



ANNUAL REPORT 2020



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Néstor Solís Bonilla
President



Mahity Flores Flores
Vice-President



Mary Ileana Méndez Jiménez
Director



Gina Carvajal Vega
Director



Luis Emilio Cuenca Botey
Director



Javier Francisco Zúñiga Moya
Director



Olivier Castro Pérez
Director

BOARD OF DIRECTORS

MESSAGE FROM THE BOARD OF DIRECTORS

1. BACKGROUND

2020 ended up as a challenging and historical year as a consequence of the crisis generated by the COVID-19 pandemic, which conclusion is a reserved prognosis and which effects have been felt in all areas of our society, setting a before and after in the history of the world.

This crisis has integrally affected the global supply and demand for goods and services, and has had unprecedented impact on the main economic, social and health records and indicators at the national and international levels.

Within this context, during the second quarter of 2020, a limited economic growth was observed as a result of the pandemic outbreak and the strict confinement measures and total closures implemented by the health authorities.

Such situation forced us to be disruptive, and to define big actions to enable the continuity of the operations in the Conglomerado Financiero BCR, paying close attention to all related risks.

Additionally, during the second half of 2020, the economic activity evidenced a slight improvement as a result of the partial opening of businesses and the flexibilization of the confinement measures, both at the local and the international levels; thus – according to Banco Central de Costa Rica (BCCR) – the economic decrease for Costa Rica at the closing of 2020 was set in around 4.5%.

The different measures undertaken in terms of financial rules and regulations and economic, monetary and tax related policies adopted by the Costa Rican authorities – BCCR, Consejo Nacional de Supervisión del Sistema Financiero (CONASSIF), Caja Costarricense de Seguro Social (CCSS) and financial intermediaries – were aimed towards:

- Provide favorable credit conditions
- Relieve cash flows for families and businesses
- Protect entrepreneurial structures and employment (within a context of unemployment rates over 20% and high levels of uncertainty)

Regarding public finances for 2020, the income of the public treasury were significantly affected, especially in terms of tax-related income, due to a marked decrease in the internal and external demand, while – on the contrary – expenses increased mainly due to the high interests of the public debt and the Central Government requirements to face the pandemic.

In line with that and in order to meet the needs for resources, the Government obtained external financing at more favorable interest rates from several international entities; therefore – at the closing of December 2020 – the fiscal deficit was 8.1%, the primary deficit was 3.4% and the Debt/GDP ratio was 67.5%.

In local currency, interest rates evidenced some stability, supported by the BCCR policy and the slight inter-annual growth of credit, which was 1.1% at the end of the fourth quarter of 2020. Jointly, these events provided liquidity and space for the Government to capture resources in local currency without putting pressure over the interest rates in colones.

Finally, at the closing of 2020, the efforts from the Government focused on the beginning of the COVID-19 vaccination campaign in Costa Rica, and the beginning of negotiations between the Government of Costa Rica and the IMF to reach an agreement that would allow the country access to the Extended Fund Facility for \$1.750 million in very favorable conditions for the country.

2. LEGAL ASPECTS

In our opinion, the following were the most relevant modifications in regulatory terms, which had different levels of impact in the actions of the Conglomerado Financiero BCR during 2020:

- The implementation of the regulatory adjustments needed to comply with the requirements for the country to be considered and accepted as member of the Organization for Economic Cooperation and Development (OECD).
- The flexibilization of the laws regulating labor shifts, including – but not limited to – the authorization for employers to temporarily suspend working contracts as a consequence of the national health emergency caused by COVID-19.

MESSAGE FROM THE BOARD OF DIRECTORS

- The promulgation of the Law for the creation of a Fund to Secure Funds and Resolution Mechanisms for Financial Intermediaries (Law No. 9816), which solved an inefficiency in the national financial system caused by the elimination of the monopoly for the reception of deposits in savings and current accounts.
- The promulgation of Law No. 9859 and amendment of articles 44 bis and 63 of the Law for the Promotion of Competition and Effective Consumer Defense (Law No. 7472), more commonly called "Usury Law", which introduced significant changes in favor of consumers and forced the financial system to rethink their payment capacity assessments and the methods for credit repayment.
- The promulgation of the Law to safeguard the right of workers to withdraw the resources from the supplementary pension regime (Law No. 9906), through which the assumptions for withdrawal of the resources credited in the mandatory pension regime by the workers were made flexible. This implied a significant change for the industry of supplementary pension funds.

3. ACTIONS OF CONGLOMERADO FINANCIERO BCR

As part of the main actions that Conglomerado Financiero BCR implemented to mitigate the health and socio-economic crisis, we decided to rethink the previously defined strategy with an alignment plan focused on two strategic objectives; namely:

1. To guarantee the solidity of the Institution
2. To support the development of the country

These objectives seek to guide the efforts of the Institution to potentiate the profitability of the different commercial activities, using resources efficiently, offering credit and savings to the citizens, financing projects for small and medium enterprises, and providing access to State services in an agile and efficient way.

Likewise, they intend to promote the country's competitiveness by structuring Trust Funds for the development of public works with a sustainability perspective, thus generating better experiences for customers under a single Conglomerate and providing services and products in an easier way through an agile and secure digital platform.

Additionally, and equally important, the Board of Directors has focused its efforts on strengthening corporate governance through the management of its defense lines in order to ensure transparency, control and value generation to stakeholders; some of the most relevant actions include:

- During 2020, compliance in submitting the reports from the Managerial Information System (MIF) was improved, accomplishing 97% effectiveness. This tool is aimed towards making accountability more robust throughout the strategic pillars and, thus, strengthening and improving control in decision-making processes. Furthermore, the outcome in all subsidiaries regarding MIF were higher than 90%.
- Regarding risk management, we worked to control the levels of strategic risks within the threshold of appetite already established, modelling data in tools and mathematical models to improve the forecasts of economic and financial.
- With this input, we updated the rating of the economic activities related to the credit portfolio and the risk appetite statement. In terms of non-financial risks, new methodologies were designed for the assessment of the risks. Likewise, in the field of business continuity, we got a rating of 89.7, which is equivalent to an advanced level in that area.
- In terms of money laundering and terrorism funding prevention, this is still a top priority at the institutional level, and we are continually reinforcing the culture in the business areas with respect to mitigating such risk. This process integrates evaluation factors defined by the regulations, like clients, products, services, channels and geographical zones.
- In that same line, the Board of Directors, together with the Corporate Compliance Committee, does follow up in order to promote actions and make them more robust with the objective of ensuring the application of policies and procedures by all the people working in the Conglomerado Financiero BCR. Additionally, progress has been made in strategic technological projects that allow for continuous improvement in key processes of the area in order to mitigate related risks.

MESSAGE FROM THE BOARD OF DIRECTORS

4. SPECIFIC PROPOSALS – BY BUSINESS AREA

4.1 In our commercial proposal, Banca de Personas promoted the following as the main measures to face the health and economic crisis:

- To ensure client wellbeing by implementing digital transformation projects to improve their experience by providing virtual products and services, and by migrating to self-service through electronic channels and digital media. Some examples of this include the form on line for the main five transactions requested in the platform, the process to reprint the PIN, the affiliation to BancoBCR and the installation of multi-functional ATMs, which have met many of the needs from customers.
- In order to support the clients affected by the health crisis, adaptations were offered and applied by providing longer terms and lower interest rates representing a value of \$598.671 million.
- The economic reactivation plan included the promotion of the housing sector, which is considered one of the fundamental axes to stimulate the economy.

4.2 At the entrepreneurial-corporate level, we undertook the challenge of:

- Keeping the main economic activities of the companies affected by the pandemic active, generating 749 credit arrangements, with a scope of \$658.000 million.
- Supporting the local governments with digital collection services, covering 65% of the municipalities of the country.
- Supporting the development of the country in terms of public works, with 92.000 m² of buildings under construction and 184.260 m² of buildings already finished, initial steps to develop 30 healthcare areas, 55 kilometers of roads, 320.000 solutions of fiber optic for telecommunications and projects that allow for 278 megas of electricity generation.
- Generating agreements that favor the expansion of national coverage to print driver licenses and permits and other documents using

Banco de Costa Rica's infrastructure, as well as processing and granting departure permits for vehicles registered in the property registry of the National Registry to leave the country.

4.3 Investment in anti-fraud technology-security

- During the 2020 period, we reached a technological budget execution of 100% thanks to the investment of an important sum in technology to renew the technological platforms and the obsolete systems, incorporating new technologies that allowed for changes in the Bank that were also re-directed to the digital transformation.
- In 2020, the Bank was affected by an extortion attempt by the group of cyber-criminals called MAZE. We were not only able to face the crisis, but also took actions to strengthen the cyber-security systems, as demonstrated by the external evaluation performed after the incident by the well-known firm SecurityScorecard, which granted the Bank a rating of 92%, where some variables showed ratings exceeding the average of the industry.
- In terms of security, an important accomplishment was being granted a worldwide award as the Bank that best used anti-fraud tools, thus reducing the damage to customers to half of what was experienced in 2019.

5. OUR SUBSIDIARIES

Regarding the subsidiaries, at the closing of 2020, we can proudly indicate the following:

- **BCR VALORES PUESTO DE BOLSA:** At the closing of 2020, the return over equity (ROE) of BCR Valores was 14% as a result of the 18.3% increase in net profit, and the stock market was the one generated more commissions for the STRATIC Individual Portfolio Management service. Likewise, in the context of the public finance crisis, customer portfolio diversification increased by generating more growth in the line of commissions from international markets.
- **BCR SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN:** It has a market share of 22.53% of total net assets and

MESSAGE FROM THE BOARD OF DIRECTORS

37.82% of property funds. In 2020, BCR SAFI closed with a 13% growth in total assets in comparison to 2019; and the growth for property funds was also 13%.

- **BCR OPERADORA DE PLANES DE PENSIONES COMPLEMENTARIAS:** It obtained the management of \$27.897 million belonging to the funds called Fondo de Capitalización Laboral Erróneo and Régimen de Pensiones Complementarias Erróneo, which represent a 1.9% growth of the asset managed. Additionally, this Entity was exposed to regulatory changes, associated to the modalities for the withdrawal of mandatory funds derived from the impact generated by COVID-19, and it made virtual channels available for the customers to consult and make processes, thus continuing with excellence our customer service to the affiliates.

- **BCR CORREDORA DE SEGUROS:** For 2020, it reported a 7% growth in total income, thus exceeding the goal for commissions by 115%, which correspond to \$6.546 million. Its ROE was 32.98% and the operational efficiency reached 34.73%. It maintained a leadership position in the Costa Rican insurance market and registered one of the highest levels of profitability among the insurance intermediaries with authorization to operate in the country.

- **BCR LOGÍSTICA:** It has been consolidating in the field of logistics services such as imported cargo storage, inventory management and product transportation for both the private and the institutional markets, thus becoming one of the logistics branches of the Duty-Free stores from IMAS and the exporting and importing companies in the eastern part of the country.

- **BANPROCESA S.R.L.:** It was created as a strategic partner to provide specialized development and maintenance services for the technological systems of Conglomerado Financiero BCR. This partnership is characterized by the quality of software developments, which exceeded 97% in 2020, improving time-to-market and keeping knowledge "at home".

6. ABOUT EFFORTS AND OUTCOMES

In the administrative field, health restrictions generated new needs. One of these was the cultural change towards flexible working schemes and

organizational agility, such as teleworking, which made it necessary to take measures for space optimization, reduction of rented facilities and establishment of a sustainable policy.

This work generated not only a new reality and culture, but also important savings in the expenses on rented goods and a better use of proprietary assets. Likewise, as part of the measures to improve operational efficiency, in 2020 we had adequate control of payroll expenses.

We also encouraged leadership transformation through the Managerial Certification Program, which allowed for the certification of the personal competences and management tools to exercise leadership in this new reality.

From the sustainability strategy, we worked towards the objective of promoting sustainability with a perspective of triple benefit (economic, social and environmental) in order to further strengthen the position of being an economically responsible, ecologically respectful and socially committed Conglomerado Financiero.

As a result of all the actions mentioned above, the financial results of CONGLOMERADO FINANCIERO BCR registered net profits for \$25.613 million, which allows for it to continue contributing to the development of the country through contributions to CCSS, CONAPE, CNE and INFOCOOP.

Our challenge and commitment is to follow the strategic route that will guarantee corporate governance, business continuity and customer trust.

San José, March 2021.

Néstor Solís Bonilla
President of the General Board of Directors



Douglas Soto Leitón
General Manager



Álvaro Camacho De la O
Deputy Manager
Corporate Banking a.i.



Renán Murillo Pizarro
Deputy Manager
People Banking a.i.



Rodrigo Ramírez Rodríguez
Corporate Credit
Manager a.i.



Johnny Chavarría Cerdas
Corporate IT
Manager



Sandra Araya Barquero
Corporate Human
Capital Manager



Mynor Hernández Hernández
Corporate Operations
Manager



Rossy Durán Monge
Corporate Finance
Manager



Kattia Ajoy Arnáez
Corporate Digital
Banking Manager



Manfred Sáenz Montero
Corporate Legal
Manager



Minor Morales Vincenti
Risk Manager

CORPORATE EXECUTIVE COMMITTEE

MESSAGE FROM THE GENERAL MANAGEMENT

2020 was a year of great challenges, results and accomplishments, all motivated by our customers' preference, the excellence of each collaborator of the Conglomerado Financiero BCR and the timely management of our products and services through the Digital Transformation Process the Bank is implementing and the projects we have put into work in order to become a digital bank.

To summarize these accomplishments, I will use the following key words: solidarity and commitment, innovation, progress and enthusiasm, which converge towards one direction; namely, to contribute in the development of the country.

Although it is true that the situation worldwide as a result of the COVID-19 pandemic affected absolutely all aspects of our daily lives, it also brought BCR to accelerate a digital transformation and innovation process that we had been implementing for some time.

Among the important aspects from 2020, we can highlight the solidarity offered to our clients with a quick and timely response that is translated into the granting of 22.208 periods of grace, equivalent to \$887.9 billion for Individual Banking and 749 credit arrangements, representing about \$658 billion for Corporate Banking, which evidently implied relieve and tranquility for many families.

Our commitment with Costa Rica was also reflected in the contribution to the corporate sector, with which we implemented competitive financial provisions and payment arrangements that translated into job protection for many people facing the difficult economic landscape we had last year.

Within the framework of innovation, we activated digital services for self-service in several processes, mobile offices were enabled and the first battery of multi-functional self-managed ATMs was made 100% available. The Sinpe Móvil service was strengthened and new functionalities were added to the App BCR Móvil.

These options not only responded to the health safety measures offered during the pandemic, but they are also part of the robust digital transformation process for which, since 2018, the Bank has invested \$53.000 in technology.

As a country, we had a great challenge and an opportunity to use teleworking as the new way of working without affecting the quality of service our customers are used to receiving, and we did it in BCR. We enabled 2.500 virtual desks, provided almost one thousand new portable computers to our collaborators, and significantly invested in internal systems and platforms; all of which is reflected in better services for internal and external clients.

Additionally, we are proud of the progress experienced in general terms. But it is important to highlight the contribution from the Trust Funds in 2020.

The handing over of the Congress building, an icon of Costa Rican democracy, is in the first place of the list. We are proud to know that, thanks to our work, the Congressmen now have first world infrastructure to hold their sessions, receive the Costa Rican citizens and the international delegations.

In addition, we are also very proud that we started the construction process of the Building "Annex E", located in San José, which is part of the Trust Fund of the Judicial Branch-BCR, and the publication of the RFP for the construction of the first two healthcare areas, as part of the Trust Fund with Caja Costarricense de Seguro Social.

In terms of road infrastructure, there have been several strategic advances in the Trust Fund of the Road Corridor San José-San Ramón, and the connection works between Barreal and Ruta Uno, which evidence 56% of development. This section is the first urgent work, which construction started in late March 2020, and it is supplemented with the expansion in the bridges over the rivers Segundo, Ciruelas and Alajuela, as well as the crossing at Firestone.

We are satisfied to know that all these works are translated into a better quality of life for Costa Ricans, and they foster national efficiency in all sectors.

In BCR, we are also concerned about speeding up different procedures, by using and strengthening the synergies between institutions. We focus on consolidating the Digital Government, and the services we provide, such as passports, DIMEX, licenses and Digital Signature, thus

MESSAGE FROM THE GENERAL MANAGEMENT

transforming the offices located in Paseo de los Estudiantes and Galería Escazú into exclusive platforms to work with Digital Government processes.

We are even more pleased to present to you our financial balance, which re-affirms that, in spite of the adverse circumstances – we are a profitable, solid and fundamental institution for the country, as can be seen in more detail in the sections of Economic Environment and Financial Situation of this Annual Report.

