	17,361,841,132	0	299,515,160,178
Charges payable	1,953,277,310	13,108,132,023	5,282,934,671	2,111,658,651	2,726,736,007	2,093,631,094	3,476,091,101	0	30,752,460,857
	¢ <u>3,142,832,063,065</u>	<u>435,585,565,237</u>	<u>180,681,667,739</u>	<u>130,266,994,432</u>	<u>279,619,200,147</u>	<u>315,550,080,066</u>	<u>381,086,340,256</u>	<u>0</u>	<u>4,865,621,910,942</u>
<b>Assets and liabilities spread</b>	¢ <u>(2,488,045,465,199)</u>	<u>141,209,827,497</u>	<u>(112,119,015,898)</u>	<u>(71,020,051,648)</u>	<u>(25,672,051,728)</u>	<u>60,624,708,316</u>	<u>2,992,558,834,283</u>	<u>143,222,252,751</u>	<u>640,759,038,374</u>

As of March 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	More than 30 days past due	Total
Cash and due from banks	¢ 335,282,861,452	0	0	0	0	0	0	0	335,282,861,452
Cash reserve -BCCR	392,882,565,403	20,087,165,439	24,249,193,746	24,442,648,332	51,839,265,594	86,504,894,034	28,642,928,636	0	628,648,661,184
Investments	0	177,921,737,434	40,104,516,355	40,892,961,455	168,754,859,889	150,448,993,341	681,069,292,376	158,156,678,355	1,417,349,039,205
Interest on investments	0	1,306,531,379	2,098,902,420	3,247,859,527	7,271,930,623	3,351,752	8,704,872	0	13,937,280,573
Loan portfolio	0	65,434,595,360	43,709,798,965	63,389,397,336	89,373,569,479	133,124,895,132	148,833,099,976	2,676,427,840,188	3,220,293,196,436
Interest on loans	0	9,011,888,401	3,153,643,758	56,542,574	28,796,097	17,665,537	8,749,773,954	2,298,322	21,020,608,643
	¢ <u>728,165,426,855</u>	<u>273,761,918,013</u>	<u>113,316,055,244</u>	<u>132,029,409,224</u>	<u>317,268,421,682</u>	<u>370,099,799,796</u>	<u>867,303,799,814</u>	<u>2,834,586,816,865</u>	<u>5,636,531,647,493</u>
<b>Liabilities</b>									
Obligations with the public	¢ 2,869,303,495,320	146,761,885,155	176,984,661,882	178,316,713,304	378,339,545,933	629,602,884,674	208,570,915,768	0	4,587,880,102,036
Obligations with BCCR	0	0	0	0	0	0	0	0	106,607,072,703
Obligations with financial entities	48,614,451,600	174,256,565,490	9,854,101,594	10,157,960,855	21,670,167,593	12,591,565,171	18,281,391,717	0	295,426,204,020
Charges payable	2,251,680,851	4,076,344,951	4,284,591,737	2,496,300,174	4,778,339,904	8,946,877,025	2,500,630,544	0	29,334,765,186
	¢ <u>2,920,169,627,771</u>	<u>325,094,795,596</u>	<u>191,123,355,213</u>	<u>190,970,974,333</u>	<u>404,788,053,430</u>	<u>651,141,326,870</u>	<u>335,960,010,732</u>	<u>0</u>	<u>5,019,248,143,945</u>
<b>Assets and liabilities spread</b>	¢ <u>(2,192,004,200,916)</u>	<u>(51,332,877,583)</u>	<u>(77,807,299,969)</u>	<u>(58,941,565,109)</u>	<u>(87,519,631,748)</u>	<u>(281,041,527,074)</u>	<u>531,343,789,082</u>	<u>2,834,586,816,865</u>	<u>617,283,503,548</u>

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BANCO DE COSTA RICA

Notes to the separate financial statements

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 40.44% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<u>VaR</u>	¢	<u>11,935,766,782</u>	<u>13,762,383,855</u>	<u>23,444,647,768</u>

The decreases in requirements for price risk are explained by reductions in the market value of the investment portfolio and the Bank's investment strategy.

(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.

The BCR applies a gap model, which allows identifying the structure of rate-sensitive assets and liabilities; A sensitivity analysis is carried out on the result with the interest rates of two scenarios, one base rate, which is close to the monthly projections of the Corporate Risk Management and another rate adverse, which includes interest rates with a less probable behavior.

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BANCO DE COSTA RICA

Notes to the separate financial statements

Following, the results by currency:

		<b>Results March 2024</b>	<b>Base scenario</b>	<b>Adverse scenario</b>
Colones	Cumulative one-year gap	1,282,526.43	1,282,526.43	1,282,526.43
	TBP (one-year projection)	4.28%	4.76%	6.78%
	Impact on the margin	(9,063.67)	(2,587.14)	24,918.21
US dollars	Cumulative one-year gap	379,242.72	379,242.72	379,242.72
	Prime (one-year projection)	7.70%	7.65%	8.97%
	Impact on the margin	(3,108.99)	3,302.56	1,826.12

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As of March 31, 2024

	<u>Effective rate</u>	<u>1 to 30 days</u>	<u>31 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>361 to 720 days</u>	<u>More than 720 days</u>	<u>Total</u>
<b>Colones</b>								
<b>Assets</b>								
Investments	8,15%	¢ 256,667,530,702	57,883,688,473	109,218,748,231	111,773,414,300	194,139,800,000	419,899,363,964	1,149,582,545,670
Loan portfolio	8,32%	1,414,712,959,927	284,079,500,219	26,926,173,320	47,598,348,713	103,134,118,500	1,384,123,828,393	3,260,574,929,072
<b>Total recovered assets (*)</b>		<b>1,671,380,490,629</b>	<b>341,963,188,692</b>	<b>136,144,921,551</b>	<b>159,371,763,013</b>	<b>297,273,918,500</b>	<b>1,804,023,192,357</b>	<b>4,410,157,474,742</b>
<b>Liabilities</b>								
Obligations with the public		102,906,558,461	213,889,652,910	247,421,606,521	289,776,603,856	113,564,095,853	54,559,888,436	1,022,118,406,037
Demand obligations	2,40%							
Term obligations	9,89%							
Obligations with financial entities	3,80%	110,016,355,803	237,730,636,705	273,445,168,206	405,141,775,320	113,564,095,853	54,559,888,436	1,194,457,920,323
<b>Total matured liabilities (*)</b>		<b>220,032,711,606</b>	<b>475,461,273,411</b>	<b>546,890,336,412</b>	<b>810,283,550,640</b>	<b>227,128,191,706</b>	<b>109,119,776,872</b>	<b>2,388,915,840,647</b>
<b>Assets and liabilities spread</b>		<b>¢ 1 451 347 779 023</b>	<b>(133,498,084,719)</b>	<b>(410,745,414,861)</b>	<b>(650,911,787,627)</b>	<b>70,145,726,794</b>	<b>1,694,903,415,485</b>	<b>2,021,241,634,095</b>
<b>US Dollars</b>								
<b>Assets</b>								
Investments	5,18%	¢ 177,871,639,760	17,639,751,664	22,247,766,444	17,075,459,600	38,521,357,400	52,945,272,600	326,301,247,468
Loan portfolio	6,93%	320,056,089,991	65,645,385,785	31,946,942,339	35,075,853,128	46,538,286,043	385,036,207,387	884,298,764,673
<b>Total recovered assets (*)</b>		<b>497,927,729,751</b>	<b>83,285,137,449</b>	<b>54,194,708,783</b>	<b>52,151,312,728</b>	<b>85,059,643,443</b>	<b>437,981,479,987</b>	<b>1,210,600,012,141</b>
<b>Liabilities</b>								
Obligations with the public		51,095,253,040	62,279,824,725	75,092,985,888	93,742,942,270	18,542,740,327	12,375,068,316	313,128,814,566
Demand obligations	0,92%							
Term obligations	1,90%							
Obligations with financial entities	3,80%	607,046,333	612,779,662	26,108,830,872	1,776,510,451	2,002,512,052	13,739,251,455	44,846,930,825
<b>Total matured liabilities (*)</b>		<b>51,702,299,373</b>	<b>62,892,604,387</b>	<b>101,201,816,760</b>	<b>95,519,452,721</b>	<b>20,545,252,379</b>	<b>26,114,319,771</b>	<b>357,975,745,391</b>
<b>Assets and liabilities spread</b>		<b>¢ 446,225,430,378</b>	<b>20,392,533,062</b>	<b>(47,007,107,977)</b>	<b>(43,368,139,993)</b>	<b>64,514,391,064</b>	<b>411,867,160,216</b>	<b>852,624,266,750</b>