Regarding these figures, I want to emphasize that by 2020, we closed with profits of \$25.612 million and a rate of arrears of 2.54%, although the pandemic has intensely affected the economy, (drop of GDP by 4.6%), and that activities as important as tourism, transportation and commerce were seriously affected as well.

As I was mentioning at the beginning of this message, all these accomplishments have been possible thanks to the motivation we get from our customers' preference, the excellence of each collaborator of Conglomerado Financiero BCR and, of course, the commitment of our subsidiaries, which continue demonstrating efficiency and leadership.

In 2021, we will continue moving forward in terms of innovation and digital transformation, always faithful to our solidarity, commitment and enthusiasm. We will continue firm in our mission of supporting the country in its economic reactivation process, as we have been doing throughout our history.

Along this way, the consolidation we have accomplished in our Corporate Government has a key role because – through different committees that support the Board of Directors – we have implemented and generated a Strategic Alignment Plan based on two big objectives: making this Bank an even more efficient and sustainable entity at the long term, and continue contributing to the development of Costa Rica.

No doubt this will be a year full of challenges to progress and become more consolidated as a referent institution in supporting socio-economic development, competitiveness and sustainability in the country, as we approach our 145th Anniversary in 2022.

Douglas Soto Leitón
Gerente General



ACCOMPLISHMENTS

ACCOMPLISHMENTS

1. We made the first battery of multi-functional self-managed ATMs 100% available to customers.



2. We started the construction of Ruta 01 (Trust Fund Road Corridor San José-San Ramón and related routes).



3. BCR Clave Virtual was launched in substitution of the physical Clave Dinámica.



4. Paseo de los Estudiantes and Galería Escazú became 100% dedicated to Digital Government.



ACCOMPLISHMENTS

5. An agreement was signed with MOPT for the license process to be exclusively managed by BCR.



6. The Conglomerado is certified as the first financial cash-free conglomerate in the country.



7. Self-affiliation to Digital Channels is now offered.



8. The Environmental Excellence Award was received by the Institutional Environmental Management Program BCR, grade 98.29.



ACCOMPLISHMENTS

9. BCR has been recognized with the "Monitor Plus User Challenge" Award, by the prestigious company PLUS TI.



10. We offer the possibility to make counter-charges digitally.



11. We handed over the Congress Building.

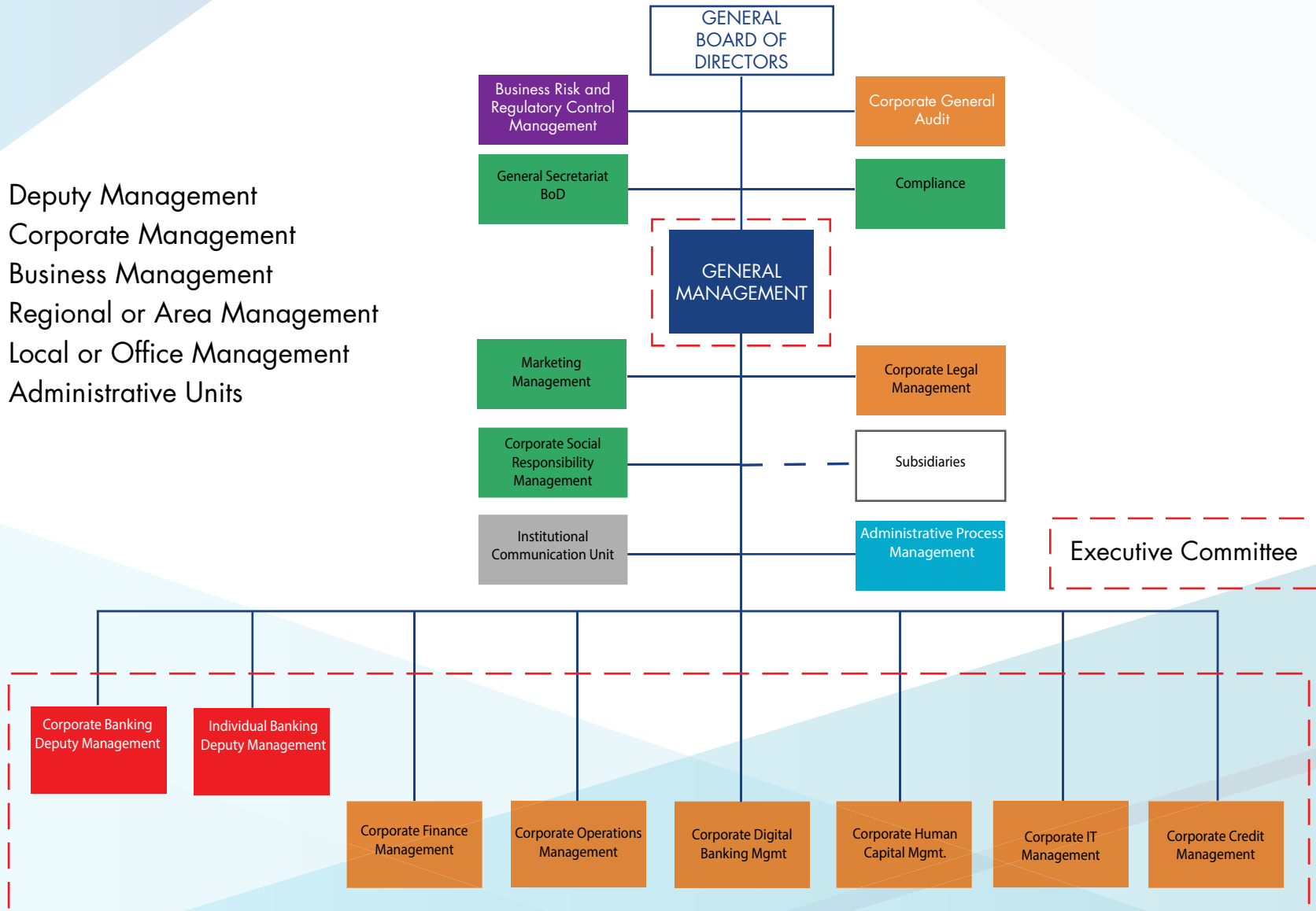




ORGANIZATIONAL STRUCTURE

ORGANIZATIONAL STRUCTURE

- Deputy Management
- Corporate Management
- Business Management
- Regional or Area Management
- Local or Office Management
- Administrative Units





CORPORATE GOVERNMENT

CORPORATE GOVERNMENT

Introduction

Conglomerado Financiero BCR in compliance with the provisions of the Regulations on Corporate Government, Agreement SUGEF 16-16, approved by the Consejo Nacional de Supervisión del Sistema Financiero (CONASSIF) and of the Presidential Guidelines 102-MP General Policy on Transparency and Disclosure of Financial and Non-financial Information for State Owned Entities, their Subsidiaries and Autonomous Institutions, from April 6th, 2018; communicates the information related to its corporate governance.

Overview of Conglomerado Financiero BCR

Conglomerado Financiero BCR has a Corporate Government Code valid to date, which is published in the Website of Banco de Costa Rica and internal repositories of the institution.

About Share Holding

Banco de Costa Rica is a commercial bank from the Costa Rican State, configured as an autonomous institution of public law, which does not have shareholders; it is not a mercantile partnership.

The social capital of the entities that make up the Conglomerado Financiero BCR is regulated by the supervisory entity of the Costa Rican financial system, and they belong one hundred percent to Banco de Costa Rica.

Board of Directors Payment Policy

The punctual attendance of the members of boards of directors to the sessions give them the right of collecting fixed diets, which are determined in the annual budgets of the entities of Conglomerado Financiero BCR. The amount of such diets is periodically determined by the Government Council for BCR's General Board of Directors, without exceeding the amounts set in sessions No. 168 and 174 from August 27th, in Law 2166, corresponding to 6 salaries of October 1997, respectively.

In the case of Banco Internacional de Costa Rica (BICSA), it keeps the payment of the members of the Board of Directors duly regulated in article 6 of the Regulations to the Board of Directors currently in force, which provides that the directors representing the partner banks shall

be paid through a diet equivalent to the amount in colones received, under the same concept, by the directors of the commercial banks of the Costa Rican State.

This document is approved by the Shareholders Assembly. BICSA, in its Regulations to the Board of Directors, amended in Shareholders Assembly No. 99 from May 22nd, 2018, Art. 6, explains the payment for the sessions.

Likewise, Directors' attendance to the ordinary or extraordinary sessions of the permanent or temporary committees of BICSA's Board of Directors shall be paid with an amount equivalent to 50% of the ordinary diet received by each one of them as directors of the Bank, and pursuant to the provisions of BICSA'S Regulations to the Board of Directors.

Directive Body and Conformation of Conglomerado Financiero BCR

The Directive Body of Conglomerado Financiero BCR is made up by 7 members appointed by the Presidency of the Republic, specifically the Government Body, pursuant to article 20 of the Organic Law for the National Banking System. Article 21 in such law provides the basic profile for the Board members, which selection process takes place in the Government Council every four years, and includes that at least four of the directors should have a degree of "Licenciatura" ('Licenciatura' is a post-Bachelor degree) or equivalent professional title, one of them in Economic Sciences and another one in Laws.

It is additionally considered that the directors appointed by the Government Council are ideal and highly independent in their criteria and contributions because they do not have any ownership relationship with Conglomerado Financiero BCR.

Regarding the entities that make up the Conglomerado, they are:

- BCR Valores Puesto de Bolsa S.A.
- BCR Sociedad Administradora de Fondos de Inversión S.A. (BCR SAFI)
- BCR Pensión, Operadora de planes de Pensiones Complementarias S.A. (BCR OPC)
- BCR Corredora de Seguros S.A.

CORPORATE GOVERNMENT

- Depósito Agrícola de Cartago S.A.
- Almacén Fiscal Agrícola de Cartago S.A.
- Banco Internacional de Costa Rica (BICSA)
- Banprocesa S.R.L.

On September 12th, 2018, the Congress approved the Merge Law by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica, No. 9605, which merge became valid starting on September 19th, of the same year, after the law entered into force.

Because of the reasons stated above, the subsidiaries Depósito Agrícola de Cartago S.A. and Almacén Fiscal Agrícola de Cartago S.A. were incorporated as part of Conglomerado Financiero BCR. For administrative purpose and for this particular document, such partnerships are known in the Conglomerado as BCR logística.

Banco de Costa Rica owns 100% of the capital of the subsidiaries, with the exception of Banco Internacional de Costa Rica (BICSA), where the capital is shared between Banco de Costa Rica, with 51% of the capital, and Banco Nacional with the remaining 49%.

During 2019, Banprocesa started operations as a Limited Liability Partnership which assembly is the same General Board of Directors. Banprocesa has been preparing to provide the services related to hardware and software processing, development, maintenance, leasing and acquisitions to meet the needs related to the IT area of Banco de Costa Rica and its subsidiaries. For this reason, some information of this subsidiary is not included in some of the sections.

Number of Members in the Boards of Directors of Conglomerado Financiero BCR

Below is a detailed chart with the number of members that make up each associated entity. The corresponding member selection process is implemented through shareholder assemblies in each subsidiary.

In order to facilitate the articulation of the Corporate Government within the Conglomerado, some of the members of such Boards of Directors are also directors of Banco de Costa Rica's General Board of Directors.

The appointments of directors in the subsidiaries are made based on the constitutional deeds for each partnership.

Likewise, each of the subsidiaries has at least one supervisor or external member; in the case of BCR OPC, three external members are required, and in the case of BICSA, there should be two independent directors from the partner banks. In the charts below, we present detailed information related to the conformation of each associated entity.

Number of Members in the Boards of Directors

Board of Directors	Number of members	Reference
Banco de Costa Rica	7	Article 20. LOSBN
BCR Valores S.A.	5 + General Supervisor	Clause 9 and 13 Constitutional Deeds
BCR Sociedad Administradora de Fondos de Inversión S.A.	5 + General Supervisor	Clause 9 and 13 Constitutional Deeds
BCR Pensión Operadora de Planes de Pensiones Complementarias S.A.	5 + General Supervisor	Clause 9 and 13 Constitutional Deeds
BCR Corredora de Seguros S.A.	5 + General Supervisor	Clause 9 and 14 Constitutional Deeds
Depósito Agrícola de Cartago S.A.	3 + Supervisor	Bylaws amendment
Almacén Fiscal Agrícola de Cartago S.A.	3 + Supervisor	Bylaws amendment
Banco Internacional de Costa Rica S.A.	7	Art. 11 Agreement 005-2011 Republic of Panama Bank Superintendence

Information about the members of Conglomerado Financiero BCR's Boards of Directors

Below is a detail of the participants in the Conglomerado's Boards of Directors; updates to this information can also be seen in the Website through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/directores/

Banco de Costa Rica's Board of Directors

Name and Last Names	Position in the Board
Néstor Eduardo Solís Bonilla	President
Mahity Flores Flores	Vice-President
Mary Ileana Méndez Jiménez	Director
Gina Carvajal Vega	Director
Luis Emilio Cuenca Botey	Director
Olivier Castro Pérez	Director
Javier Francisco Zuñiga Moya	Director

CORPORATE GOVERNMENT

BCR Valores S.A.'s Board of Directors

Name and Last Names	Position in the Board
Mahity Flores Flores	President
Néstor Eduardo Solís Bonilla	Vice-President
Mary Ileana Méndez Jiménez	Secretary
Javier Francisco Zuñiga Moya	Treasurer
Gina Carvajal Vega	Director
Arnoldo André Tinoco	Supervisor

BCR Sociedad Administradora de Fondos de Inversión S.A.'s Board of Directors

Name and Last Names	Position in the Board
Mary Ileana Méndez Jiménez	President
Mahity Flores Flores	Vice-President
Gina Carvajal Vega	Secretary
Luis Emilio Cuenca Botey	Treasurer
Oliver Castro Pérez	Director
Jorge Bonilla Benavides	Supervisor

BCR Pensión Operadora de Planes de Pensiones Complementarias S.A.'s Board of Directors

Name and Last Names	Position in the Board
Luis Emilio Cuenca Botey	President
Oliver Castro Pérez	Vice-President
Lidia Marjorie Jiménez Varela	Secretary
Néstor Eduardo Solís Bonilla	Treasurer
María del Milagro del Carmen Herrera Quirós	Director
María del Pilar Muñoz Fallas	Supervisor

BCR Corredora de Seguros S.A.'s Board of Directors

Name and Last Names	Position in the Board
Javier Francisco Zuñiga Moya	Presidente
Néstor Eduardo Solís Bonilla	Vicepresidente
Luis Emilio Cuenca Botey	Secretario
Mary Ileana Méndez Jiménez	Tesorera
Gina Carvajal Vega	Vocal
Verónica Julieta Acosta Gándara	Fiscal

Depósito Agrícola de Cartago S.A. (DACSA)'s Board of Directors

Name and Last Names	Position in the Board
Douglas Soto Leitón	President
Sergio Sevilla Güendel	Secretary
Mynor Hernández Hernández	Treasurer
Carlos Alberto Phillips Murillo	Supervisor

Almacén Fiscal Agrícola de Cartago S.A. (ALFIASA)'s Board of Directors

Name and Last Names	Position in the Board
Douglas Soto Leitón	President
Sergio Sevilla Güendel	Secretary
Mynor Hernández Hernández	Treasurer
Carlos Alberto Phillips Murillo	Supervisor

Banco Internacional de Costa Rica's Board of Directors

Name and Last Names	Position in the Board
Olivier Castro Pérez (BCR)	President
María Jeannette Ruíz Delgado (BNCR)	First Vice-President
Mahity Flores Flores (BCR)	Second Vice-President
Lidia Marjorie Jiménez Varela	Independent Director - Secretary
Marvin Arias Aguilar (BNCR)	Director - Treasurer
Javier Francisco Zuñiga Moya (BCR)	Director
Allan Calderón Moya	Director

Period Variations

The information contained about the variations corresponds to those occurred during 2020, and they are in Banco de Costa Rica's Website, through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/directores/

Qualifications and participation of the members of the Board of Directors in other entities of the group

The qualifications, experience and positions that the members of the Directive Entity of Conglomerado Financiero BCR have in the different Boards of Directors in "sociedades anónimas" (limited companies) are detailed in Banco de Costa Rica's Website through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/directores/

About the sessions of the Boards of Directors

The chart below details the number of Board of Directors sessions held in 2020:

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Board of Directors Sessions of Conglomerado Financiero BCR during 2020

Entity	Ordinary Sessions	Extraordinary Sessions	Total Sessions
Banco de Costa Rica	47	5	52
BCR Valores S.A. - Puesto de Bolsa	24	7	31
BCR Pensión Operadora de Planes de Pensiones Complementarias S.A.	24	6	30
BCR Sociedad Administradora de Fondos de Inversión S.A.	24	5	29
Depósito Agrícola de Cartago S.A.	24	1	25
Almacén Fiscal Agrícola de Cartago S.A.	12	4	16
Banco Internacional de Costa Rica S.A.	12	4	16
Total	179	39	218

Top Management

The qualifications and experience of the members of the Top Management of Conglomerado Financiero BCR are detailed in Banco de Costa Rica's Website through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/alta_gerencia/

Banco de Costa Rica's Reporting Line

The reporting line is as follows: the Board of Directors receives reports from the General Management, Corporate General Audit, Risk Management and Regulatory Control, Compliance Directorate and Secretariat of the Board of Directors.

The General Management receives reports from the Deputy Managements for Corporate Banking and Individual Banking, Corporate Finance, Operations, Digital Banking, Human Capital, IT, Legal and Credit Managements.

In addition, the subsidiary managements report to the maximum authority of the Bank, as well as BICSA and Banprocesa. The Corporate Banking Deputy Management is in charge of coordinating with the subsidiaries: BCR Valores, BCR SAFI, BCR Pensiones, BCR Seguros and BCR Logística.

BCR Top Management's Responsibilities

Notwithstanding the functions and responsibilities assigned by the laws, regulations and standards in force, the General Manager is in charge of planning, leading, directing, managing and evaluating the strategic guidelines and policies of BCR approved by the General Board of Directors in order to ensure the correct operations of the legal and regulatory framework of Conglomerado Financiero BCR, pursuing the objective of becoming an efficient and sustainable entity at the long term, contributing to Costa Rica's socio-economic development, and offering our clients the best market solutions in a single conglomerate in an agile and timely manner.

BCR Valores S.A.'s Reporting Line

The reporting line for BCR Valores is the following: the Board of Directors receive reports from the subsidiary's Management, Internal Audit, Risk and Regulatory Control Management, and Compliance Office.

The Management receives reports from IT Management, Financial Administrative Management, Market Management and Customer Service Management.

BCR Valores S.A. Top Management's Responsibilities

Top Management is responsible for the legal representation, planning, organization, administration and control of the activities performed by the entity, ensuring the compliance with the policies, objectives and goals established, and trying to increase efficiency in service provision and future plans aimed towards the accomplishment of such plans. Additionally, it is responsible for complying with the provisions established in the Stock Market Regulatory Law, its regulations and standards.

BCR Sociedad Administradora de Fondos de Inversión S.A.'s Reporting Line

The reporting line for BCR Sociedad Administradora de Fondos de Inversión S.A. is the following: BCR SAFI's Board of Directors receives reports from the subsidiary's Management, Internal Audit and the Risk and Regulatory Control Management.

CORPORATE GOVERNMENT

The Management receives reports from the following areas and managements: Compliance Office, Internal Control and Managerial Information, Secretariat, Financial Administrative Management and Business and Project Management.

BCR SAFI Top Management's Responsibilities

BCR SAFI's legal representation is in charge of managing all the activities of the entity, defining and implementing the general strategies that allow for the adequate development of the commercial, property, financial and administrative businesses in the Subsidiary in order to contribute to accomplish the objectives set in its strategic plan and in the plan of Conglomerado BCR.

BCR Pensión Operadora de Planes de Pensiones Complementarias S.A.'s Reporting Line

The reporting line for BCR Pensión Operadora de Planes de Pensiones Complementarias S.A. is the following: BCR OPC's Board of Directors receives reports from the subsidiary's Management, Internal Audit, Compliance Office and Risks and Regulatory Control.

The Management receives reports from the following areas and managements: IT, Commercial Management and Financial Administrative Management.

BCR OPC Top Management's Responsibilities

BCR OPC's legal representation is in charge of managing all the activities of the entity, ensuring the correct and timely compliance and implementation of the agreements from the Board of Directors, and the Investment, Risk and Corporate committees; analyzing the reports from the different managements based on the strategic plan, identifying deviations and proposing corrective measures, supervising the administrative performance of the different managements, controlling the selection, training occupational health and labor environment, among others, for human resources.

Likewise, it is in charge of following up the strategic plans, new businesses and organizational and structural changes, as well as approving the appointments of personnel in the Operadora de Pensiones of its competence.

BCR Corredora de Seguros S.A.'s Reporting Line

The reporting line for BCR Corredora de Seguros is the following: BCR Corredora de Seguros' Board of Directors receives reports from Internal Audit, Risk and Regulatory Control Coordination, Management.

The Management receives reports from the following areas: Compliance Office, Innovation Coordination, Commercial Management and Operations Management.

BCR Corredora de Seguros Top Management's Responsibilities

Corredora de Seguros' legal representation is responsible for establishing the general commercialization, financial and operational administration policies, developing the general strategies to enable the subsidiary's adequate commercial, financial and administrative development. It is directly responsible for attending the legal and administrative obligations required by the Superintendencia General de Seguros.

BCR Logística's Reporting Line

BCR Logística's reporting line is the following: BCR Logística's Board of Directors receives reports from the subsidiary's Management, Internal Audit.

The Management receives reports from Administration and Operations.

BCR Logística Top Management's Responsibilities

The legal representation of the entities that make up the subsidiary BCR Logística is in charge of coordinating all BCR Logística's activities, defining the general strategies for the adequate development of the commercial, operational, financial and administrative business of the entities included in BCR Logística.

In addition to the level of dependence each entity has from the Board of Directors, there is a coordination relationship that can be explained as follows: the relevant issues for the local subsidiaries (BCR Valores Puesto de Bolsa S.A., BCR Sociedad Administradora de Fondos de Inversión S.A. (BCR SAFI), BCR Pensión Operadora de Planes de Pensiones Complementarias (BCR OPC), BCR Corredora de Seguros S.A. and

CORPORATE GOVERNMENT

BCR Logística) in their daily activities, are coordinated with the Deputy Corporate Banking Management, while, for BICSA, the coordination shall be made directly with BCR's General Manager.

This allows for more direct and immediate attention of the relevant issues, elements of risk and business continuity, and for more timely reactions to the volatility of the industrial sectors where we are competing.

Related Operations

The relevant operations as of December 31st, 2020 that show a transfer of resources or obligations between the entity and the members of the Board of Directors or equivalent body and the executives from any of the entities of the group of Conglomerate, including the comptroller are detailed at Banco de Costa Rica's Website through the link: https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/información_gobierno_corporativo/

Support and Corporate Committees

Conglomerado Financiero BCR has different committees that support the government in their corresponding entities. Further information can be found at Banco de Costa Rica's Website through the link: https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo/comites_corporativos/

Detail of the sessions held by the Committees

The number of sessions held in 2020 are illustrated below:

Corporate Committees Banco de Costa Rica	Ordinary Sessions	Extraordinary Sessions	Total Sessions	Frequency of Sessions
Corporate Audit Committee	12	6	18	Monthly
Corporate Compliance Committee	12	1	13	Monthly
Corporate Risk Committee	13	11	24	Monthly
Corporate Nominations and Salary Committee	3	2	5	Every 6 months
Corporate IT Committee	11	1	12	Monthly
Total Sessions	51	21	72	

Corporate Committees Banco de Costa Rica	Ordinary Sessions	Extraordinary Sessions	Total Sessions	Frequency of Sessions
Asset and Liability Committee	23	9	32	Every 2 weeks
Business Continuity Committee	4	-	4	Quarterly
Credit Committee	46	10	56	Weekly
Culture, ethics and performance Committee	4	0	4	Monthly
Executive Committee	47	6	53	Weekly
Total Sessions	124	25	149	

Committees Subsidiaries	Ordinary Sessions	Extraordinary Sessions	Total Sessions	Frequency of Sessions
BCR Valores S.A.				
Investment Committee	12	6	18	Monthly
BCR Operadora de Pensiones				
Investment Committee	12	6	18	Monthly
Risk Committee	12	4	16	Monthly
BCR Sociedad Administradora de Fondos de Inversión S.A				
Investment Committee	7	1	8	Bi-monthly
Banco Internacional de Costa Rica (BICSA)				
Audit Committee	12	2	14	Monthly
Compliance Supervision Committee	6	1	7	Bi-monthly
Risk Committee	12	3	15	Monthly
IT Committee	11	1	12	Monthly
Corredora de Seguros y Logística				
There are no committees	0	0	0	Monthly
Total Sessions	84	24	108	

Transparency

In compliance with the General Policy on Transparency and Disclosure of Financial and Non-financial Information for State-owned Entities, their Subsidiaries and Autonomous Institutions, and Guidelines 102-MP, we present the following information.

Services Provided

Banco de Costa Rica offers a broad range of products and services aimed towards individuals, enterprises, and msme's through its commercial offices, digital platform and the page www.bancobcr.com.

In the segment for individuals, there are different options for savings, investment and financing. The segments for enterprises and msme's provide differentiated products to meet the needs of the customer in a timely way.

Institutional Strategic Plan (ISP)

As a consequence of the declaration of COVID-19 as a pandemic, part of the strategic plan to conclude 2020 became irrelevant and we had to take immediate actions to face the new circumstances. This situation contributed to the restructuring of the strategy for a new period.

CORPORATE GOVERNMENT

In light of this condition, the institution decided to redirect its efforts, adjust the goals and study operational plans to get protected against the risks generated by the pandemic, focusing on the situational dynamics and ensuring the continuity of its operations.

Among the main strategic aspects, the value proposition was rethought and a new alignment was generated based on two big strategic objectives:

- To ensure the financial solidity of the Conglomerado: We have to direct our efforts to potentiate the profitability of the different commercial activities according to our business model. In order to do this, we would promote activities where the Bank and the Subsidiaries take actions to diversify and increase new businesses to generate greater income.
- To support the development of the country: We are going to collaborate for citizens to have access to efficient and high-quality public services through the digital government. This shall be done quickly and efficiently, emphasizing the digital channels and under a sustainability approach.

Conflict of Interest Policy

As provided by the Corporate Government Regulations, Agreement SUGEF 16-16, article 23, the institution has created an institutional policy considering the responsibility of the maximum Directive Entity to adequately manage conflicts of interest in the organization.

In addition to that, the Bank has an updated Corporate Ethics Code, which also includes the topic of conflicts of interest and details the mechanisms to approach the scenarios that might emerge.

During 2020, important training efforts were made in strategic alignment, with the attendance of 432 collaborators.

Succession Plans

Conglomerado Financiero BCR has succession plans for executive levels in the Bank and the Subsidiary General Managements, as well as for regulatory positions. The current plan in force was approved by the General Board of Directors in session No. 51-19 held on November 12th, 2019. However, we are currently working in the update of this succession model.

The objective of the plan is to identify, develop and ensure that high level managerial and executive positions in the Conglomerate are covered in a well-planned way; internally, by the most suitable, well-developed professionals with the potential for the function, thus ensuring the entity's management and administration.

Within the current succession model, the identification of candidates for temporary substitution applies for the key position, those that – internally in the Conglomerate – mark the strategic turn of the business or that, due to the characteristics of the role, are responsible for the regulation and control management inside the organization.

Candidate mapping for temporary succession for key positions in the Conglomerate is done via:

- Linear replacement plan: according to the organizational structure
- Functional mobility replacement plan: scheme

Performance Evaluation

Conglomerado Financiero BCR has a Performance Management System (PMS) which aim is to evaluate the performance efficiency and efficacy of its workers based on the profile of the job, through a holistic performance evaluation.

The follow up and application of the performance evaluation is made on bi-annual progress; pursuant to "Law 9635 Public Finance Strengthening", chapter VI and regulations. It is also important to clarify that this tool does not apply any payment or economic incentive.

The individual performance evaluation is made up by two components: the qualitative component corresponds to 20% of the weigh score and the quantitative component represents the remaining 80%.

The qualitative component is based on the evaluation of personal competences or institutional competences associated to job profiles and the quantitative component is made up by the productivity indicators that have a direct effect on the job the person has.

The process evaluators are: Top Management, managerial levels and mid-management in the organization.

CORPORATE GOVERNMENT

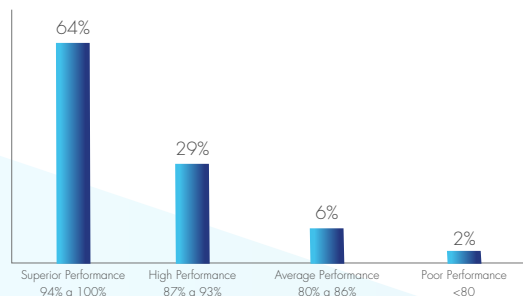
The evaluation period comprises one year, from the first to the last working day of the year. According to the final result of the employee evaluation, the following scale is defined with four levels of performance, and it applies to any of the segments in Conglomerado Financiero BCR.

Performance Levels

Exceptional Compliance	Superior performance	94% a 100%
Superior Compliance	High performance	87% a 93%
Fair Compliance	Average performance	80% a 86%
No Compliance	Poor performance	<80%

Results of Evaluation Processes

Regarding the individual performance evaluation results in the organizations for 2020, 64% of the population is in the Superior Performance segment, with results over 94%.



Training and Development

Conglomerado Financiero BCR has a corporate university in charge of developing and training the personnel of the institution, focusing on 3 main areas:

- Holistic: referring to all the knowledge of Conglomerado Financiero BCR.
- Expert: related to the knowledge focused on the job.

- Growth: related to personal capacity building.

The main objective of the corporate university is to contribute in strengthening the competitiveness of Conglomerado Financiero BCR, promoting a change of corporate culture through training and development programs aimed to accomplishing the strategic objectives.

In 2020, we trained a total of 3307 employees in different programs.

Training Programs	Amount
Training abroad	3
External courses	168
Internal courses	58
Programs	5
Total	234

Employee Permanence Rates

In 2019, 61 new employees came on board and 186 employees left.

The employee permanence rate or IRP in BCR is 2.91%.

Number of employees

January 2020	4043
December 2020	3918

Financial Statements

The audited financial statements of Conglomerado Financiero BCR are published at the Banks Web page through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/transparencia/estados_financieros_bcr

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Specific System for Institutional Risk Assessment (SEVRI)

Conglomerado Financiero BCR has an Integral Risk Management System to generate information for the decision-making process in order to place the Entity at a risk level consistent with its risk appetite; in other words, achieving an adequate balance between the benefits expected from the commercial strategy through an effective risk-based administration. The report is published in the Webpage through the link:

<https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/transparencia/informes/gestionRiesgo/>

Environmental Protection and/or Sustainability

The institution recognizes the sustainable development principles, renews its vision and strengthens the commitment towards a triple use business model via corporate social responsibility practices and a strategy in progress.

The sustainability strategy contemplates programs aimed towards generating cross-cutting value for the business, and monitoring the actions to reduce the environmental, economic and social impacts. The report is published in the Webpage through the link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/responsabilidad_social/

National Development Plan

The National Development Plan and Public Investment (PNDIP) covers five objectives representing the main challenges the Bank should undertake in order to promote the country's sustainable development. Due to the health crisis generated by COVID-19, it was necessary to rethink and lower three goals of these objectives; however, the result at the closing of the year was, in general, a positive compliance.

For micro and small enterprises, 2020 was a very difficult year. In spite of this, BCR was able to maintain, without much variation, the number of clients and credit balance for this segment. Regarding access to housing credit, the number of clients with new operations under \$75 million increased by 18.7% although the initial expectations due to the potential impact of the pandemic were different. Regarding the objective on overhead reduction, the goal was met by reducing overhead by 0.3% compared to 2019.

Finally, and in order to expand the financial inclusion of citizens that, so far, had not had access to banking services, in 2020 we opened over 45 thousand simplified file accounts.

Strategic Intervention	PNDIP Indicator	Result	Rating
Credit program for middle class housing	Percentage of annual growth of clients with formal middle class housing credit operations under \$75 million. BCR	18,7%	High compliance
Development Banking (msme's micro, small and medium enterprises)	Percentage of annual growth in the balance of the credit portfolio for msme's in BCR compared to December last year	0,47%	High compliance
Development Banking (msme's micro, small and medium enterprises)	Percentage of annual growth of active clients in msme's in BCR compared to December last year	-0,35%	High compliance
Institutional Management of Commercial State Banks	Percentage of inter-annual variation of overhead in BCR	-0,3%	High compliance
Financial Inclusion	Number of Simplified File Accounts (SFA) Type I and II opened to new BCR clients	45.213	High compliance

Internal Audit Mechanisms

Pursuant to articles 20, 21 and 23 of the General Law for Internal Control, as well as to the provisions of the "Regulations for Internal Audit Exercises" in the public sector and the regulations issued by the regulatory authorities, Banco de Costa Rica has an Internal Audit unit called General Corporate Audit, with the objective of strengthening management and contributing to the success in institutional management to foster legitimacy and effectiveness in the management of the public funds involved.