(\*) Interest rate sensitive

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As of December 31, 2023

	<u>Effective rate</u>	<u>1 to 30 days</u>	<u>31 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>361 to 720 days</u>	<u>More than 720 days</u>	<u>Total</u>
<b>Colones</b>								
<b>Assets</b>								
Investments	6.68%	¢ 327,790,476,180	20,604,817,350	63,574,487,485	106,030,034,892	196,616,500,000	394,967,221,544	1,109,583,537,451
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
<b>Total recovered assets (*)</b>		<b>1,813,157,226,098</b>	<b>127,296,644,034</b>	<b>173,171,614,274</b>	<b>164,782,753,951</b>	<b>313,996,801,144</b>	<b>1,770,073,892,725</b>	<b>4,362,478,932,226</b>
<b>Liabilities</b>								
Obligations with the public								
Demand obligations	2.74%	224,173,564,980	191,111,033,827	206,713,281,918	175,264,063,924	116,562,673,410	58,466,759,532	972,291,377,591
Term obligations	9.89%							
Obligations with financial entities	2.41%	8,208,806,050	36,707,117,033	23,179,900,304	13,372,434,796	103,950,578,331	0	185,418,836,514
<b>Total matured liabilities (*)</b>		<b>232,382,371,030</b>	<b>227,818,150,860</b>	<b>229,893,182,222</b>	<b>188,636,498,720</b>	<b>220,513,251,741</b>	<b>58,466,759,532</b>	<b>1,157,710,214,105</b>
<b>Assets and liabilities spread</b>		<b>¢ 1,580,774,855,068</b>	<b>(100,521,506,826)</b>	<b>(56,721,567,948)</b>	<b>(23,853,744,769)</b>	<b>93,483,549,403</b>	<b>1,711,607,133,193</b>	<b>3,204,768,718,121</b>
<b>US Dollars</b>								
<b>Assets</b>								
Investments	4.96%	¢ 146,357,487,599	5,421,828,081	48,196,179,873	37,877,403,200	37,429,028,320	55,064,755,680	330,346,682,753
Loan portfolio	7.14%	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
<b>Total recovered assets (*)</b>		<b>395,071,108,546</b>	<b>37,335,438,251</b>	<b>96,972,873,396</b>	<b>126,562,784,133</b>	<b>125,413,089,507</b>	<b>433,022,070,886</b>	<b>1,214,377,364,719</b>
<b>Liabilities</b>								
Obligations with the public								
Demand obligations	0.92%	67,939,178,661	79,898,503,871	67,864,980,095	95,836,440,464	18,802,236,956	11,816,832,458	342,158,172,505
Term obligations	1.90%							
Obligations with financial entities	2.41%	2,635,337,340	787,777,946	632,728,395	27,630,918,694	2,288,366,797	10,328,601,220	44,303,730,392
<b>Total matured liabilities (*)</b>		<b>70,574,516,001</b>	<b>80,686,281,817</b>	<b>68,497,708,490</b>	<b>123,467,359,158</b>	<b>21,090,603,753</b>	<b>22,145,433,678</b>	<b>386,461,902,897</b>
<b>Assets and liabilities spread</b>		<b>¢ 324,496,592,545</b>	<b>(43,350,843,566)</b>	<b>28,475,164,906</b>	<b>3,095,424,975</b>	<b>104,322,485,754</b>	<b>410,876,637,208</b>	<b>827,915,461,822</b>

(\*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2023

	<u>Effective rate</u>	<u>1 to 30 days</u>	<u>31 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>361 to 720 days</u>	<u>More than 720 days</u>	<u>Total</u>
<b><u>Colones</u></b>								
<b><u>Assets</u></b>								
Investments	6,32%	¢ 38,087,543,215	19,481,224,663	103,079,864,107	178,314,215,300	403,705,234,653	503,223,173,776	1,245,891,255,714
Loan portfolio	9,44%	1,465,413,440,434	240,567,924,320	42,715,694,631	57,432,535,980	80,928,113,498	1,336,261,554,034	3,223,319,262,897
<b>Total recovered assets (*)</b>		<b><u>1,503,500,983,649</u></b>	<b><u>260,049,148,983</u></b>	<b><u>145,795,558,738</u></b>	<b><u>235,746,751,280</u></b>	<b><u>484,633,348,151</u></b>	<b><u>1,839,484,727,810</u></b>	<b><u>4,469,210,518,611</u></b>
<b><u>Liabilities</u></b>								
Obligations with the public		152,440,260,201	300,943,002,339	223,030,375,899	517,300,834,860	67,081,176,693	73,036,626,248	1,333,832,276,240
Obligations with financial entities	5,71%	10,031,664,296	17,114,948,252	20,550,929,574	11,572,362,755	106,647,474,953	0	165,917,379,830
<b>Total matured liabilities (*)</b>		<b><u>162,471,924,497</u></b>	<b><u>318,057,950,591</u></b>	<b><u>243,581,305,473</u></b>	<b><u>528,873,197,615</u></b>	<b><u>173,728,651,646</u></b>	<b><u>73,036,626,248</u></b>	<b><u>1,499,749,656,070</u></b>
<b>Assets and liabilities spread</b>		<b><u>¢ 1,341,029,059,152</u></b>	<b><u>(58,008,801,608)</u></b>	<b><u>(97,785,746,735)</u></b>	<b><u>(293,126,446,335)</u></b>	<b><u>310,904,696,505</u></b>	<b><u>1,766,448,101,562</u></b>	<b><u>2,969,460,862,541</u></b>
<b><u>US Dollars</u></b>								
<b><u>Assets</u></b>								
Investments	3,33%	¢ 141,715,243,915	88,716,149,951	92,798,698,128	24,763,200,100	36,234,155,550	128,452,753,850	512,680,201,494
Loan portfolio	7,51%	333,921,530,096	49,246,082,889	18,680,117,740	30,388,341,631	88,700,448,435	298,172,269,212	819,108,790,003
<b>Total recovered assets (*)</b>		<b><u>475,636,774,011</u></b>	<b><u>137,962,232,840</u></b>	<b><u>111,478,815,868</u></b>	<b><u>55,151,541,731</u></b>	<b><u>124,934,603,985</u></b>	<b><u>426,625,023,062</u></b>	<b><u>1,331,788,991,497</u></b>
<b><u>Liabilities</u></b>								
Obligations with the public		76,483,525,913	84,843,909,799	97,168,486,209	84,886,558,192	22,079,108,271	14,701,935,360	380,163,523,744
Obligations with financial entities	1,78%	1,287,975,113	2,980,472,276	9,051,827,963	1,494,494,320	2,667,278,388	10,262,963,921	27,745,011,981
<b>Total matured liabilities (*)</b>		<b><u>77,771,501,026</u></b>	<b><u>87,824,382,075</u></b>	<b><u>106,220,314,172</u></b>	<b><u>86,381,052,512</u></b>	<b><u>24,746,386,659</u></b>	<b><u>24,964,899,281</u></b>	<b><u>407,908,535,725</u></b>
<b>Assets and liabilities spread</b>		<b><u>¢ 397,865,272,985</u></b>	<b><u>50,137,850,765</u></b>	<b><u>5,258,501,696</u></b>	<b><u>(31,229,510,781)</u></b>	<b><u>100,188,217,326</u></b>	<b><u>401,660,123,781</u></b>	<b><u>923,880,455,772</u></b>

(\*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of March 31, 2024, for ₡2,021,241,634,095, (₡3,204,768,718,121 and ₡2,969,460,862,54 for December and March 2023, respectively) while in foreign currency the same difference is of ₡852,634,266,750 (₡827,915,461,822 and ₡923,880,455,770 for December and March 2023, respectively) is shown, being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities) as of March 2024, the total amount in local currency was of ₡647,068,351,874, (₡640,759,038,371 and ₡516,412,240,599 for December and March 2023, respectively) while in foreign currency, the collected data for the compliance of obligations was of ₡61,086,734,042, (₡73,732,001,886, and ₡100,871,262,947 for December and March 2023, respectively) however, on a consolidated basis it shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching, US\$168 million as of March 2024 (US\$154 million and US\$219 million for December and March 2023, respectively), given that the appetite for the ratio of position in foreign currency (PME) to base capital (CB) decreased.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Assets:				
Cash and due from banks	US\$	488,227,762	449,804,193	612,955,825
Investments in financial instruments		638,359,104	616,367,171	894,752,850
Loan portfolio		1,393,709,963	1,329,941,254	1,280,210,310
Accounts and accrued interest receivable		947,823	1,143,790	1,305,771
Investments in other companies		134,801,715	132,998,697	128,282,956
Other		33,298,518	14,896,019	48,712,778
<b>Total assets</b>		<b>2,689,344,885</b>	<b>2,545,151,124</b>	<b>2,966,220,490</b>
Liabilities:				
Obligations with the public		2,231,156,044	2,106,349,595	2,443,584,694
Other financial obligations		259,197,267	240,460,507	251,816,274
Other account payable and provisions		22,157,737	23,855,679	20,740,183
Other liabilities		5,064,477	6,431,950	52,117,747
<b>Total liabilities</b>		<b>2,517,575,525</b>	<b>2,377,097,731</b>	<b>2,768,258,898</b>
<b>Net position (excess of monetary assets over monetary liabilities)</b>	US\$	<b>171,769,360</b>	<b>168,053,393</b>	<b>197,961,592</b>

From January 2020, monetary assets and liabilities in foreign currency are valued by using the reference sale rate established by BCCR on the last business day of each month, as of December 29, 2023, that rate was ¢526.88 for US\$1.00 (¢601.99 and ¢545.95 for US \$1.00 in December and March 2023, respectively).

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

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

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

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

Sensitivity to an increase in the exchange rate

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Net position	171,769,359	168,053,392	162,851,664
Closing exchange rate	506.60	526.88	632.72
Increase in the exchange rate by 5%	25.33	26.34	31.64
<b>Profit</b>	<b>4,350,917,863</b>	<b>4,426,526,345</b>	<b>5,152,626,649</b>

Sensitivity to a decrease in the exchange rate

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Net position	171,769,359	168,053,392	162,851,664
Closing exchange rate	506.60	526.88	632.72
Decrease in the exchange rate by 5%	(25.33)	(26.34)	(31.64)
<b>Loss</b>	<b>(4,350,917,863)</b>	<b>(4,426,526,345)</b>	<b>(5,152,626,649)</b>

Monetary assets and liabilities in Euros are detailed as follows:

		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Assets:				
Cash and due from banks	EUR€	5,801,526	7,270,923	7,351,485
Other assets		265,030	290,519	3,813
<b>Total assets</b>		<b>6,066,556</b>	<b>7,561,442</b>	<b>7,355,298</b>
Liabilities:				
Obligations with the public		6,405,015	6,449,613	6,991,706
Other financial obligations		1,147,077	105,668	998,560
Other accounts payable and provisions		23,902	43,680	31,224
Other liabilities		21,328	32,397	3,392
<b>Total liabilities</b>		<b>7,597,322</b>	<b>6,631,358</b>	<b>8,024,882</b>
<b>Net position (excess of monetary assets over monetary liabilities)</b>	EUR€	<b>(1,530,766)</b>	<b>930,084</b>	<b>(669,584)</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2024, complying with SUGEF's regulations, the term matching of the most important US dollar accounts is as follows:

<b>Assets</b>		<b>Demand</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to 365 days</b>	<b>More than 365 days</b>	<b>More than 30 days past due</b>	<b>Total</b>
Cash and due from banks	US\$	189,268,567	0	0	0	0	0	0	0	189,268,567
Cash reserve- BCCR		209,975,227	15,948,867	9,630,464	8,583,255	17,342,983	23,347,782	14,130,617	0	298,959,195
Investments		0	348,639,146	4,568,454	25,479,860	39,738,079	33,952,291	177,274,134	0	629,651,964
Interest on investments		0	2,413,288	2,237,645	1,199,918	2,856,289	0	0	0	8,707,140
Loan portfolio		0	23,049,930	34,586,169	41,202,467	76,508,116	202,854,525	1,005,392,853	92,136,351	1,475,730,411
Interest on loans		0	3,521,110	34,536	99,475	367,219	0	0	4,595,482	8,617,822
		<b>399,243,794</b>	<b>393,572,341</b>	<b>51,057,268</b>	<b>76,564,975</b>	<b>136,812,686</b>	<b>260,154,598</b>	<b>1,196,797,604</b>	<b>96,731,833</b>	<b>2,610,935,099</b>
<b>Liabilities</b>										
Obligations with public		1,563,487,602	118,756,181	71,708,986	63,911,408	129,136,848	173,848,924	105,217,386	0	2,226,067,335
Obligations with financial Entities		30,810,741	141,071,906	6,000	725,214	51,537,368	3,914,488	30,653,232	0	258,718,949
Charges payable		168,328	1,047,730	581,809	1,172,011	1,151,941	939,802	505,405	0	5,567,026
		<b>1,594,466,671</b>	<b>260,875,817</b>	<b>72,296,795</b>	<b>65,808,633</b>	<b>181,826,157</b>	<b>178,703,214</b>	<b>136,376,023</b>	<b>0</b>	<b>2,490,353,310</b>
<b>Assets and liabilities spread</b>	US\$	<b>(1,195,222,877)</b>	<b>132,696,524</b>	<b>(21,239,527)</b>	<b>10,756,342</b>	<b>(45,013,471)</b>	<b>81,451,384</b>	<b>1,060,421,581</b>	<b>96,731,833</b>	<b>120,581,789</b>

As of December 31, 2023, in US dollars:

<b>Assets</b>		<b>Demand</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to 365 days</b>	<b>More than 365 days</b>	<b>More than 30 days past due</b>	<b>Total</b>
Cash and due from banks	US\$	181,596,229	0	0	0	0	0	0	0	181,596,229
Cash reserve- BCCR		180,671,963	15,888,177	10,780,884	8,580,764	15,840,380	23,340,901	13,104,896	0	181,596,229
Investments		0	276,102,025	9,686,245	0	84,328,893	69,406,218	170,198,165	0	268,207,965
Interest on investments		0	1,484,216	368,815	0	3,178,863	1,613,732	0	0	609,721,546
Loan portfolio		0	14,445,240	14,400,031	22,976,540	89,822,831	181,550,640	995,534,439	93,923,791	6,645,626
Interest on loans		0	3,125,127	53,223	110,271	0	0	0	4,637,393	1,412,653,512
		<b>362,268,192</b>	<b>311,044,785</b>	<b>35,289,198</b>	<b>31,667,575</b>	<b>193,170,967</b>	<b>275,911,491</b>	<b>1,178,837,500</b>	<b>98,561,184</b>	<b>2,486,750,892</b>
<b>Liabilities</b>										
Obligations with public		1,415,295,262	124,460,158	84,452,139	67,217,482	124,085,740	182,841,135	102,657,305	0	2,101,009,221
Obligations with financial Entities		17,317,134	144,067,172	1,180,855	0	1,200,836	52,442,527	23,946,569	0	240,155,093
Charges payable		202,188	930,034	1,115,942	954,856	923,560	920,476	598,730	0	5,645,786
		<b>1,432,814,584</b>	<b>269,457,364</b>	<b>86,748,936</b>	<b>68,172,338</b>	<b>126,210,136</b>	<b>236,204,138</b>	<b>127,202,604</b>	<b>0</b>	<b>2,346,810,100</b>
<b>Assets and liabilities spread</b>	US\$	<b>(1,070,546,392)</b>	<b>41,587,421</b>	<b>(51,459,738)</b>	<b>(36,504,763)</b>	<b>66,960,831</b>	<b>39,707,353</b>	<b>1,051,634,896</b>	<b>98,561,184</b>	<b>139,940,792</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2023, in US dollars:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>More than 30 days past due</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	283,288,792	0	0	0	0	0	0	0	283,288,792
Cash reserve- BCCR		233,432,859	12,753,776	12,903,495	11,935,974	27,404,641	22,449,926	8,786,362	0	329,667,033
Investments		0	259,422,574	73,458,222	58,165,711	163,463,419	45,292,126	0	289,690,775	889,492,827
Interest on investments		0	93,426	3,568,699	11,330	1,570,624	0	15,944	0	5,260,023
Loan portfolio		0	25,977,766	24,003,648	26,221,738	44,014,726	75,165,935	98,966,073	1,069,824,825	1,364,174,711
Interest on loans		0	2,803,270	203,008	3,750	0	0	5,270,375	0	8,280,403
		<u>516,721,651</u>	<u>301,050,812</u>	<u>114,137,072</u>	<u>96,338,503</u>	<u>236,453,410</u>	<u>142,907,987</u>	<u>113,038,754</u>	<u>1,359,515,600</u>	<u>2,880,163,789</u>
<b>Liabilities</b>										
Obligations with public		1,726,368,814	94,321,430	95,428,687	88,273,322	202,672,916	166,029,976	64,980,145	0	2,438,075,290
Obligations with financial										
Entities		23,645,666	194,909,188	0	5,252,560	1,393,744	2,731,996	23,683,931		251,617,085
Charges payable		214,995	961,101	627,523	597,749	1,414,997	1,276,070	616,158	0	5,708,593
		<u>1,750,229,475</u>	<u>290,191,719</u>	<u>96,056,210</u>	<u>94,123,631</u>	<u>205,481,657</u>	<u>170,038,042</u>	<u>89,280,234</u>	<u>0</u>	<u>2,695,400,968</u>
<b>Assets and liabilities spread</b>	US\$	<u>(1,233,507,824)</u>	<u>10,859,093</u>	<u>18,080,862</u>	<u>2,214,872</u>	<u>30,971,753</u>	<u>(27,130,055)</u>	<u>23,758,520</u>	<u>1,359,515,600</u>	<u>184,762,821</u>

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

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

For the period ended March 31, 2024, the separate accumulated financial statements show a net foreign exchange loss of ¢3,198,090,902, (¢12,257,949,237 and ¢5,732,972,248 net loss for December and March 2023, respectively 2022).

#### (g) Capital Management

In the 2023 monitoring of the Capital Management Process in the BCR Financial Conglomerate, an update was carried out that includes requirements for climate risk, 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 2023, it remains at lower levels than those shown before June 2023, which is explained by what was mentioned about the appetite of the PME/CB ratio.

#### (h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of March 2024 of 14.53% 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 that acts transversally on the other dimensions.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(i) Operational risk management

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

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

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

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

The results are obtained from the compilation of the losses by type of operational risk, to which the BCR has been exposed in the evaluated period, which allows studying the effectiveness of the implemented measures. The external fraud in debit and credit cards, was the main materialized factor, which presented an increase in the month of March. Mitigation measures continue to be applied, such as the Safe Environment project (3D'S) and the use of electronic wallets, for the period from January to March 2024.

**Gross operating losses**  
- Percentage distribution by type of risk-

Type of operational risk	Accumulated	March	December	March
	gross losses			
	2024	2024	2023	2023
Clients, products, and business practices	26,808,574	20.53%	1.14%	0.52%
Execution, delivery, and management of processes	18,992,795	14.55%	47.64%	2.39%
External fraud	74,766,918	57.27%	46.19%	75.91%
Internal fraud	0	0.00%	2.15%	12.83%
Business interruption and system failures	9,985,737	7.65%	2.52%	7.61%
Labor relations and safety in the workplace	0	0.00%	0.37%	0.74%
<b>Total</b>	<b>¢ 130,554,024</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Information and IT security risks are managed by the BCR conglomerate with a corporate 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, self-appraisal, monitoring of risk treatment plans, and follow-up of indicators, projecting to have a greater scope and agility in their execution.

Related to processes, projects, applications, strategy, services, platforms, hiring, criteria, and IT security are incorporated. In addition, risk indicators are reviewed and proposed, to monitor and control different events to which the BCR Financial Conglomerate may be exposed.

As part of the evaluations and monitoring of risk indicators, corrective actions are applied when there are deviations from the parameters established in the risk appetite. They are defined together with the risk-taking areas, as part of the continuous improvement of the process.

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

The above, aligned with the applicable prudential regulations and international best practices, allowing the Corporate Risk Management to support compliance with the institutional strategic objectives, avoiding sensitive impacts on the services provided to clients.