The General Corporate Audit performs its functions in conformity with the Regulation for the organization and operation of BCR's Internal Audit and to Banco de Costa Rica's Internal Audit Handbook, in adherence to the legal and technical framework set up for the audit function.

Notwithstanding what is provided in the binding regulations, Internal Audit has the following functions:

- Provide an independent criterion to the General Board of Directors and the Top Management regarding the quality and efficacy of the entity's internal control, risk governance and Corporate Government processes.
- Contribute to the accomplishment of institutional goals and objectives

CORPORATE GOVERNMENT

through the formulation of an annual working plan, in compliance with the guidelines provided by the Contraloría General de la República; aimed towards evaluating the processes and projects that pose the highest risk and strategic impact, in order to highlight internal control weaknesses and propose the recommendations deemed pertinent.

- Ensure that the active Administration takes the internal control measures provided by the General Law for Internal Control, in the cases of competence decentralization or service outsourcing, and continuously review the effective operation of critical controls.

- Verify, when pertinent, the compliance with the legal and regulatory provisions that rule the institution and its operations in the policies, plans, programs, objectives and goals that have been formulated.

- Supervise the compliance with the legal and regulatory standards applicable in the development of new automated systems, as well as participate in any other multi-disciplinary commission that the Superior Administration invites Internal Audit to participate, clarifying its advisory role or to provide timely criteria or warnings, without prejudice of the follow up and supervision it is responsible for performing later on.

- Evaluate, when pertinent, the operations and verify the accuracy and integrity of records, reports and financial and budgetary statements.

- Verify that the financial, material and human resources in the Bank have been used by the Administration with efficiency, economy, efficacy and in compliance with the corresponding legitimacy block.

- Review, when pertinent, the operations or programs and verify whether or not the results coincide with the objectives and goals established by the Administration, and provide the necessary recommendations to improve management.

- Periodically inform the Board of Directors about the compliance with the annual audit, strategic and operational plans.

- Inform the General Board of Directors about the status of the findings communicated to the Administration.

- Make reports and working papers prepared on the studies made available to the corresponding supervisory entity.

- Establish the coordination needed for the person responsible for controlling institutional budgets to maintain the controls associated to the execution and modifications of the budget resources from Internal Audit.

- Approach the other requirements contemplated by the legal, regulatory and technical standards applicable, without breaching the prohibitions provided by article 34 of the General Law for Internal Control.

According to those responsibilities, Corporate General Audit provides auditing services and preventive services to Banco de Costa Rica.

Internal Audit works under the responsibility and immediate direction of the internal auditor or, the internal deputy auditor, who are appointed by the General Board of Directors and organically depend on this entity, without this affecting its independence and objectivity consistent with article 46 of the "Organic Law for the National Banking System".

The internal auditor is the chief for the personnel in Internal Audit; therefore, the appointment, dismissal and other personnel movements in Internal Audit shall be directed and authorized by him; the active administration of Banco de Costa Rica will contract personnel according to the directions of the internal auditor, in compliance with article 24 of the "General Law for Internal Control".

General Corporate Audit Management 2020 Report

- Relevant strategic data

In 2020, AI-BCR – practically – developed 95% of its work in the modality of teleworking, focusing in approaching the urgent situations resulting from the COVID-19 pandemic. An integral analysis of the annual working plan 2020 – originally defined – was made, resulting in a plan to follow up and evaluate the measures adopted by the active Administration to face the COVID-19 crisis through preventive services and audit services.

In 2020, 54 audit studies were implemented, focusing mainly in the highest risk areas and the strategic institutional contribution, accomplishing 99.66% of the annual working plan. Regarding the coverage of our Auditable Universe (mainly Bank processes) for the 2020 work plan, we evaluated 51% (97 out of the 192) of the auditable units; and it is important to mention that all the high-risk units were evaluated.

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Regarding preventive services, advisory services were provided to the Board of Directors on a set of suggested considerations to include in the strategic planning process of Banco de Costa Rica 2021. Additionally, 43 official documents were generated with the opinions about the changes or the creation of policies and regulations and 51 book legalization services were implemented (28 openings and 23 closings).

- Important Operational Data

The changes resulting from the pandemic caused AI-BCR to implement a substantial modification in the focus of the work for audit services with the purpose of encouraging even more the incorporation of preventive services in the implementation of the activities, all this with the aim of turning AI-BCR into a trust advisor for the active Administration.

In 2020, the strategic work of AI-BCR and the 2020 work plan were followed-up in order to identify the adjustments to be made, which were the basis for the definition of the 2021 operational plan and the 2021 annual working plan.

An important fact to highlight is the way in which AI-BCR faced the challenge of change, where the results demonstrated the adaptability to new ways of interacting and communicating.

Summary of Reports and Commitments

- The main studies implemented were related to: financial and accounting topics, liquidity management, risk management in the organization, corporate government, credit process (holistic approach to both banks), commercial management (offices, products and services), digital transformation, human capital management, trust funds, IT and subsidiaries, among others. Additionally, evaluations were made on the legitimacy block applicable to the Institution.

- The implementation of audit services led to the generation of 78 reports.

Commitments met and in process as of 12/31/2020

According to the systematic and documented follow up to our recommendations, it was determined that, in 2020, the Top Management worked on 177 findings, through the implementation of the recommendations that were provided.

Additionally, the population of findings in process was 156 at the end of 2020, distributed as follows: 23 high risk, 115 middle risk and 19 low risk.

Main topics on which actions were implemented



CORPORATE GOVERNMENT

Main topics on which we have follow-up actions

Strengthening of Data Governance to potentiate the decision-making processes

Portfolio and project management require the implementation of actions to achieve an effective PMO

Develop mechanisms for an ancillary registry to record and manage the control of account 242.09.M.00.15 "Other withholdings to third parties to pay Collective Policy", related to credit policies charged to customers

Improvements in configuration and management of infrastructure services and related security (vulnerabilities, anti-virus, remote access, gap closing, etc.)

Via a diagnosis made in November 2019, a limited progress was identified in the implementation of the strategic objective to turn BCR into a digital bank by 2020, in spite of the fact that the objective was formulated since February 2018

Attention to gaps in international standards related to prevention, detection and fraud-response factors or elements. BCR should work hard to design and operationalize fraud risk management according to the reality faced in this field and aligned with the best practices

Design and implement integral management for the Bank's general credit process

Define and implement the strategy and the corresponding master plan to achieve the digital transformation of BCR

Designation of an entity to design and implement the strategy and work plans needed to promote public deposits

Definition of a master plan, like a Roadmap, to design and implement business and marketing functions

Establishment of protection mechanisms for the data stored in portable devices

Update of technical documentation of the systems and automated tools, and monitor the due application of controls

Preparation of the information presented

This information was compiled and prepared by the Strategy management and Corporate Government in compliance with the Corporate Government Regulations, Agreement SUGEF 16-16 and the Presidential Guidelines 102-MP General Policy on Transparency and Disclosure of Financial and Non-financial Information for State Owned Entities, their Subsidiaries and Autonomous Institutions.



SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

With Corporate Social Responsibility policies within a governance framework inspired by worldwide principles, Conglomerado Financiero BCR promotes an increasingly sustainable business model for the benefit of people and the environment.

This commitment is ratified in one of the objectives in the Strategic Plan: to promote sustainability with a triple vision, translated into strengthening its position as an economically responsible, ecologically respectful and socially committed Conglomerate.

Below is the detail of the priority actions of Banco de Costa Rica and its subsidiaries for 2020, approached from the environmental and social perspective, because the current report approaches the economic dimension in a lot of detail.

Starting with the environmental perspective, we highlight our sustainable financing lines PRO ECO and Eco Crédito MiPymes, directed to promoting, with special conditions, the consumption of more environmentally friendly solutions.

For the corporate and institutional sectors, we have also developed credit solutions with important associated investments, seeking to promote projects related to clean energy, public and private infrastructure, smart lighting, etc. Additionally, we have structured a holistic financing Ecosystem in response to the Electrical Mobility Program for zero emission small vehicle transportation.

In this same line, significant progress was made to have an Environmental, Social and Governance Management System (SGAS), to accompany the generation of sustainable businesses with the support of a tool considering environmental, social and economic analyses in line with the national guidelines.

Regarding internal management, our good administration of environmental indicators enabled us to receive, for the fourth consecutive year, the environmental excellence recognition, a rating granted by MINAE to public institutions.

Likewise, the Bank is participating to get the 2020 Award in the category of Blue Ecological Flag called Sustainable Mobility, which focuses on contributing to improve the quality of life of the personnel and to reduce the institutional environmental print in the main offices.

BCR Valores has obtained the Blue Ecological Flag award in 2019 in the Climate Change category, earning two stars. It currently has an action plan to add an additional star in 2020. Additionally, it was certified as Carbon Neutral entity.

With respect to the social area, we worked hard in creating healthier financial habits for all people through the Finance in Action program, which reached over 960 thousand participants in less than five months.

This virtual social communication platform offers a holistic continuous learning experience with free easy-to-access contents. This project includes the first education web series, with episodes in which a family provides practical advice and tools that you can access through the following link:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/responsabilidad_social/finanzas_en_accion/episodios/

This interest for financial wellbeing was extended to clients from the corporate and institutional portfolio, with customized educational talks, taught by mentors from the Bank, reaching a total of 96 virtual meetings.

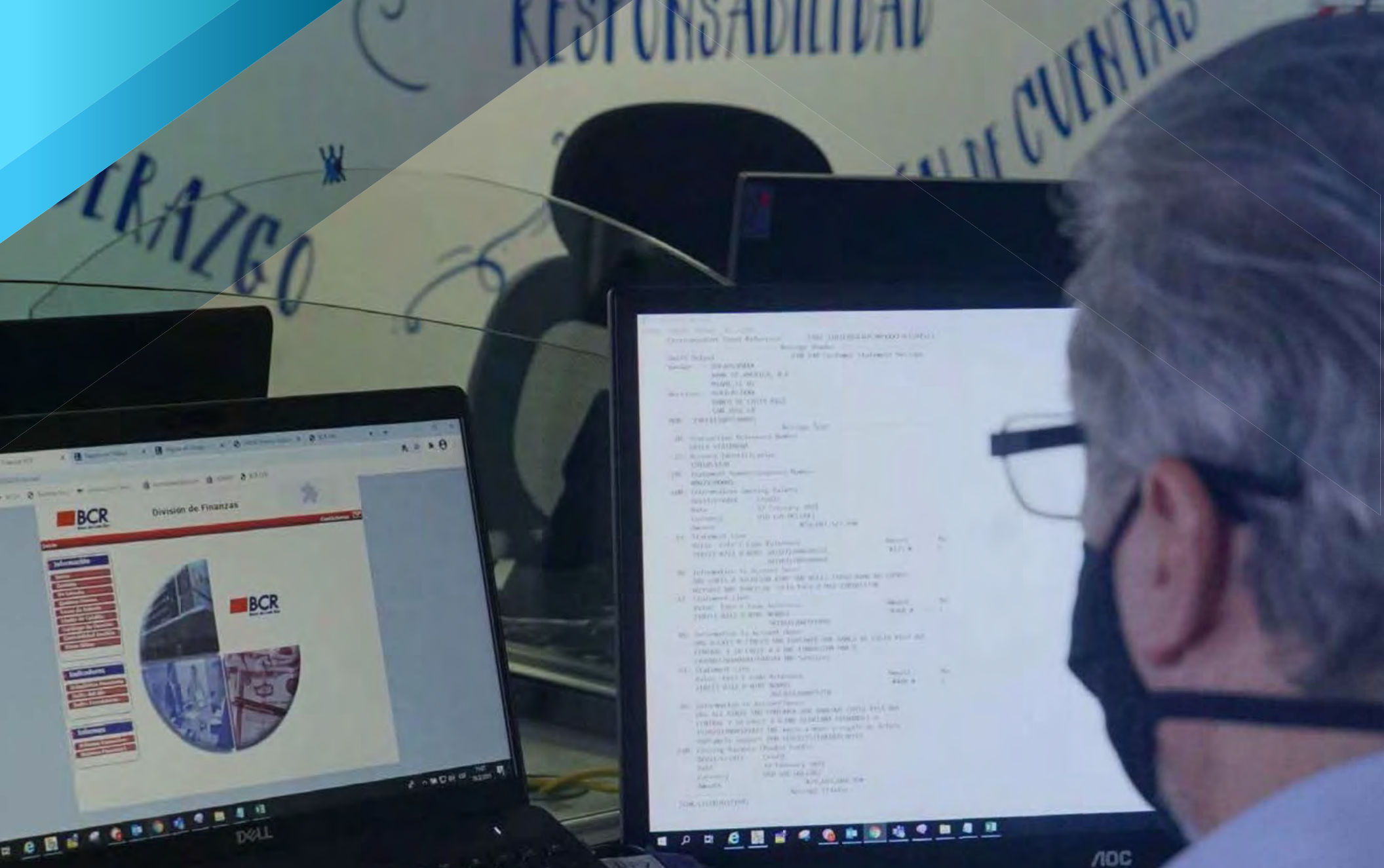
In addition, at the internal level, the Gender Program was implemented in order to potentiate affirmative actions that define us as a gender-smart Bank. One important element was the creation of the Institutional Commission for the Promotion of Equality and Effective Equity, which objective is to strengthen the historical commitment of eradicating discriminatory practices.

Finally, BCR Valores Puesto de Bolsa, for the second consecutive year, makes its sustainability report to be accountable for its business model and establish commitments in consistency with the corporate values that rule their behavior of acting responsibly.

SOCIAL RESPONSIBILITY

Environmental excellence recognized by MINAE, thousands of people with tools to improve their financial practices and a first step towards the eradication of discriminatory practices are all part of the summary of a very fruitful 2020.

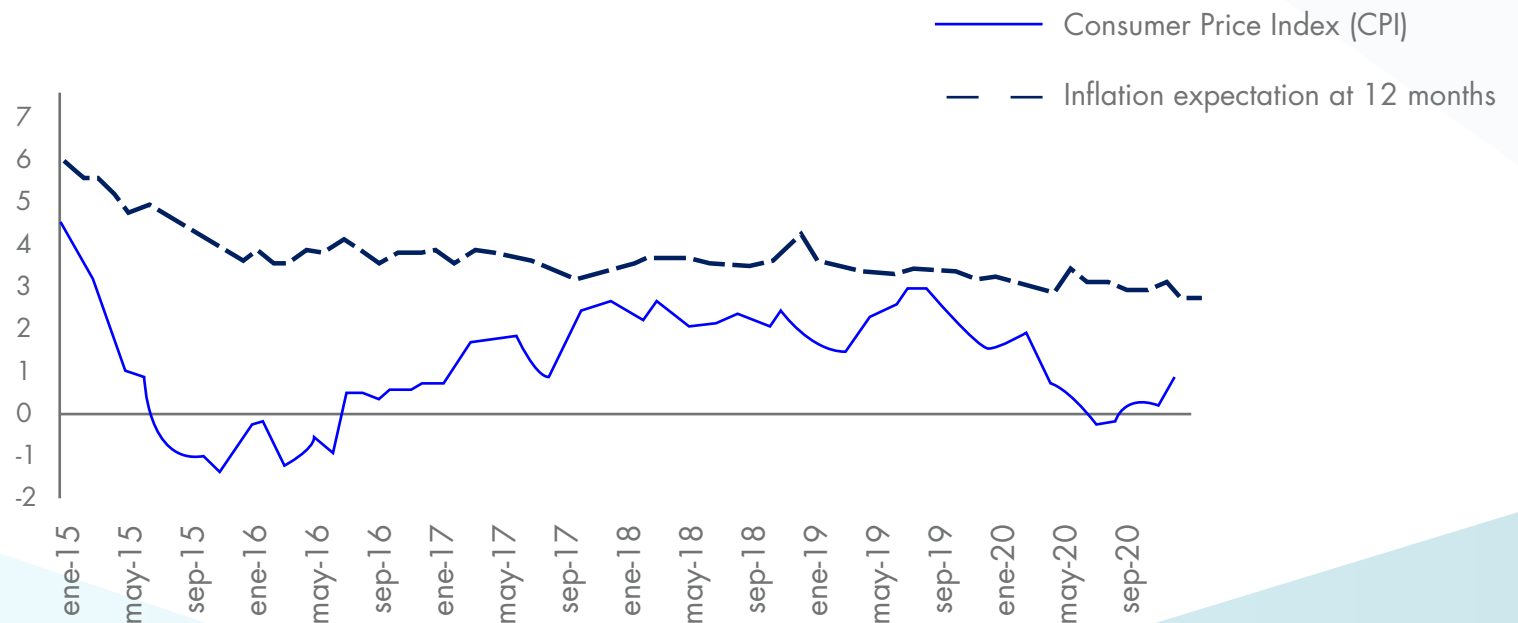
For this 2021, Banco de Costa Rica and its subsidiaries will continue promoting a more sustainable, socially committed business model with the stakeholders and in harmony with the environment.