(j) Business Continuity

Business Continuity Testing

Business Impact Analysis

The BCR Financial Conglomerate has a Business Continuity Management System with the purpose of reducing the possible impacts caused by any disruptive event, guaranteeing the continuity of operations.

(Continues)

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Notes to the separate financial statements

One of the most relevant stages of the system corresponds to the Business Impact Analysis known as BIA for its acronym in English (Business Impact Analysis). In the last update, the Conglomerate's process map was used as the main input to establish the scope and focus resources on business continuity management. Applying the methodology, the priority of the groups, processes, and activities was determined at the different levels analyzed: strategic, tactical, and operational.

During the execution of the operational level, activities were prioritized by business process and the minimum required resources were identified, such as: human resources, technological infrastructure, and assets.

The resources were identified through the information provided by the specialist areas and were prioritized according to the defined methodology. In the case of technological resources, the application catalog was used; this prioritization was developed with the support of the responsible areas, identifying essential services, critical platforms and applications that support the operation of business processes and are associated according to the recovery urgency in a total of eight groups.

Once the BIA is completed, it is essential to focus on continuity efforts to establish contingent procedures that guide the actions to follow during disruptive incidents. These procedures will be part of the Business Continuity Plan that is designed to address unexpected events while ensuring the safety and efficiency of operations.

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

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

This management integrates normatively defined evaluation factors such as clients, products, services, channels, and geographical areas as well as the evaluation of new products and initiatives. 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.

(Continues)

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Notes to the separate financial statements

(1) 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 and self-evaluations are carried out to determine the level of compliance with the established obligations, also verifying that there is a timely integration in the processes of the Conglomerate when new regulations or modifications to the existing ones arise, this to ensure a desire for zero tolerance in terms of non-compliance with the applicable external regulatory framework.

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 first quarter of 2024, 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 judicial y extrajudicial result, as well as the registration in time and form of the notarial acts both from institutional and external notaries, product of commercial business carried out. Likewise, the monitoring of the litigation VAR indicator related to the provision for the payment of judgments.

In addition, monitoring of the behavior of the legislative projects that are in the Legislative Assembly that could significantly impact the CFBCR is maintained, such as the proposed sale of the Bank, as well as file No. 21,824, Law to abolish the regimes of special complementary pensions.

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 22 risk identification exercises have been carried out, of which 45 correspond to assessments and 6 to self-assessments.

For the quarter, the implementation of self-evaluations of external regulations binding on the Entity will begin, as well as the mechanism to apply this evaluation to the Bank's internal regulations.

(Continues)



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Notes to the separate financial statements

(35) Financial Information of the Development Financing Fund

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

**DEVELOPMENT FINANCING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the periods ended March 31, 2024  
Financial Information  
(In colones without cents)

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<b>ASSETS</b>			
<b>Available</b>	¢ 2,262,345,581	127,357,508	2,064,354,568
<b>Central Bank of Costa Rica</b>	2,262,345,581	127,357,508	2,064,354,568
<b>Loan portfolio</b>	¢ 47,098,928,147	47,165,995,600	44,032,114,573
Current loans	42,802,011,681	43,307,881,313	40,685,793,706
Past due loans	4,131,498,137	3,721,715,771	3,292,230,531
Loans on legal collection (Deferred income loan portfolio)	777,994,335 (473,258,987)	742,263,981 (465,477,019)	586,722,381 (404,427,018)
Interest receivable	171,074,676	170,201,295	183,850,247
(Allowance for impairment)	(310,391,695)	(310,589,741)	(312,055,274)
<b>Accounts and commissions receivable</b>	<b>0</b>	<b>0</b>	<b>5,733,518</b>
Other accounts receivable	0	0	2,011,089
(Allowance for impairment)	0	0	3,722,429
<b>Other assets</b>	<b>258,053,342</b>	<b>165,766,632</b>	<b>0</b>
Intangible assets	0	2,767,988	0
Other assets	258,053,342	162,998,644	0
<b>Total assets</b>	<b>¢ 49,619,327,070</b>	<b>47,459,119,740</b>	<b>46,102,202,659</b>
<b>Liabilities</b>			
<b>Accounts payable and provisions</b>	¢ 179,487,102	160,713,385	89,642,435
Other sundry accounts payable	179,487,102	160,713,385	89,642,435
<b>Other liabilities</b>	<b>244,702,805</b>	<b>159,166,840</b>	<b>10,862,672</b>
Other liabilities	244,702,805	159,166,840	10,862,672
<b>Total liabilities</b>	<b>¢ 424,189,907</b>	<b>319,880,225</b>	<b>100,505,107</b>
<b>Equity</b>			
<b>Adjustments to equity - Other comprehensive income</b>	<b>48,866,249,077</b>	<b>45,766,617,523</b>	<b>45,766,617,523</b>
<b>Result of current period</b>	<b>328,888,086</b>	<b>1,372,621,992</b>	<b>235,080,029</b>
<b>Debit contingent accounts</b>	¢ 49,195,137,163	47,139,239,515	46,001,697,552
<b>Other debit memoranda accounts</b>	¢ 49,619,327,070	47,459,119,740	46,102,202,659
<b>Debit contingent accounts</b>	¢ 2,687,500	5,898,412	13,418,797
<b>Other debit memoranda accounts</b>	¢ 2,545,982,018	3,912,542,628	7,266,263,514

(Continues)

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Notes to the separate financial statements

**DEVELOPMENT FINANCING FUND**

STATEMENT OF INCOME

For the periods ended March 31, 2024

Financial Information

(In colones without cents)

	<b>March 2024</b>	<b>March 2023</b>
<b>Financial income</b>		
For loan portfolio	663,217,134	798,398,499
For profit on exchange differences	0	0
<b>Total financial income</b>	<b>663,217,134</b>	<b>798,398,499</b>
<b>Financial expenses</b>		
For losses on exchange differences	1,806,795	4,883,058
<b>Total financial expenses</b>	<b>1,806,795</b>	<b>4,883,058</b>
For allowance of asset impairment	0	103,414
For recovery of assets and decrease in estimates and provisions	1,042,263	1,156,443
<b>Financial Result</b>	<b>662,452,602</b>	<b>794,568,470</b>
<b>Other Operating Income</b>		
For Other Operating Income	1,640,861	273,520
For Currency Exchange And Arbitration	0	0
For Services Commissions	6,316,979	8,639,116
<b>Total Other Operating Income</b>	<b>7,957,840</b>	<b>8,912,636</b>
<b>Other Operating Expenses</b>		
For Other Operating Expenses	341,522,356	568,401,077
<b>Total Other Operating Expenses</b>	<b>341,522,356</b>	<b>568,401,077</b>
<b>Operating Result, Gross</b>	<b>328,888,086</b>	<b>235,080,029</b>
<b>Result of the period</b>	<b>¢ 328,888,086</b>	<b>235,080,029</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<b>Activity</b>			
Agriculture, livestock, hunting and related services	¢ 8,285,745,969	9,105,455,860	9,838,683,442
Public administration	0	17,866,560	20,849,708
Fishing and aquaculture	0	42,617,690	42,986,799
Manufacturing	0	1,085,570,230	1,157,835,305
Exploitation of mines and quarries	1,107,559,565	0	0
Trade	21,913,150,764	24,229,865,712	21,295,546,693
Services	51,484,190	9,983,278,228	8,795,301,258
Transportation	372,593,964	1,146,209,128	999,040,944
Financial and stock exchange activities	1,041,392,880	254,903,080	499,180,378
Real estate, business, and rental,activities	170,697,338	126,361,591	144,117,999
Construction, purchase, and repair,of,real,estate,	667,763,028	671,402,655	669,110,924
Retail	12,805,590,057	0	0
Hospitality	1,119,915,178	1,108,330,331	1,102,093,168
Education	175,611,220	0	0
	<u>47,711,504,153</u>	<u>47,771,861,065</u>	<u>44,564,746,618</u>
Plus: interest receivable	171,074,676	170,201,295	183,850,247
Less deferred income in loan portfolio	(473,258,987)	(465,477,019)	(404,427,018)
Allowance for impairment	(310,391,695)	(310,589,741)	(312,055,274)
	<u>¢ 47,098,928,147</u>	<u>47,165,995,600</u>	<u>44,032,114,573</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Up to date	¢ 42,802,011,681	43,307,881,313	40,685,793,706
From 1 to 30 days	2,880,863,576	2,480,510,289	2,172,433,216
From 31 to 60 days	549,036,318	364,846,799	546,481,684
From 61 to 90 days	290,757,442	545,253,895	491,066,727
From 91 to 120 days	161,029,446	83,178,140	9,280,364
From 121 to 180 days	130,248,296	138,522,588	29,079,104
Over 180 days	119,563,059	109,404,060	43,889,436
Legal collection	777,994,335	742,263,981	586,722,381
	<u>¢ 47,711,504,153</u>	<u>47,771,861,065</u>	<u>44,564,746,618</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

c) Delinquent and past due loan portfolio

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Number of operations	50	36	17
Past due loans in non- accrual status of interest	¢ <u>897,557,394</u>	<u>851,668,041</u>	<u>630,611,817</u>
Past due loans for which interest is recognized	¢ 4,011,935,078	3,612,311,711	3,248,341,095
Total unearned interest	¢ 1,250,024	1,250,024	1,250,024

Loans on legal collection as of March 31, 2024:

<b><u># operations</u></b>	<b><u>Percentage</u></b>	<b><u>Balance</u></b>
20	1.63%	¢ <u>777,994,335</u>

Loans on legal collection as of December 31, 2023:

<b><u># operations</u></b>	<b><u>Percentage</u></b>	<b><u>Balance</u></b>
18	1.69%	¢ <u>807,172,385</u>