ECONOMIC ENVIRONMENT

GENERAL INFLATION AND EXPECTATIONS

- Inter-annual Variation in percentages -



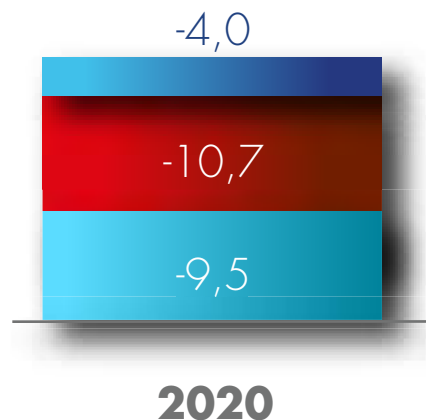
Source: Own elaboration with information from Banco Central de Costa Rica

In 2020, we see an inter-annual variation of 0.89%, the lowest in four years, below BCCR's goal. However, it is close to the forecast made of 0.8% for the end of the period. 55% of the products increased their prices, 35% decreased their prices and 10% remained with the market price. From all goods and services, onions, tomatoes and potatoes showed a positive effect.

CONTRIBUTION TO GDP GROWTH, ACCORDING TO EXPENDITURE COMPONENTS

- Percentual contribution of variation rate in percentual points -

- Internal demand
- Imports
- Exports
- Gross domestic product

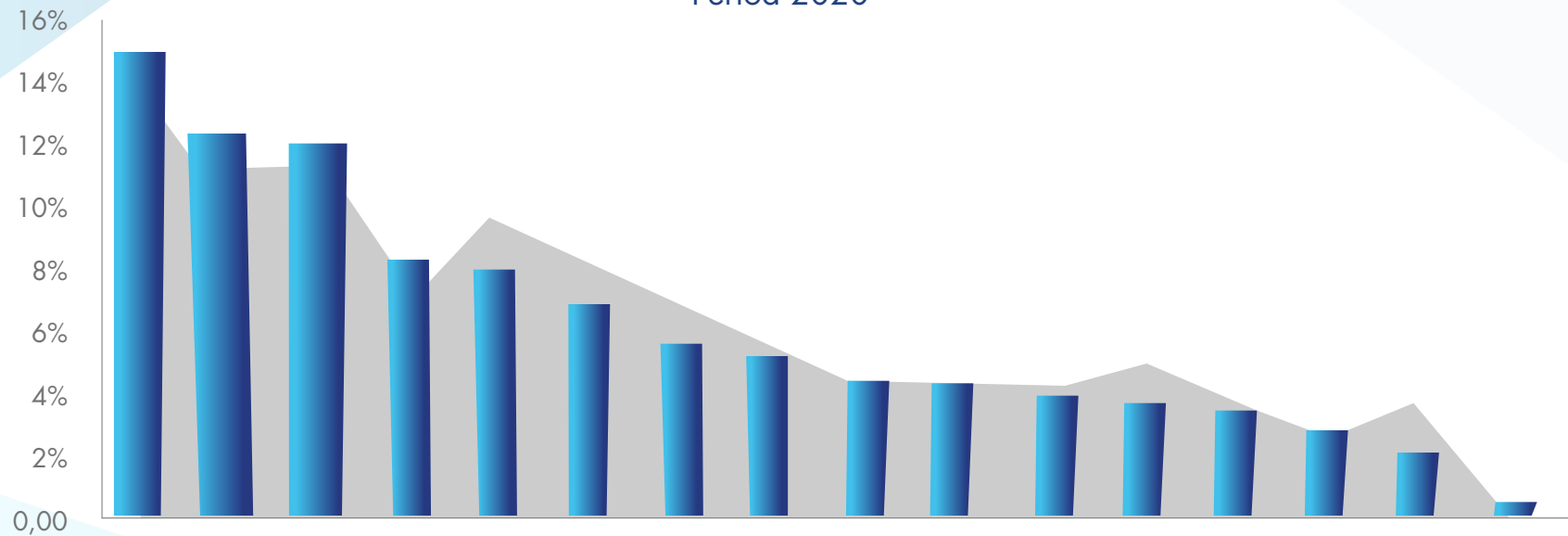


Source: Own elaboration with information from Banco Central de Costa Rica

For 2020, GDP shows an economic decrease of -4.5%, which indicates that the monetary value over the valuation of goods and services was affected, and thus, the whole population of the country was affected; this is a consequence of the effects of COVID and the measures applied for the protection of the country and its population. There is a decrease in imports, exports and demand during the whole 2020 period. However, exports accelerated in the third quarter, although raw material imports are depressed, thus reducing the gross value of production. There is an increase in value added of 4.3% due to the imposition of taxes on products.

PERCENTUAL COMPOSITION OF GDP

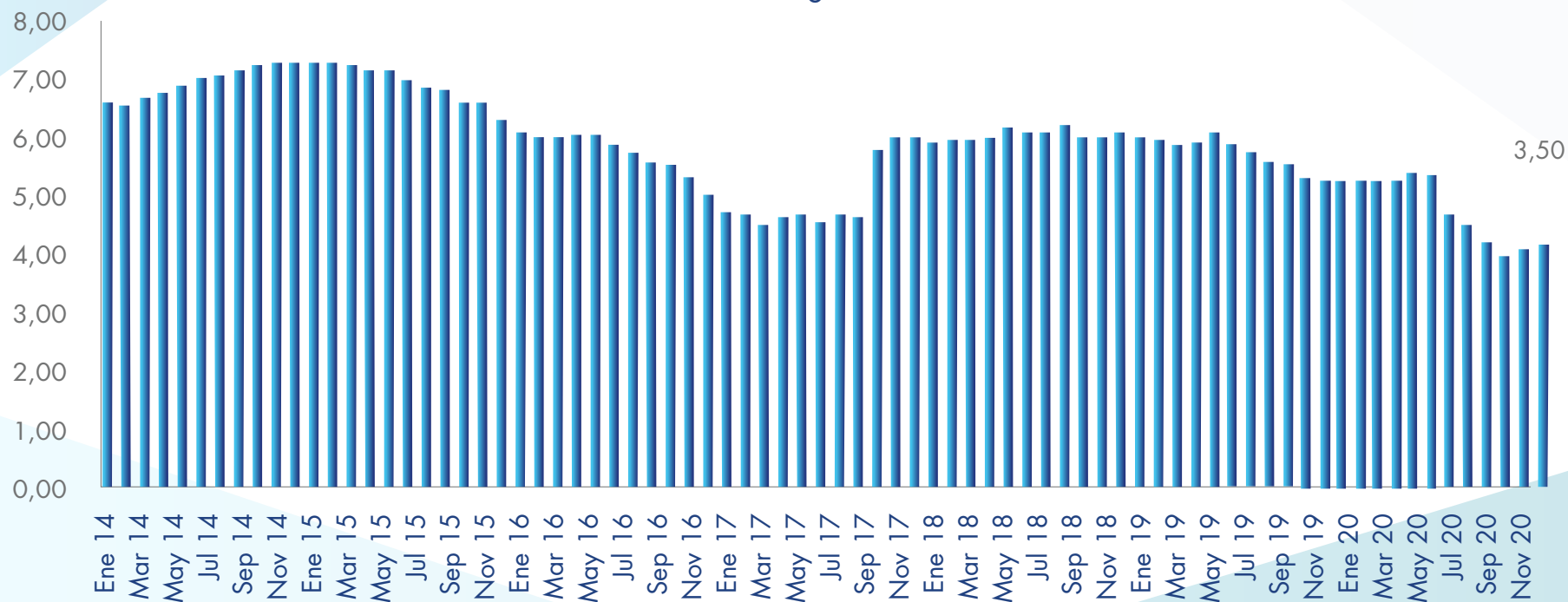
- Period 2020 -



GDP is strengthened in education and activities directed to health, mainly using electronic tools and manufacture (in the case of the second main activity). Due to COVID-19, they increase their productivity in higher value-added products, reorganizing the activities at the global level.

PASSIVE BASE RATE

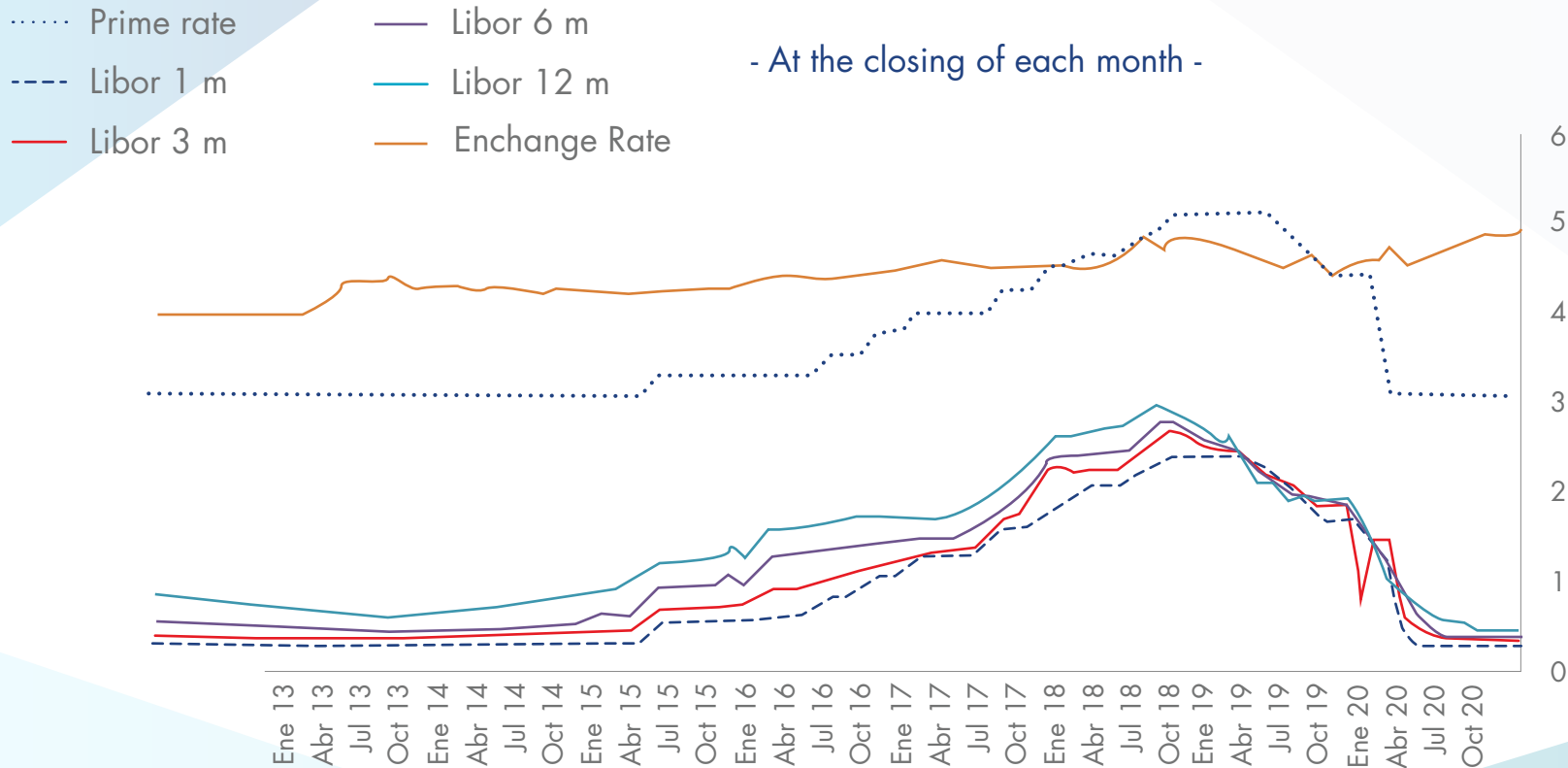
- At the closing of each month -



Source: Own elaboration with information from Banco Central de Costa Rica

Due to the decrease of certificates of deposit, the passive base rate remains in the lower range (between 5.75% and 3.50% during 2020). This forced financial entities to pay less yields.

PRIME RATE AND LIBOR



Source: Own elaboration with information from Banco Central de Costa Rica

During 2020, we experienced a decrease in the acceleration of foreign currency rates. However, there is an increase in the exchange rate, which leaves an expectation of opportunities about loans in dollars descending to the base rate. Exchange rate shows an ascending trend and we remain cautious because the population could be affected in case of disbursing dollars. In spite of the increase in the exchange rate, the acceleration of economy in foreign currency was encouraged.



BANCO DE COSTA RICA'S FINANCIAL SITUATION

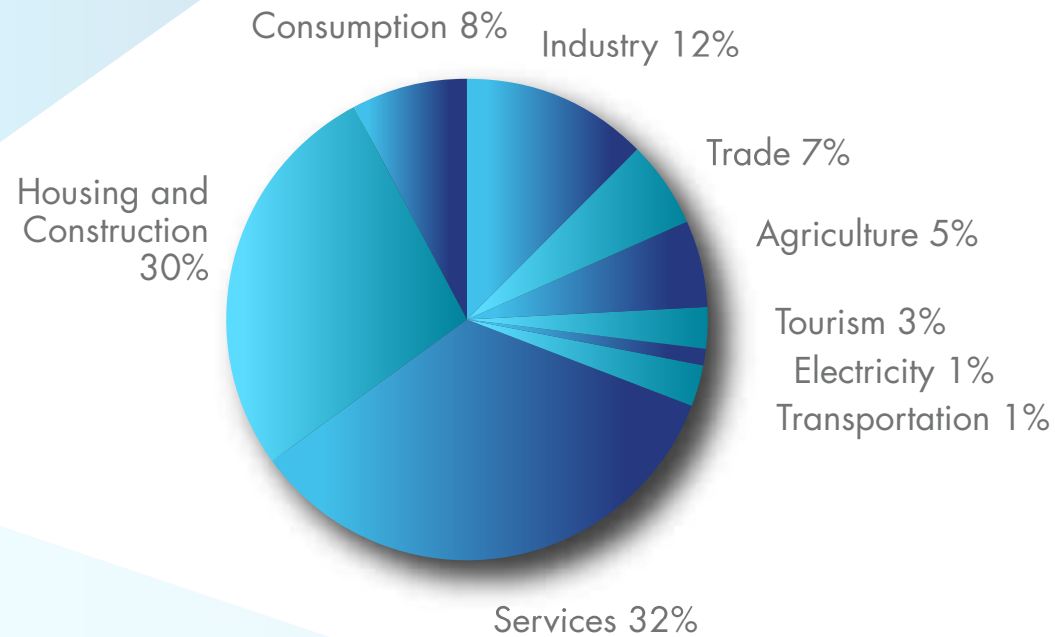
BALANCE SHEET

General Consolidated Balance Sheet		Million colones	
	2019	2020	Variation %
Total Assets	5.978.798	6.299.856	5%
Availability	722.905	803.048	11%
Investment in securities	1.211.316	1.422.226	17%
Net credit portfolio	3.749.946	3.737.850	0%
Net property, furniture and equipment	121.295	145.467	20%
Other Assets	173.337	191.266	10%
Total liabilities plus equity	5.978.798	6.299.856	5%
Total liabilities	5.347.807	5.633.903	5%
Obligations with the public	4.169.351	4.435.949	6%
Obligations with entities	947.122	996.185	5%
Other liabilities	231.333	201.769	-13%
Equity	630.992	665.953	6%
Primary capital	445.809	465.231	4%
Secondary capital	119.044	144.764	22%
Minority interests	66.139	55.958	-15%

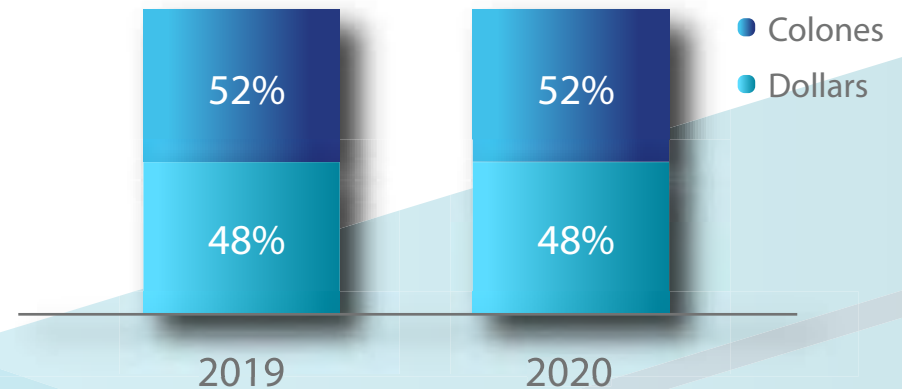
Assets are prepared based on the reasonable value, with changes in results and integral results. The other financial and non-financial assets and liabilities are registered with amortized cost or historical cost. Investments are adjusted in accounting according to IFIS 9. Regarding obligations with the public, current account and term deposits are predominant.