Loans on legal collection as of March 31, 2023:

<b><u># operations</u></b>	<b><u>Percentage</u></b>	<b><u>Balance</u></b>
9	1.32%	¢ <u>586,722,381</u>

d) Interest receivable on loan portfolio:

Interest receivables are as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Current loans	¢ 106,289,741	111,289,759	139,501,052
Past due loans	44,727,438	40,046,717	32,784,611
Loans in judicial collection	20,057,497	18,864,819	11,564,584
	¢ <u>171,074,676</u>	<u>170,201,295</u>	<u>183,850,247</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

e) Allowance for bad loans:

The movement of allowance for bad loans is as follows:

<b>Opening balance 2024</b>		<b>310,589,741</b>
Less:		
Adjustment for exchange differences		(198,046)
<b>Balance as of March 31, 2024</b>		<b><u>310,391,695</u></b>
<b>Opening balance 2023</b>	¢	<b>313,014,745</b>
Plus:		
Adjustment for exchange differences		34,473
Less:		
Adjustment for exchange differences		(767,967)
Reversal of allowance against income		(433,630)
Transfer of balances		(1,257,880)
<b>Balance as of December 31, 2023</b>	¢	<b><u>310,589,741</u></b>
<b>Balance as of March 31, 2023</b>	¢	<b>313,014,745</b>
Less:		
Adjustment for exchange differences		(547,264)
Transfer of balances		(412,207)
<b>Balance as of March 31, 2023</b>	¢	<b><u>312,055,274</u></b>

f) Loan portfolio by type of guarantee:

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<b>Guarantee</b>			
Fiduciary	¢ 378,054,115	419,464,873	553,756,336
Mortgage	22,890,766,759	24,056,648,740	27,014,841,674
Chattel	743,984,600	812,341,917	979,646,540
Others	23,698,698,679	22,483,405,535	16,016,502,068
	¢ <b><u>47,711,504,153</u></b>	<b><u>47,771,861,065</u></b>	<b><u>44,564,746,618</u></b>

(Continues)

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Notes to the separate financial statements

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

		<b>Direct Loan Portfolio</b>		
		<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Principal	¢	47,711,504,153	47,771,861,065	44,564,746,618
Interest receivable		171,074,676	170,201,295	183,850,247
		47,882,578,829	47,942,062,360	44,748,596,865
Allowance for bad loans		(310,391,695)	(310,589,741)	(312,055,274)
Carrying amount	¢	47,572,187,134	47,631,472,619	44,436,541,591
Loan portfolio				
Total balances:				
A1	¢	0	255,673,081	500,819,946
1		45,280,962,302	44,777,040,112	41,300,425,078
2		570,048,166	365,650,505	364,394,753
3		656,564,978	1,019,592,785	1,054,036,979
4		310,019,754	501,789,956	854,885,745
5		135,780,986	201,107,289	30,362,039
6		929,202,643	821,208,632	643,672,325
		47,882,578,829	47,942,062,360	44,748,596,865
Minimum allowance		(496,216,364)	(307,350,925)	(261,222,909)
Carrying amount, net	¢	47,386,362,465	47,634,711,435	44,487,373,956
Carrying amount		47,882,578,829	47,942,062,360	44,748,596,865
Allowance for bad loans		(496,216,364)	(307,350,925)	(261,222,909)
Allowance (surplus) deficit on minimum allowance		185,824,669	(3,238,816)	(50,832,365)
Carrying amount, net	6a ¢	47,572,187,134	47,631,472,619	44,436,541,591

(Continues)

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Notes to the separate financial statements

As of March 31, 2024

Loan Portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
Direct specific allowance				
1	45,280,962,302	0	0	(113,204,085)
2	570,048,166	0	0	(7,951,481)
3	656,564,978	0	0	(43,565,607)
4	310,019,754	0	0	(46,587,062)
5	135,780,986	0	0	(25,999,951)
6	929,202,643	0	0	(258,908,178)
¢	<u>47,882,578,829</u>	<u>0</u>	<u>0</u>	<u>(496,216,364)</u>

Loan Portfolio

Aging of loan portfolio

	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct specific allowance				
Up to date	43,001,802,616	0	0	(122,087,312)
Equal or less than 30 days	2,835,535,811	0	0	(39,133,419)
Equal or less than 60 days	497,708,546	0	0	(19,778,291)
Equal or less than 90 days	343,221,435	0	0	(15,328,425)
Equal or less than 180 days	270,888,919	0	0	(44,918,785)
Over 180 days	933,421,502	0	0	(254,970,132)
¢	<u>47,882,578,829</u>	<u>0</u>	<u>0</u>	<u>(496,216,364)</u>
¢	<u>47,882,578,829</u>	<u>0</u>	<u>0</u>	<u>(496,216,364)</u>

As of December 31, 2023

Loan Portfolio

Loan Portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
1	44,777,040,112	29,698,239,693	15,078,800,419	(111,942,601)
A1	255,673,081	0	255,673,081	(1,278,365)
	<u>45,032,713,193</u>	<u>29,698,239,693</u>	<u>15,334,473,500</u>	<u>(113,220,966)</u>
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)
	<u>2,909,349,167</u>	<u>2,488,007,564</u>	<u>421,341,603</u>	<u>(194,129,959)</u>
¢	<u>47,942,062,360</u>	<u>32,186,247,257</u>	<u>15,755,815,103</u>	<u>(307,350,925)</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan Portfolio Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic 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 March 31, 2023

Loan Portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 41,300,425,078	27,409,464,630	13,890,960,448	(103,251,062)
A1	500,819,946	0	500,819,946	(2,504,100)
	41,801,245,024	27,409,464,630	14,391,780,394	(105,755,162)
Direct specific allowance				
3	364,394,753	336,546,435	27,848,318	(3,075,148)
4	1,054,036,979	826,857,548	227,179,431	(60,929,146)
5	854,885,745	752,263,951	102,621,794	(55,072,217)
6	30,362,039	29,673,959	688,080	(630,026)
A1	643,672,325	610,965,944	32,706,381	(35,761,210)
	2,947,351,841	2,556,307,837	391,044,004	(155,467,747)
	¢ 44,748,596,865	29,965,772,467	14,782,824,398	(261,222,909)

Loan Portfolio Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
Up to date	¢ 40,825,294,758	26,460,017,750	14,365,277,008	(100,946,930)
Equal or less than 30 days	2,189,803,153	1,849,143,189	340,659,964	(4,808,232)
	43,015,097,911	28,309,160,939	14,705,936,972	(105,755,162)
Direct specific allowance				
Equal or less than 30 days	553,166,792	539,085,764	14,081,028	(82,060,888)
Equal or less than 60 days	498,433,767	467,418,603	31,015,164	(38,365,089)
Equal or less than 90 days	39,141,217	39,141,217	0	(195,706)
Equal or less than 180 days	642,757,178	610,965,944	31,791,234	(34,846,064)
	¢ 1,733,498,954	1,656,611,528	76,887,426	(155,467,747)
	¢ 44,748,596,865	29,965,772,467	14,782,824,398	(261,222,909)

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

(36) Situation of the Development Credit Fund

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

**DEVELOPMENT FINANCING FUND  
STATEMENT OF FINANCIAL POSITION**

For the period ended March 31, 2024

Financial Information

(In colones without cents)

	<u>March 2024</u>	<u>December 2023</u>	<u>March 2023</u>
<b>ASSETS</b>			
<b>Availabilities</b>	¢ 856,687,186	795,892,500	984,780,489
Central Bank of Costa Rica	856,687,186	795,892,500	984,780,489
<b>Investment in financial instruments</b>	<b>85,467,084,373</b>	<b>95,377,292,181</b>	<b>112,490,383,133</b>
At fair value through profit or loss	8,264,905,010	4,957,598,565	1,754,226,968
At fair value through other comprehensive income	76,014,503,351	86,755,969,894	109,039,718,714
At amortized cost	0	2,782,370,522	790,186,484
Interest receivable	1,187,676,012	881,353,200	906,250,967
<b>Loan Portfolio</b>	<b>47,347,605,588</b>	<b>38,248,570,855</b>	<b>37,505,029,883</b>
Current loans	46,563,868,889	37,877,348,151	37,130,425,678
Past due loans	1,032,152,964	648,807,590	467,268,496
Loans in legal collection	0	0	92,402,727
(Deferred income loan portfolio)	(339,389,025)	(307,590,574)	(244,054,221)
Interest receivable	179,123,066	119,619,530	149,977,260
(Allowance for impairment)	(88,150,306)	(89,613,842)	(90,990,057)
<b>Accounts and commissions receivable</b>	<b>138,179,198</b>	<b>231,188,813</b>	<b>352,695,026</b>
Tax and deferred income tax	138,179,198	231,188,813	352,695,026
<b>Other assets</b>	<b>307,737</b>	<b>83,192</b>	<b>2,139,092,663</b>
Other assets	307,737	83,192	2,139,092,663
<b>TOTAL ASSETS</b>	<b>¢ 133,809,864,082</b>	<b>134,653,027,541</b>	<b>153,471,981,194</b>
<b>LIABILITIES</b>			
<b>Obligations with entities</b>	¢ 138,781,730,311	140,481,206,433	157,378,387,594
Demand obligations	138,781,730,311	0	0
Term obligations	0	140,481,206,433	156,784,485,750
Accounts payable financial entities	0	0	593,901,840
Interest payable	0	0	4
<b>Accounts payable and provisions</b>	<b>168,431,418</b>	<b>42,148,639</b>	<b>117,204,978</b>
Accounts receivable	4,432,604	2,127,704	227,500
Deferred income tax	163,055,658	40,020,935	116,977,478
Other miscellaneous accounts payable	943,156	0	0
<b>Other liabilities</b>	<b>421,989,517</b>	<b>531,663</b>	<b>0</b>
Other liabilities	421,989,517	531,663	0
<b>TOTAL LIABILITIES</b>	<b>¢ 139,372,151,246</b>	<b>140,523,886,735</b>	<b>157,495,592,572</b>
<b>EQUITY</b>			
<b>Adjustments to equity – Other comprehensive income</b>	¢ 122,242,970	(370,185,888)	(434,849,510)
<b>Results of the previous period</b>	¢ (5,500,673,306)	0	0
<b>Results of the current period</b>	<b>(183,856,828)</b>	<b>(5,500,673,306)</b>	<b>(3,588,761,868)</b>
<b>TOTAL EQUITY</b>	<b>¢ (5,562,287,164)</b>	<b>(5,870,859,194)</b>	<b>(4,023,611,378)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>¢ 133,809,864,082</b>	<b>134,653,027,541</b>	<b>153,471,981,194</b>
<b>OWN DEBIT MEMORANDA ACCOUNT</b>			
Own debit memoranda account	¢ 20,442,882,596	27,583,777,748	10,536,795,327
Interest receivable memoranda accounts	¢ 12,881,259	9,096,849	11,662,568