CREDIT PORTFOLIO

Portfolio distribution by economic activity 2020



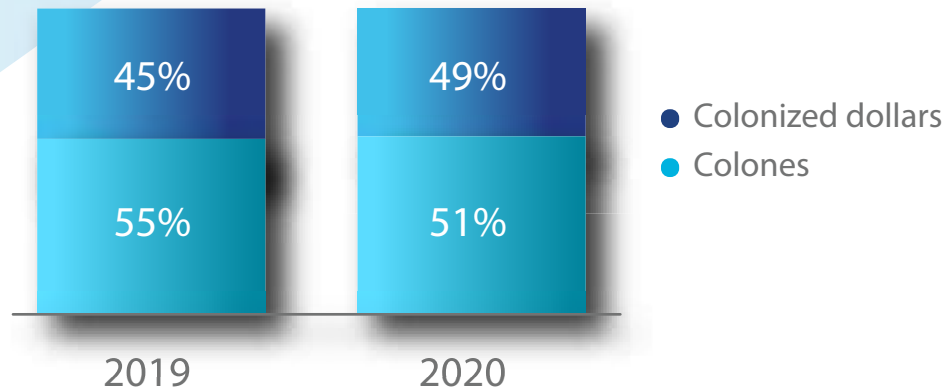
Credit portfolio by currency



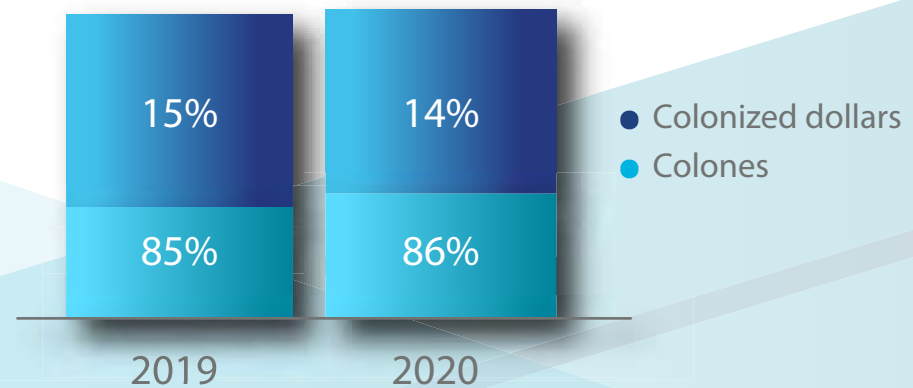
Nominal placements represent, in both currencies, more investment in housing and construction, services and industry. National currency prevails in the corporate sector and among physical individuals in 2020.

PORTFOLIO DISTRIBUTION

Credit Portfolio – Corporate Banking - by currency -



Credit Portfolio – Individual Banking - by currency -



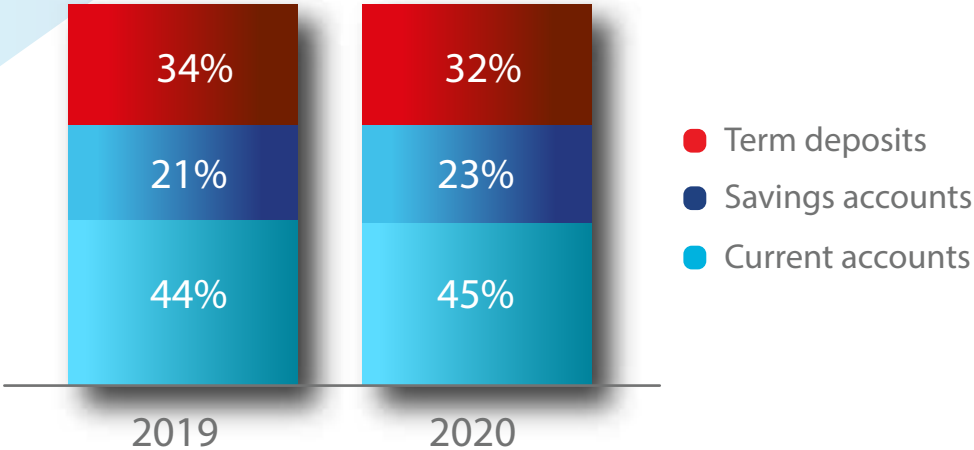
DEPOSITS FROM THE PUBLIC

Deposits from the Public	2020
Current accounts	45%
National currency	71%
Foreign currency	29%
Savings accounts	23%
National currency	69%
Foreign currency	31%
Term deposits	32%
National currency	64%
Foreign currency	36%
Total deposits from the public	100%

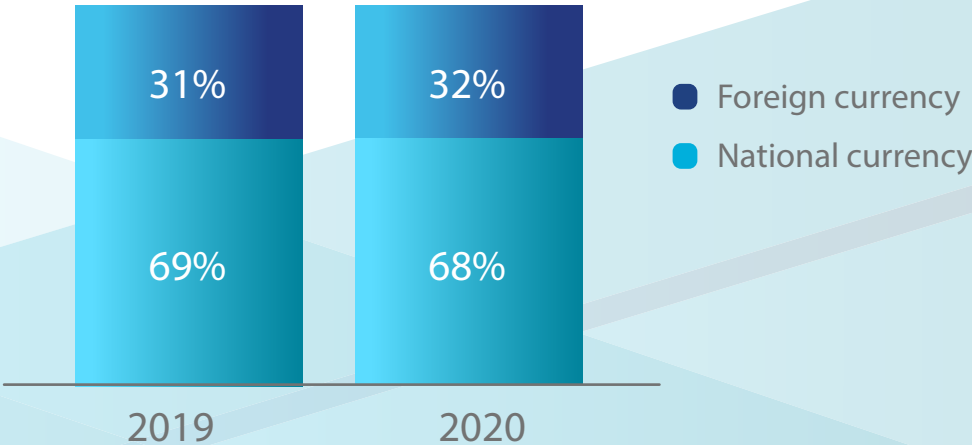
Obligations with the public are reasonably quantifiable and the predominant ones with higher amounts are current accounts and term deposits, mainly in national currency for the individual, corporate and institutional segments.

DEPOSIT DISTRIBUTION

Structure of Deposits from the Public

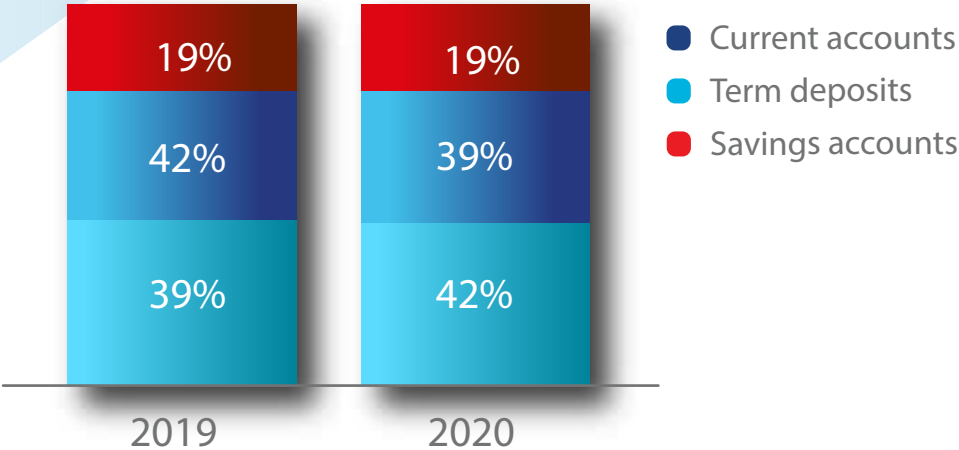


Deposits from the Public by Currency

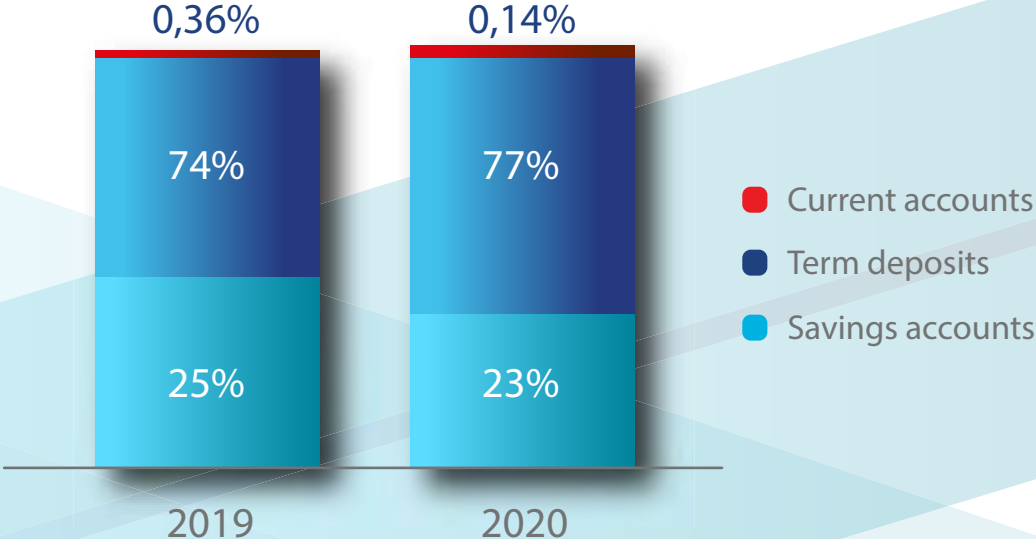


DEPOSIT DISTRIBUTION

Structure of Deposits from the Public Individual Banking



Structure of Deposits from the Public Corporate Banking



INCOME STATEMENT

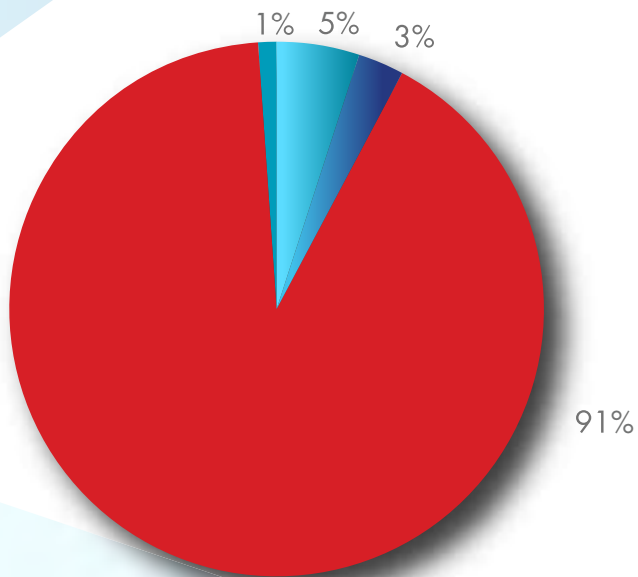
Consolidated Income Statement

Million colones	2019	2020	Variation %
Income from financial intermediation	414.620	378.253	-9%
Expenses from financial intermediation	215.250	172.247	-20%
Financial intermediation results	210.443	180.560	-14%
Income from services and other income	185.627	183.998	-1%
Other operational income	130.305	116.748	-10%
Gross operational result	265.765	247.809	-7%
Overhead expenses	192.600	192.070	0%
Net operational result	73.165	55.739	-24%
Taxes and profit share	32.800	29.296	-11%
Period result attributed to minority interests	3.290	830	-75%
Final result	37.074	25.613	-31%

Among the nominal accounts, we see an effect in 2020 due to COVID-19, since there are reductions in income and in expenses. This is related to the rate decreases due to the Credit Usury Law (Law No. 9859), the reduction in card movements due to the closure of commerce because of the pandemic and the application of Decree No. 9831 about the exchange and acquisition accounts applied at the end of the 4th quarter in 2020. Additionally, the change in leasing registries (IFIS ó), the reduction of expenses in rent, paperwork and public utilities due to teleworking and to the zero-paper policy also had an impact. In spite of this, there is an increase in overhead expenses due to the application of technological methodologies in the services provided to the customers.

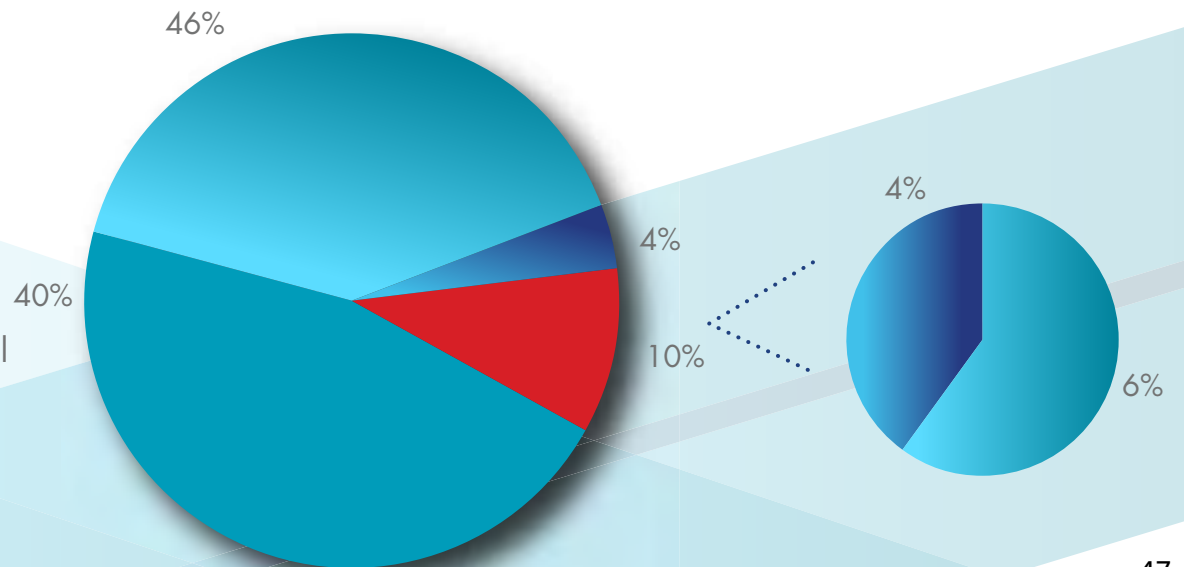
INCOME DISTRIBUTION

Income from Investments 2020



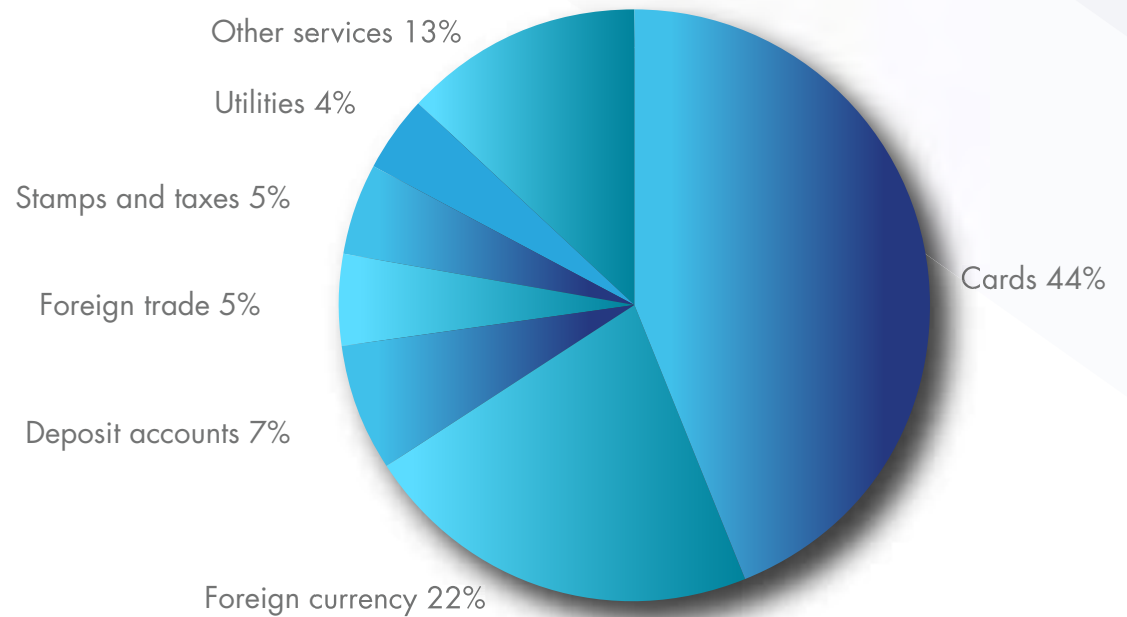
- Maintained for negotiation
- Depreciations and amortizations
- Available for sale
- Contribution to severance

- Corporate
- Physical individual
- Entrepreneurial
- Financial sector
- Other

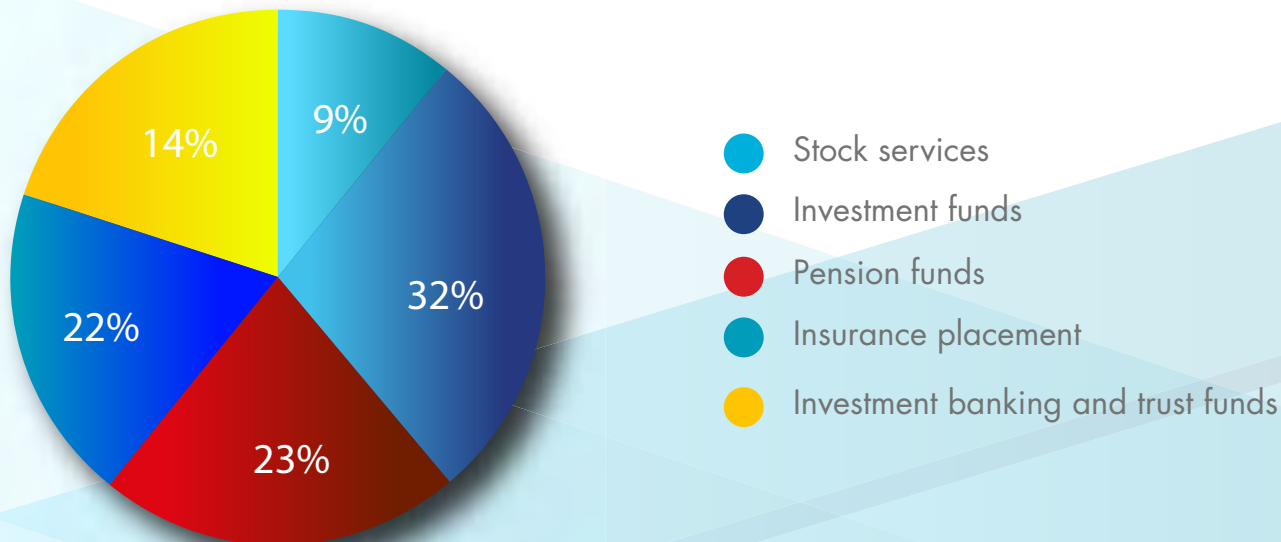


INCOME DISTRIBUTION

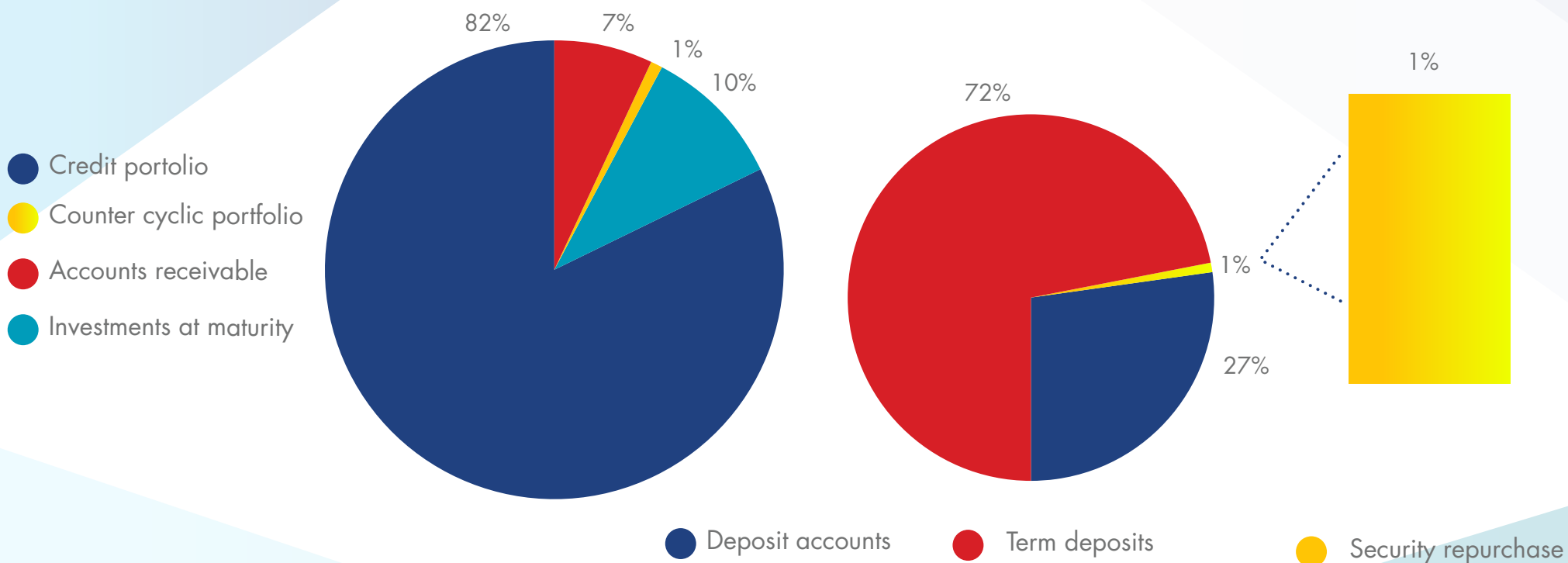
Income distribution by banking services 2020



Income distribution by non-banking services 2020



INCOME DISTRIBUTION



Overhead Expenses

Million colones	2019	2020	Variation %
Personnel expenses	112.527	110.710	-2%
Outsourced services	23.277	24.688	6%
Depreciations and amortizations	9.601	10.116	5%
Contribution for severance	2.602	2.623	1%
Other general expenses	44.593	43.932	-1%
Total	192.600	192.070	0%

FINANCIAL INDICATORS

Main indicators	2019	2020
Result indicators		
Financial income / total income	69,1%	67,3%
Income from services / total income	19,8%	19,2%
Financial expenses / total income	37,7%	33,7%
Financial expenses / financial income	51,9%	45,5%
Overhead / total expenses	33,7%	37,6%
Financial margin / overhead	109,3%	94,0%
Operational profit / total income	12,2%	9,9%
Net profit / total income	6,2%	4,6%
Balance indicators		
Productive asset / total asset	83,0%	81,9%
Credit portfolio / total asset	62,7%	59,3%
Credit portfolio / productive asset	75,6%	72,4%
Credit portfolio / deposits from the public	89,9%	84,3%
Portfolio + 90 days / credit portfolio	3,6%	3,7%
Total liability / total asset	89,4%	89,4%
Liability / equity (number of times)	8,5	8,5
Management indicators		
Return on assets average (ROA)	0,63%	0,42%
Return on equity average (ROE)	5,90%	3,91%
Operational Efficiency (1)	32,09%	34,16%

(1) The indicator 'Operational Efficiency' is the ration of General and Overhead Expenses and the total income for the period



SUBSIDIARIES

BCR OPERADORA DE PENSIONES

BCR Operadora de Planes de Pensión Complementarios

Million colones	2019	2020
Profitability over equity	55%	44%
Operational efficiency index	55%	56%
Net profit	1.107	878
Pension funds managed	1.235.701	1.380.787

The entity was exposed to regulatory changes, mainly associated to the modalities to withdraw the mandatory funds due to the impact of COVID-19. For this purpose, virtual channels were made available for clients to present queries and make processes; this allowed us to continue providing excellent services to the affiliate's customers.

Such regulatory changes related to the market conditions caused by the pandemic did not have a significant effect on the financial results and the goals proposed for 2020, which evidences the solidity of the entity.

In 2020, BCR Pensiones obtained the administration of \$27.897 million belonging to the resources from the Fondo de Capitalización Laboral Erróneo and to Régimen de Pensiones Complementarias Erróneo, which represent a 19% growth of the assets managed.

BCR CORREDORA DE SEGUROS

BCR Corredora de Seguros

Million colones	2019	2020
Profitability over equity	28%	33%
Operational efficiency index	36%	35%
Net profit	2.735	3.043
Commissions earned	5.914	6.546

In 2020, a 7% growth was reported in total income, exceeding the goal for commissions in 115% and obtaining the highest net profit of the last years. With these results, it maintained a leadership position in the Costa Rican insurance market and registered one of the highest profits among the insurance operations authorized to operate in the country. Additionally, there are projects under implementation to allow for the digital transformation in the business model, in order to exceed the expectations from the customers.

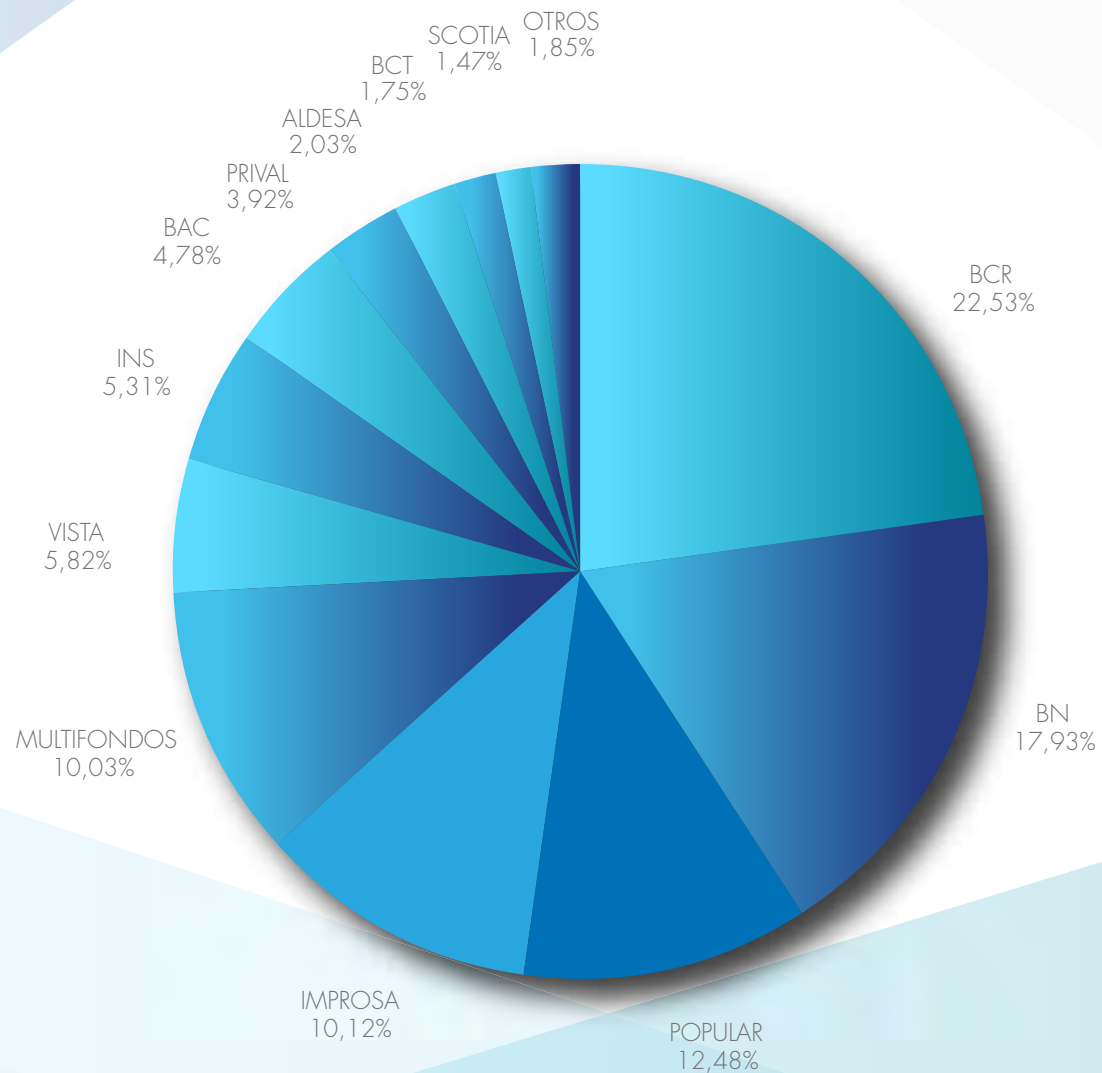
BCR SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN

BCR Sociedad Administradora de Fondos de Inversión

Million colones	2019	2020
Profitability over equity	22%	27%
Operational efficiency index	49%	43%
Net profit	2.204	2.852
Investment funds managed	823.903	990.322

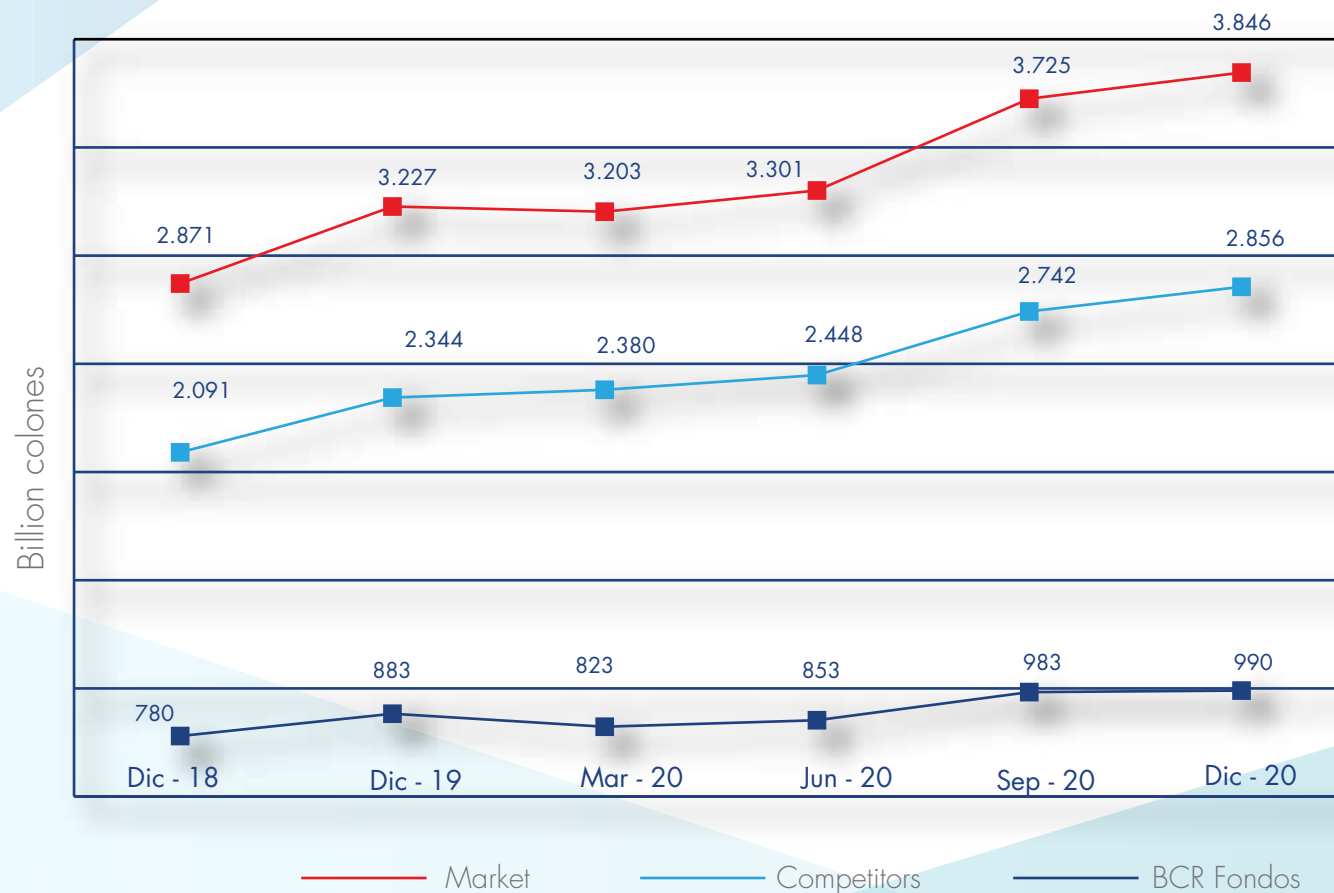
BCR SAFI is the industry leader in Costa Rica for investment funds and has maintained that privilege position for the last 17 consecutive years. In addition, it has over 21 of experience in financial and property fund management. It also has 13 asset investment funds operating in the market, out of which 8 are financial asset investment funds, 4 are property asset investment funds and 1 is project development.