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

**DEVELOPMENT CREDIT FUND  
INCOME STATEMENT**

For the period ended March 31, 2024

Financial Information

(In colones without cents)

		<b>March 2024</b>	<b>March 2023</b>
<b>Financial income</b>			
For investments in financial instruments	¢	1,293,305,761	1,413,033,163
For loan portfolio		567,340,227	447,282,420
For exchange rate differences		0	0
Other financial incomes		25,899,171	213,129,135
<b>Total financial income</b>		<b>1,886,545,159</b>	<b>2,073,444,718</b>
<b>Financial expenses</b>			
For obligations with the public		897,725,081	996,675,064
For losses in exchange differences		238,110,467	3,385,442,206
Other financial expenses		560,502	1,040,877,033
<b>Total financial expenses</b>		<b>1,136,396,050</b>	<b>5,422,994,303</b>
For allowance of asset impairment		11,674,596	36,998,752
Asset recovery and decrease in allowance		0	170,011,690
<b>Financial result</b>	¢	<b>761,823,705</b>	<b>(3,216,536,647)</b>
<b>Other operating income</b>			
For commission for services		0	6,840
For arbitrage and currency exchange		39,860,398	149,380,738
For other operating income		5,181,702	30,229,553
<b>Total other operating income</b>	¢	<b>45,042,100</b>	<b>179,617,131</b>
<b>Other operating expenses</b>			
For arbitrage and currency exchange		1,963,117	24,060,038
For other operating income		159,549,339	13,660,509
<b>Total other operating income</b>	¢	<b>161,512,456</b>	<b>37,720,547</b>
<b>Other operating expenses</b>	¢	<b>645,353,349</b>	<b>(3,074,640,063)</b>
For exchange and arbitration, foreign currency		829,210,177	514,121,805
For other operating expenses		(183,856,828)	(3,588,761,868)
<b>Total other operating expenses</b>	¢	<b>(183,856,828)</b>	<b>(3,588,761,868)</b>
<b>Profit allocation</b>			
Profit transferred to the National Development Trust	¢	829,210,177	514,121,805
Commission for management of the Development Credit Fund, and the fund's own profits		(183,856,828)	(3,588,761,868)
	¢	<b>645,353,349</b>	<b>(3,074,640,063)</b>

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
At fair value through profit or loss	¢ 8,264,905,010	4,957,598,565	1,754,226,968
At fair value through other comprehensive income	76,014,503,351	86,755,969,894	109,039,718,714
At amortized cost	0	2,782,370,522	790,186,484
Interest receivable for investments at fair value through comprehensive income	1,187,676,012	881,353,200	906,250,967
	<b>¢ 85,467,084,373</b>	<b>95,377,292,181</b>	<b>112,490,383,133</b>
	<b>March 2024 Fair value</b>	<b>December 2023 Fair value</b>	<b>March 2023 Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	¢ 8,264,905,010	4,957,598,565	1,754,226,968
	<b>¢ 8,264,905,010</b>	<b>4,957,598,565</b>	<b>1,754,226,968</b>
	<b>March 2024 Fair value</b>	<b>December 2023 Fair value</b>	<b>March 2023 Fair value</b>
<b>At fair value through other comprehensive income</b>			
<u>Local issuers:</u>	0	0	24,271,549,770
State-owned Banks	76,014,503,351	86,755,969,894	84,768,168,944
	<b>¢ 76,014,503,351</b>	<b>86,755,969,894</b>	<b>109,039,718,714</b>
	<b>March 2024 Fair value</b>	<b>December 2023 Fair value</b>	<b>March 2023 Fair value</b>
<b>At amortized cost</b>			
<u>Local issuers:</u>			
State-owned Banks	¢ 0	2,782,370,522	0
	<b>¢ 0</b>	<b>2,782,370,522</b>	<b>0</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

<b>Sector</b>	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Agriculture, livestock, hunting and related services	¢ 29,549,109,984	23,339,203,469	22,557,917,534
Manufacturing	0	3,892,042,294	11,265,397,998
Exploitation of mines and quarries	449,480,545	0	0
Trade	7,165,952,153	6,866,246,060	1,963,368,411
Services	26,034,858	3,264,743,870	1,331,148,942
Transportation	43,588,879	451,641,799	281,127,287
Financial and stock market activity	880,496,199	0	0
Construction, purchase, and repair of property	164,147,343	170,934,267	97,519,660
Consumption	8,684,688,663	0	0
Hotels and restaurants	587,588,185	541,343,982	193,617,069
Education	44,935,044	0	0
	<u>47,596,021,853</u>	<u>38,526,155,741</u>	<u>37,690,096,901</u>
Plus: interest receivable	179,123,066	119,619,530	149,977,260
Less: deferred income loan portfolio	(339,389,025)	(307,590,574)	(244,054,221)
Allowance for impairment	(88,150,306)	(89,613,842)	(90,990,057)
	<u>¢ 47,347,605,588</u>	<u>38,248,570,855</u>	<u>37,505,029,883</u>

b) Loan portfolio by arrears:

Loan portfolio by arrears is detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Up to date	¢ 46,563,868,889	37,877,348,151	37,130,425,678
From 1 to 30 days	742,595,282	286,988,550	289,623,426
From 31 to 60 days	100,853,727	173,070,453	177,645,070
From 61 to 90 days	30,355,291	162,443,747	0
From 91 to 120 days	158,348,664	26,304,840	92,402,727
	<u>¢ 47,596,021,853</u>	<u>38,526,155,741</u>	<u>37,690,096,901</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

c) Delinquent and past due loans

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

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Number of operations	0	0	1
Delinquent and past due loans in interest accumulation	ϕ 0	ϕ 0	92,402,727
Delinquent and past due loans with interest recognition	ϕ 1,032,152,964	648,807,590	467,268,496
Total of not received interest	ϕ 12,881,259	9,096,849	11,662,568

d) Interest receivable for loan portfolio

Interest receivables are detailed as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Current loans	ϕ 173,195,988	113,957,144	144,291,242
Past due loans	5,927,078	5,662,386	3,370,458
Loans in legal collection	0	0	2,315,560
	ϕ <b>179,123,066</b>	<b>119,619,530</b>	<b>149,977,260</b>

e) Allowance for bad loans

<b>Balance at the beginning of 2024</b>	ϕ	<b>89,613,842</b>
Less:		
Adjustment for exchange differences		<b>(1,463,536)</b>
<b>Balance as of March 31, 2023</b>	ϕ	<b>88,150,306</b>
<b>Balance at the beginning of 2023</b>	ϕ	<b>95,034,266</b>
Plus:		
Adjustment for exchange differences		254,748
Less:		
Adjustment for exchange differences		<b>(5,675,172)</b>
<b>Balance as of December 31, 2023</b>	ϕ	<b>89,613,842</b>
<b>Balance at the beginning of 2023</b>	ϕ	<b>95,034,266</b>
Less:		
Adjustment for exchange differences		<b>(4,044,209)</b>
<b>Balance as of March 31, 2023</b>	ϕ	<b>90,990,057</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
<b>Guarantee</b>			
Fiduciary	173,360,758	188,119,186	223,730,084
Mortgage	¢ 13,224,351,710	11,193,376,745	3,390,599,826
Chattel	1,151,666,189	900,171,724	384,861,675
Other	33,046,643,196	26,244,488,086	33,690,905,316
	¢ <b><u>47,596,021,853</u></b>	<b><u>38,526,155,741</u></b>	<b><u>37,690,096,901</u></b>

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

	<b>Direct Loan Portfolio</b>		
	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Principal	¢ 47,596,021,853	38,526,155,741	37,690,096,901
Interest receivable	179,123,066	119,619,530	149,977,260
	47,775,144,919	38,645,775,271	37,840,074,161
Allowance for bad loans	(88,150,306)	(89,613,842)	(90,990,057)
Carrying amount	¢ <u>47,686,994,613</u>	<u>38,556,161,429</u>	<u>37,749,084,104</u>
Loan portfolio			
Total, balances:			
1	¢ 47,456,926,447	35,242,018,234	37,102,237,209
2	16,020,267	146,851,917	184,889,043
3	19,275,903	3,146,667,348	234,519,521
4	282,922,302	83,317,906	223,710,101
5	0	26,919,866	94,718,287
6	0	0	0
	47,775,144,919	38,645,775,271	37,840,074,161
Minimum allowance	(128,363,194)	(164,297,072)	(102,973,567)
Carrying amount, net	¢ <u>47,646,781,725</u>	<u>38,481,478,199</u>	<u>37,737,100,594</u>
Carrying amount	47,775,144,919	38,645,775,271	37,840,074,161
Allowance for bad loans	(128,363,194)	(164,297,072)	(102,973,567)
(Surplus) inadequacy of allowance	40,212,888	74,683,230	11,983,510
Carrying amount, net	6a ¢ <u>47,686,994,613</u>	<u>38,556,161,429</u>	<u>37,749,084,104</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

The assessed loan portfolio including allowance is detailed as follows:

As of March 31, 2024

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct specific allowance				
1	47,456,926,447			(118,642,316)
2	16,020,267	0	0	(135,860)
3	19,275,903	0	0	(96,380)
4	282,922,302	0	0	(9,488,638)
¢	47,775,144,919	0	0	(128,363,194)

Loan portfolio

Aging of loan portfolio

Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct specific allowance				
Up to date	46,737,064,876	0	0	(120,616,595)
Equal or less than 30 days	744,879,680	0	0	(1,862,199)
Equal or less than 60 days	101,696,722	0	0	(564,242)
Equal or less than 90 days	30,737,819	0	0	(1,140,610)
Equal or less than 180 days	160,765,822	0	0	(4,179,548)
¢	47,775,144,919	0	0	(128,363,194)

As of December 31, 2023

Loan portfolio

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic 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

Aging of loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
Up to date	37,991,305,295	17,812,796,932	20,178,508,363	(88,057,226)
Equal or less than 30 days	288,282,303	235,696,118	52,586,185	(495,866)
Equal or less than 60 days	174,740,501	146,569,405	28,171,096	0
Equal or less than 90 days	164,527,307	164,527,307	0	0
Equal or less than 180 days	26,919,866	14,660,007	12,259,859	0
¢	38,645,775,272	18,374,249,769	20,271,525,503	(88,553,092)
Direct specific allowance				
Up to date	37,991,305,295	17,812,796,932	20,178,508,363	(63,675,061)
Equal or less than 30 days	288,282,303	235,696,118	52,586,185	(449,679)
Equal or less than 60 days	174,740,501	146,569,405	28,171,096	(2,141,402)
Equal or less than 90 days	164,527,307	164,527,307	0	(822,637)
Equal 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)
¢	77,291,550,543	36,748,499,537	40,543,051,006	(164,297,072)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of March 31, 2023

Loan portfolio		<b>Direct Loan Portfolio</b>			
		<u>Principal</u>	<u>Covered balance</u>	<u>Overdraft</u>	<u>Allowance</u>
Direct generic allowance					
1	¢	<u>37,102,237,209</u>	<u>12,204,623,877</u>	<u>24,897,613,332</u>	<u>(93,206,497)</u>
		37,102,237,209	12,204,623,877	24,897,613,332	(93,206,497)
Direct specific allowance					
2					
3		184,889,043	179,559,773	5,329,270	(1,164,262)
4		234,519,521	234,519,521	0	(1,172,598)
5		223,710,101	211,916,022	11,794,079	(6,956,619)
6		94,718,287	94,718,287	0	(473,591)
		<u>737,836,952</u>	<u>720,713,603</u>	<u>17,123,349</u>	<u>(9,767,070)</u>
	¢	<u>37,840,074,161</u>	<u>12,925,337,480</u>	<u>24,914,736,681</u>	<u>(102,973,567)</u>
Loan portfolio					
Aging of loan portfolio					
Direct generic allowance		<u>Principal</u>	<u>Covered balance</u>	<u>Overdraft</u>	<u>Allowance</u>
Up to date	¢	<u>37,274,716,920</u>	<u>12,363,952,900</u>	<u>24,910,764,020</u>	<u>(92,813,744)</u>
Equal or less than 30 days		<u>291,079,181</u>	<u>287,106,520</u>	<u>3,972,661</u>	<u>(392,753)</u>
		37,565,796,101	12,651,059,420	24,914,736,681	(93,206,497)
Direct specific allowance		<u>Principal</u>	<u>Covered balance</u>	<u>Overdraft</u>	<u>Allowance</u>
Up to date					
Equal or less than 30 days		179,559,773	179,559,773	0	(8,395,680)
Equal or less than 60 days		0	0	0	(897,799)
Equal or less than 90 days		94,718,287	94,718,287	0	(473,591)
		<u>274,278,060</u>	<u>274,278,060</u>	<u>0</u>	<u>(9,767,070)</u>
	¢	<u>37,840,074,161</u>	<u>12,925,337,480</u>	<u>24,914,736,681</u>	<u>(102,973,567)</u>

As of March 31, 2024	Risk category:	<b>Loans receivable from clients</b>	
		<u>Gross</u>	<u>Net</u>
1	¢	47,456,926,447	47,338,284,131
2		16,020,267	15,884,408
3		19,275,903	19,179,523
4		282,922,302	273,433,663
	¢	<u>47,775,144,919</u>	<u>47,646,781,725</u>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2023	<b>Loans receivable from clients</b>	
	<b>Gross</b>	<b>Net</b>
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
	¢ <u>38,645,775,271</u>	<u>38,481,478,199</u>

As of March 31, 2023	<b>Loans receivable from clients</b>	
	<b>Gross</b>	<b>Net</b>
Risk category:		
1	¢ 37,102,237,209	37,009,030,712
2	184,889,043	183,724,781
3	234,519,521	233,346,924
4	223,710,101	216,753,481
5	94,718,287	94,244,696
	¢ <u>37,840,074,161</u>	<u>37,737,100,594</u>

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

As of March 31, 2024, transfers of resources have been made from the Development Credit Fund.

	<b>March 2024</b>	<b>December 2023</b>	<b>March 2023</b>
Banco Scotiabank	¢ 491,000,000	3,437,000,000	0
Banco Promerica	¢ 2,026,225,588	4,302,366,182	491,568,608
	¢ <u>2,517,225,588</u>	<u>7,739,366,182</u>	<u>491,568,608</u>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

a) IAS 1: Presentation of Financial Statements

New IAS I is effective as from the periods beginning on or after January 1, 2009.

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

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

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

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

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

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

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

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

c) IAS 7: Statement of Cash Flows

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

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

Any change in accounting estimates is prospective and is recorded in profit or loss of the period.

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

e) IAS 12: Income tax

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

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

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

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

f) IAS 16: Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

(Continues)

## BANCO DE COSTA RICA

### Notes to the separate financial statements

#### 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 the companies of the group in which it holds an ownership interest of twenty-five percent (25%) or more, irrespective of control. For such purposes, proportionate consolidation should not be used, except in the consolidation of investments in joint ventures.

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

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

#### i) IAS 28: Investments in Associates and Joint Ventures

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

Regulated entities must present their separate financial statements.

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

l) IAS 38: Intangible Assets

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

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

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

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

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

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

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

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business Combinations

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

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

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

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

- a) its carrying amount, and
- b) its fair value less cost of sales.

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

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

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

p) IFRS 9: Financial Instruments

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

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

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

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

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

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

q) IFRS 13: Fair Value Measurement

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

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

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.

(38) Figures for 2024

As of March 31, 2024, financial statement figures have not been reclassified for comparison with those of 2024, per modifications to the Chart of Accounts and SUGEF Directive 6-18: "Financial Information Regulations" approved by the National Supervisory Board of the Finance System.

(39) Relevant and subsequent events

As of March 31, 2024, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of July 03, 2020, the BCCR publishes Law 9859 “Law to Combat Usury” with which it defines the cap on interest rates for loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, valid for the second quarter of 2020. The BCR credit cards offer an interest rate of 32% per year, one of the lowest in the market at the time of the entry into force of Law 9859, therefore it did not generate a financial impact on the credit card returns.

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

As of December 31, 2022, an adjustment for reversal of the IFRIC 23 provision corresponding to 2017 is carried out for ¢11,124,931,039, (¢1,734,981,794, for December 2020, corresponding to 2015 and ¢8,717,265,589 as of December 2021 corresponding to 2016).

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

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

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

As of April 5, 2022, the Bank paid ¢32,663,336,584 to the Treasury.

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

Through official letter number GG-03-155-2022, the Bank's Management notifies the tax authorities of its partial compliance with the proposed adjustments and proceeds to notify that it has paid all the adjustments through official letter number GG -04-174-2022. In addition, this official letter clarifies to the tax authorities that a part of the payment is made under protest due to partial disagreement with the regularization proposal.

With the Bank's partial disagreement of the Regularization Proposal, the Directorate of Large National Taxpayers issues of the Transfer of Charges and Observations, document DGCN-SF-PD-28-2021-3-42-03. This transfer of charges maintains the integrity of the adjustments that were proposed and not accepted by the Bank's management.

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

The Bank files a challenge resource against the transfer of charges which is resolved by Determinative Resolution number DGCN-206-DF-DT-UT-2022. This resolution partially revokes the transfer of charges with respect to adjustment to income for investment in the M.I.L, which were declared non-taxable. Regarding the other adjustments, the determinative resolution maintains the integrity of the adjustment proposed by the Directorate of Large National Taxpayers for the 2017 fiscal period.

The taxpayer proceeds to file a formal appeal with the determinative resolution before the Administrative Fiscal Court.

#### Declaration of health alert for COVID-19

#### Actions of the Government of Costa Rica

As of March 17, 2020, the Tax Relief decree is approved, which establishes moratorium measures in the payment of income tax (VAT, selective consumption, and duties) from April to June 2020. They must be declared and can be paid without charge for interest or penalties until December 2020; a deferral of payment term is granted, but there is no forgiveness or amnesty.

In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and commercial leases are exempt from VAT from April to June 2020.

On March 18, 2020, guideline 075-H was signed to instruct the state's commercial banks so that, in the exercise of their constitutional autonomy, they carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation. The guideline urges banks to assess measures such as the following:

1. Decrease in interest rates according to conditions of each loan.
2. Extension of the term of loans.
3. Extension in the payment of the principal and / or interest for the time that is necessary.
4. Extraordinary payments to the principal without penalty.

#### Financial Information Regulation

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

**The CONASSIF approved**

- a. Extend to September 30, 2021, the option to renegotiate the agreed conditions of the loans up to twice in a 24-month period, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC).
- b. This measure covers loans of more than ₡100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.
- c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending September 30, 2021, without qualifying as a special operation, and
- d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.
- e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.
- f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This measure aims to facilitate the readjustments and / or refinancing of the credits. The measure is temporary until March 31, 2021.
- g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities - Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity as "type 2 irregularity", when the institution presents losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a sanitation plan to counter the situation. It is important to note that SUGEF must amend the parameters for determining liquidity indicators. This measure will be in force for 12-months period.

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## BANCO DE COSTA RICA

### Notes to the separate financial statements

- h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.
- i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

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

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

#### **General Superintendence of Financial Entities**

- a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the “M” factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.
- b. It was agreed to establish in 0,00% the value of the “M” factor referred to in Article 6 of the SUGEF 19-16 Agreement.
- c. This minimum required percentage level of countercyclical allowance (“M”) will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.
- d. The measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

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BANCO DE COSTA RICA

Notes to the separate financial statements

**Central Bank of Costa Rica**

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

- a. In article 6 of the minutes of session 6082-2022, held on September 14, 2022; an increase the level of the Monetary Policy Rate by 100 basis points has been approved, to place it at 8.50% per year.
- b. In addition, it agreed to set the gross interest rate on overnight electronic deposits (DON) to 6.38% annually.
- c. The changes previously included are effective as of September 15, 2022.
- d. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: “during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights “. This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).
- e. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones in the markets with one-day and up to thirty-days terms.
- f. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in a one-day term.
- g. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.
- h. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.
- i. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

Measures were issued in three areas:

- 1) Direct loans: A total grace period of 6 or 12 months will be provided, in which the client will pay only what corresponds to credit-related policies, thus, the principal and interest will not be charged during that period. The corresponding collection will be performed after the total grace period and will be treated according to the needs of each client.

The unpaid interest will be charged through a new credit that will take effect at the end of the grace period.

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

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

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

- 2) Credit cards: At the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, no late fees or interest will be charged.

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

- 3) Line of credit: Specific situations will be addressed, punctually analyzing each client to identify the need and provide a tailor-made solution.

As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

In this first stage, facilities will be given with emphasis on Tourism and Commerce, which will allow a medium-term solution, ranging between 6 or 12 months in both currencies.

In a second stage, the Transportation and Commercial sector with real estate activity will be addressed with greater emphasis, also covering other economic activities.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

March 2024

Activity	Loans – Colonized balances	
	Colones	Colonized US Dollars
Agriculture	6,997,366,476	18,562,824,408
Trade	48,505,558,551	21,964,515,076
Construction	5,013,421,097	3,257,924,666
Consumer goods	51,150,808,878	1,039,892,924
Cattle raising	2,396,276,745	0
Industry	26,044,398,604	1,679,409,275
Services	21,820,644,848	6,481,092,580
Credit cards	1,678,167	1,831,871
Transportation	15,372,065,640	0
Tourism	5,057,028,154	32,555,980,989
Housing	159,332,079,712	32,825,726,971
<b>Total by currency in ¢</b>	<b>¢ 342,779,653,093</b>	<b>118,548,879,905</b>

Activity	Amount in US		
	Colons	Dollars	Total
Agriculture	255	36	291
Trade	506	38	544
Construction	17	9	26
Consumer goods	6,108	171	6,279
Cattle raising	48		48
Industry	70	1	71
Services	328	15	343
Credit Cards	2	1	3
Transportation	107		107
Tourism	34	26	60
Housing	7,445	933	8,378
<b>Total</b>	<b>14,920</b>	<b>1,230</b>	<b>16,150</b>

(Continues)



BANCO DE COSTA RICA

Notes to the separate financial statements

December 2023

Activity	Loans – Colonized balances	
	Colones	Colonized 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
Consumer goods	52,809,343,502	1,173,198,722
Cattle raising	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
<b>Total by currency in ¢</b>	<b>¢ 345,430,946,086</b>	<b>123,509,509,083</b>
<b>Total</b>	<b>¢ 468,940,455,169</b>	

Activity	Amount in US		
	Colons	Dollars	Total
Agriculture	75	4	79
Trade	541	41	582
Construction	17	11	28
Consumer goods	6,289	184	6,473
Cattle raising	50		50
Industry	75	1	76
Services	342	16	358
Transportation	117		117
Tourism	35	31	66
Housing	7,527	952	8,479
<b>Total</b>	<b>15,068</b>	<b>1,240</b>	<b>16,308</b>

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

March 31, 2023

Activity	Loans – Colonized balances	
	Colons	Colonized US dollars
Agriculture	1,798,346,333	26,471,697,215
Trade	57,257,578,456	26,135,023,706
Construction	5,363,184,775	7,970,129,151
Consumer goods	61,094,109,635	1,977,292,627
Cattle raising	2,829,628,297	0
Industry	29,606,285,284	1,892,580,093
Services	26,791,568,310	9,830,033,635
Transportation	18,675,210,677	45,213,799
Tourism	5,947,313,124	38,810,594,202
Housing	171,631,480,957	40,159,632,421
<b>Total by currency in ¢</b>	<b>¢ 380,994,705,848</b>	<b>153,292,196,849</b>
<b>Total</b>	<b>¢ 534,286,902,697</b>	

Activity	Amount in US		
	Colons	dollars	Total
Agriculture	77	5	82
Trade	663	49	712
Construction	19	14	33
Consumer goods	6,970	323	7,293
Cattle raising	61		61
Industry	82	2	84
Services	387	24	411
Transportation	141	2	143
Tourism	38	36	74
Housing	7,929	1,045	8,974
<b>Total</b>	<b>16,367</b>	<b>1,50</b>	<b>17,867</b>

Effects of the implementation of the Financial Information Regulation

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

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

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### Notes to the separate financial statements

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

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

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

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

#### Gradual increase of the Minimum Legal Requirement

The Board of Directors of the Central Bank of Costa Rica, in article 8 of the minutes of session 6066-2022, held on June 15, 2022, ordered to gradually increase the percentage of minimum legal reserve and liquidity reserve, both in national currency, from 12.0% to 15.0%.

As of the first fortnight of July 2022, 13.5% is applied and as of the second fortnight of July 2022, 15.0% is applied, through the modification to Title VI of the Monetary Policy Regulations.

#### Maximum annual interest rates for credits and microcredits

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

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

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<b>Every type of credit (except microcredits)</b>	<b>Semiannual 1/2023</b>	<b>Semiannual 2/2023</b>	<b>Semiannual 1/2024</b>
Colons	35.51	38.16	38.55
US dollars	28.71	30.27	30.53
Microcredits			
Colons	50.16	53.83	54.37
US dollars	40.70	42.86	43.23
Credits in other currencies	6.34	7.38	7.56

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.

Estimates of loan portfolio and estimates of held-for-sale assets

Starting in 2024, CONASSIF Agreement 14-21 will come into force. Currently, until December 2023, the loan portfolio and held-for-sale assets are estimated, according to SUGEF Agreement 1-05.

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), A1 being the lowest risk and E being the higher credit risk.

With CONASSIF Agreement 14-21 entering into force as of January 1, 2024, credit operations or debts must be classified individually in risk categories, according to their classification from 1 to 8, being category 1 the one with the lowest credit risk and 8 the one with the highest credit risk.

Approved by CONASSIF through articles 8 and 9, of the minutes of sessions 1699-2021 and 1700-2021, held on November 11 and 15, 2021, respectively, into effect 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.

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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, CONASSIF Agreement 06-18, (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.

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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.

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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.

After a reasonable period of parallel application of both methodologies, the amount resulting from using the internal methodology may be recorded against the results of the period. Finally, upon express indication from SUGEF, the entity may totally or partially reverse the corresponding reserve account duly individualized in equity.

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:

$$\text{LGD average} = \max \{(\text{EAD}_R - \text{Guarantee mitigating amount}) / \text{EAD}_R, 0\}$$
$$\text{LGD}_R = \text{LGD min} + (1 - \text{LGD min}) \times \text{LGD average}$$

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Where:

<b>LGD min:</b>	Minimum LGD value of 10%
<b>LGD average:</b>	Percentage of EAD value lost after default.
<b>LGD regulatory (LryGDR):</b>	Loss given default to be used in the calculation of specific estimates.
<b>EAD<sub>R</sub>:</b>	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:

$$\text{LGD prom} = \max \{(\text{EAD}_R - \text{Guarantee mitigating amount}) / \text{EAD}_R, 0\}$$
$$\text{LGD}_R = \text{LGD min} + (1 - \text{LGD min}) \times \text{LGD average}$$

Where:

<b>LGD min:</b>	Minimum LGD value of 5%
<b>LGD average:</b>	Percentage of EAD value lost after default.
<b>LGD regulatory (LGD<sub>R</sub>):</b>	Loss given default to be used in the calculation of specific estimates.
<b>EAD<sub>R</sub>:</b>	Exposure in the event of non-compliance, regulatory.

(40) Authorization date for issuance of financial statements

The General Management of the Bank authorized the issuance of the separate financial statements on April 29, 2024. SUGEF has the possibility of requiring modifications to the financial statements after their date of authorization for issuance.