BCR SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN



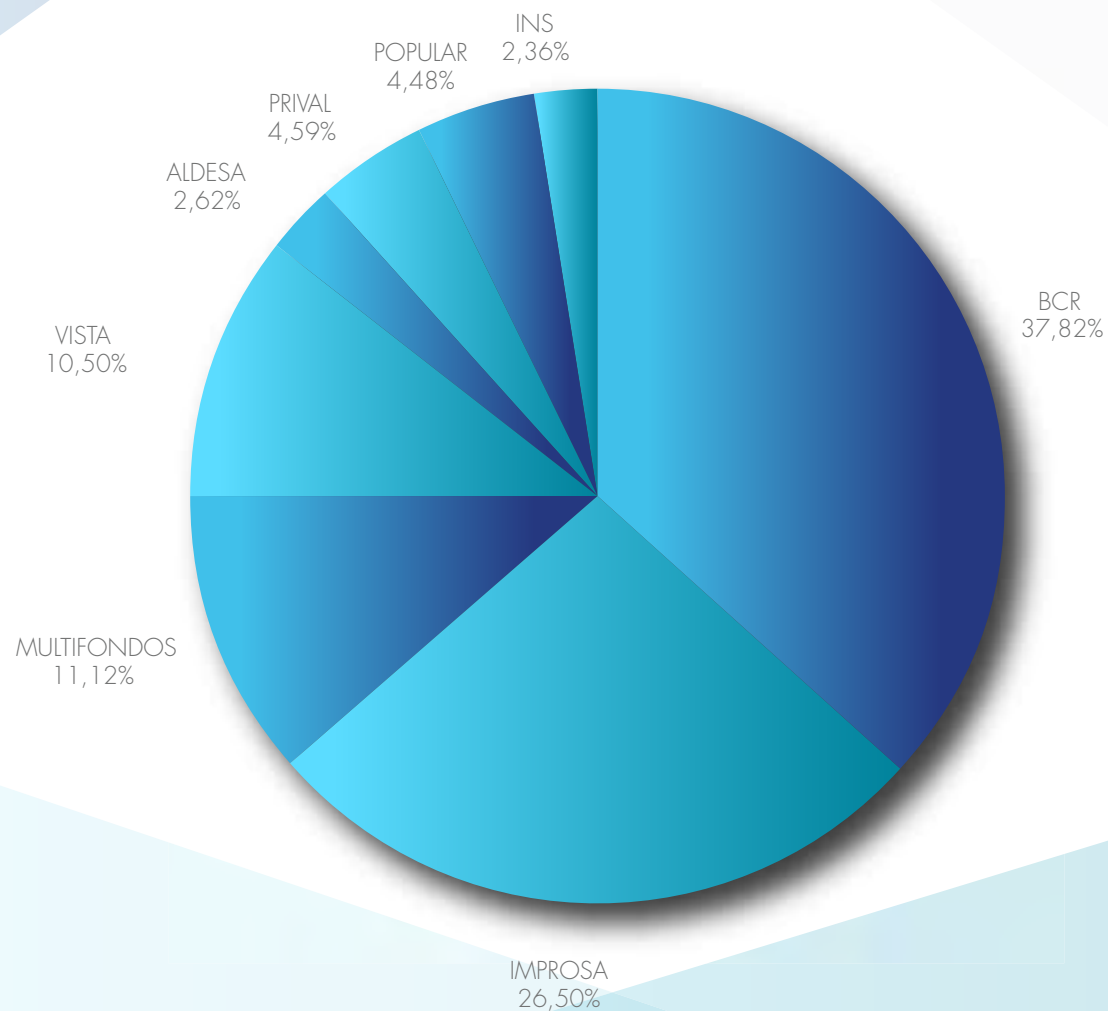
At the closing of 2020, BCR SAFI reached a market share close to 23%, thus consolidating the leadership position it has had for over 17 years in the investment fund industry at the regional level.

BCR SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN



The total assets managed increased inter-annually by 12.1%, showing a constant growth during the management years.

BCR SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN

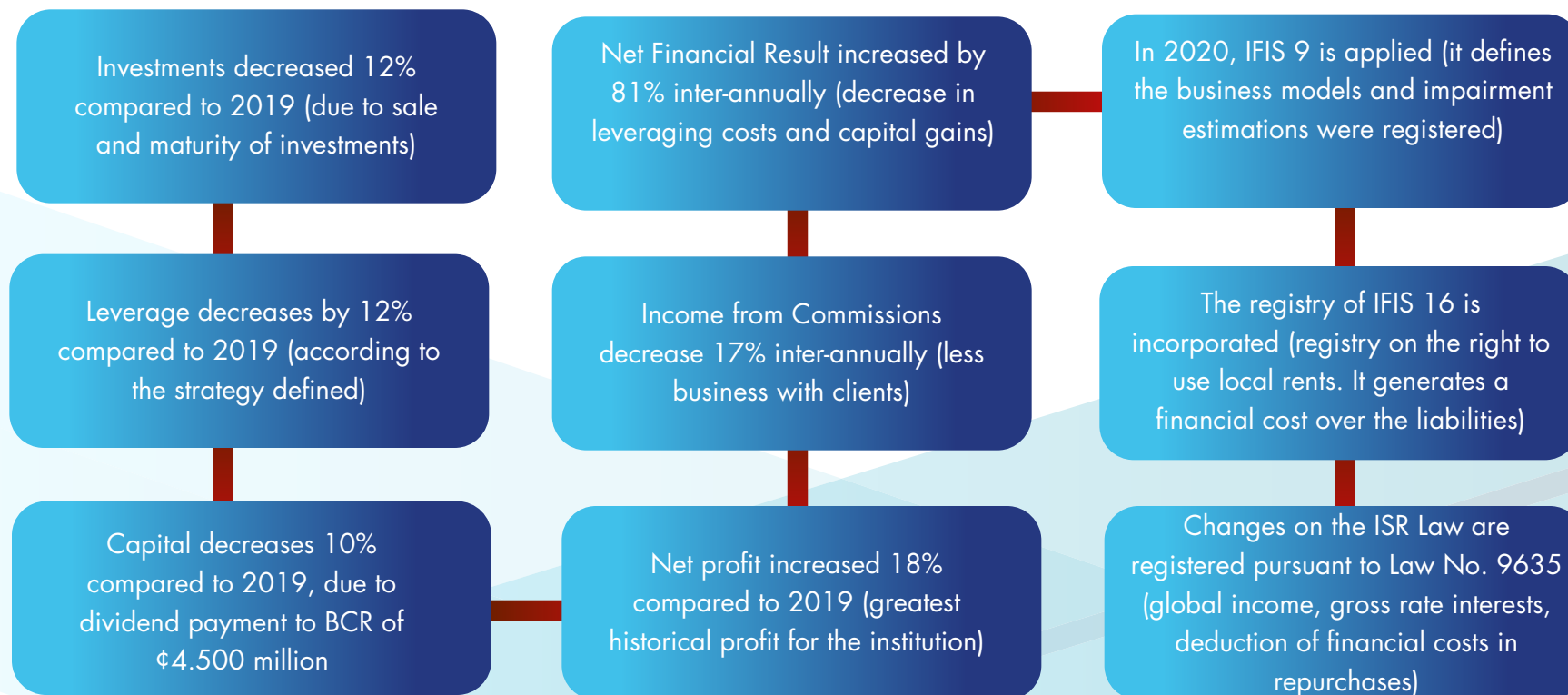


In the particular niche for property investment funds, BCR SAFI reaffirms its position and leadership with a market share of 38%, being the most active entity in the property business.

BCR VALORES PUESTO DE BOLSA

BCR Valores Puesto de Bolsa

Million colones	2019	2020
Profitability over equity	13%	14%
Operational efficiency index	48%	44%
Net profit	2.744	3.246
Portfolios managed	119.736	116.370



BANCO INTERNACIONAL DE COSTA RICA (BICSA)

Banco Internacional de Costa Rica

Thousand USD	2019	2020	Variation %
Loan portfolio	1.630	1.488	-9%
Total assets	1.984	1.860	-6%
Net profit	12	3	-74%
Arrears over 90 days	1,6%	2,3%	40%
Reserve coverage	169,4%	167,7%	-1%
Profitability over equity	5,1%	1,3%	-75%

BCR LOGÍSTICA

The reason of being for BCR Logística is to meet the needs of the environment where it is located and improve customer service through the integration of logistics services, such as storage, inventory management, transportation of goods and distribution of goods; all these services are provided in order to meet the needs of the public and the private sectors.

BCR Logística

Million colones

2020

Profitability over equity	-5%
Operational efficiency index	104%
Net profit	-42
Pension funds managed	747

In the Warehouse: We protect the assets of your company

We provide support, security and safety when your goods and the raw material of your company is under our custody

In the Bonded Warehouse: We protect the goods of your company

Custody of goods for complete containers and consolidated cargo, as well as custody of vehicles, machinery and raw materials, among others

BANPROCESA

Banprocesa

Million colones

2020

Profitability over equity

30%

Operational efficiency index

89%

Net profit

118



AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Banco de Costa Rica Financial Conglomerate and subsidiaries (the Conglomerate), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated income statement, consolidated statement of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Financial Conglomerate as of December 31, 2020, its financial performance and its consolidated cash flows for the one-year period ended on that date, in compliance with the directives issued by the National Financial System Oversight Board (CONASSIF) and the General Superintendence of Financial Entities (SUGEF).

Basis for Opinion

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

Emphasis matters – Comparability

The consolidated financial statements of Banco de Costa Rica Financial Conglomerate and subsidiaries are not presented comparative because transitory I of the Financial Information Regulation approved by CONASSIF in force as of January 1, 2020, provides that *"the presentation of the interim financial statements and audited annuals of 2020 are not required in a comparative way"*.

AUDITED FINANCIAL STATEMENTS

Crowe Horwath CR, S.A.

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Basis of accounting

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

Emphasis matters – Conditions reported by COVID 19

In note 45 to the consolidated financial statements, disclosures related to the state of emergency due to the COVID-19 pandemic and how the Bank has managed such condition, are presented.

Key Audit Matters

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

a) Loan portfolio

Key audit matter

The main asset of the Bank is the loan portfolio, which accounts for 61.11% of total assets and concentrates the main factors of credit risk management related to: recovery of outstanding balances, concentration of balances, diversification of products, among others; these factors affect the recoverable value of the asset.

The Bank estimates the loan portfolio based on the SUGEF-1-05 Agreement "General Standards for Classification and Qualification of Debtors", and SUGEF 19-16 "Regulations for the determination and recording of Countercyclical estimates". At December 31, 2020, the amount of these estimates is of €134,225,242,689 which represents 2.13% of the total assets.

In minute of meeting SGF-2584-2020 of August 4, 2020 SUGEF has required credit management plans because of payment arrangements and credit risk caused by the health emergency of COVID-19, including recognition of additional allowances.

Audit response

Our audit procedures included selecting a sample of credit operations to which a balances confirmation process has been applied. We also carried out an assessment of the allowance for doubtful accounts of the portfolio by verifying compliance with the functional areas that maintain controls and operational processes whose objective is to comply with the requirements of the SUGEF 1-05 agreement.

We selected a sample of files from operations from the loan portfolio in order to verify the internal control procedures established by the Bank, as well as the filing regulations established by the regulator. We verified and reviewed the auxiliary records of the loan portfolio and their estimates.

The Bank's management considers that the allowance for doubtful accounts is adequate to absorb any losses in which it may incur in the recovery of that portfolio. The regulator reviews it periodically as an integral part of its examinations and may require modifications based on the evaluation of available information.

AUDITED FINANCIAL STATEMENTS

Crowe Horwath CR, S.A.

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Notes 1.j, 6 and 45 to the consolidated financial statements include the disclosures regarding the respective treatment of the allowance for bad loans.

b) Investment in securities

Key audit matter

Investments are classified and accounted for in accordance with IFRS 9, Financial Instruments, including the recognition of expected losses, which requires a methodology that considers judgments and the use of assumptions by management.

Fair value estimates are made at a specific date based on market information and on information of financial instruments and are provided by an authorized pricing provider. Fair value does not reflect premiums or discounts that may result from the offer for sale of particular financial instruments at a given date.

The valuations are the best possible estimate of the market; by their nature they involve uncertainties and elements of significant judgment. Any change in assumptions may affect the valuation.

As of December 31, 2020, investments represent 22.58% of the total assets.

Audit Response

Among other procedures, we performed a process of balance confirmation on the total investment portfolio, as well as recalculations of the market valuation of investments, using the values obtained from a price provider, as well as the amortization of premiums and discounts.

We checked the consistency of the price source used to value the investment portfolio.

We assessed whether the classification of investments is adjusted to the contractual cash flows and we evaluated the design and application of the methodology used to determine the expected loss, by inspecting the methodology approved by the Board of Directors.

Notes 1.h, 5 and 45 include the disclosures of the Bank on accounting treatment and other aspects related to the investment portfolio.

c) Obligations with the public

Key audit matters

Obligations with the public are demand and term obligations that are agreed with the clients according to specific conditions as to their use, term and interest rates.

At December 31, 2020, obligations with the public represent 78.74% of the total liabilities.

Audit Response

Among other procedures, we carried out a process of balance confirmation and analytical procedures to verify the cycles and interest rates.

Notes 11, 12 and 13 include the disclosures on accounting treatment and other aspects relating to obligations with the public.

AUDITED FINANCIAL STATEMENTS

Crowe Horwath CR, S.A.

- 4 -

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conglomerate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AUDITED FINANCIAL STATEMENTS

Crowe Horwath CR, S.A.

- 5 -

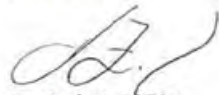
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Conglomerate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Conglomerate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves reasonable presentation.
- Obtain sufficient and adequate evidence regarding the financial information of the entities or business activities within the Conglomerate to express an opinion on the consolidated financial statements. We are responsible for the administration, supervision and execution of the audit of the Conglomerate. We are solely responsible for our audit opinion.

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

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

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

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



San José, Costa Rica

March 24, 2021

Opinion signed by
Fabián Zamora Azofeifa N° 2186
Polígrafo 01116 FIG 7 día en 30-mar-2021
Legal stamp 0593 e1 000
Attached to the original



AUDITED FINANCIAL STATEMENTS

-6-

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 For the period ended December 31, 2020
 (In colones without cents)

	Note	December 2020
ASSETS		
Availabilities:		
Cash:		
Central Bank of Costa Rica	d	803,647,856,870
Local financial entities		119,287,622,473
Foreign financial entities		557,130,153,527
Notes payable on demand		406,513,723
Restricted cash and cash equivalents		124,787,806,670
Accounts and interest receivable		933,476,898
		502,245,670
		87,988
Investment in financial instruments:	e	1,422,228,966,729
At fair value profit or loss		129,268,183,966
At fair value other comprehensive income		1,158,579,657,948
At amortized cost		116,422,708,236
Interest receivable		17,964,479,288
(Allowance for impairment)		(492,738)
Loan portfolio	6.b	3,737,850,095,270
Current loans	6.a	3,611,713,806,444
Past due loans	6.c	191,127,466,768
Loans in legal collection	6.c	47,306,508,117
(Deferred income loss portfolio)		(17,174,110,485)
Interest receivable	6.f	39,101,667,115
(Allowance for impairment)	6.g	(134,225,242,989)
Accounts and commissions receivable		16,288,969,887
Commissions receivable		3,914,017,787
Accounts receivable from stock transactions		153,829,125
Accounts receivable for transactions with related parties		588,117,964
Deferred income tax and income tax receivable	15	3,088,845,829
Other accounts receivable		18,228,301,664
(Allowance for impairment)		(10,085,332,902)
Foreclosed assets	7	46,818,758,823
Assets and securities acquired as recovery of loans		153,175,635,799
Other foreclosed assets		3,133,650,908
(Allowance for impairment and per legal requirement)		(91,291,928,304)
Interest in other companies' capital, net	8	601,781,695
Property, furniture and equipment, net	9	146,466,631,990
Property investments:		6,441,924,821
Other assets:		104,914,142,816
Deferred charges		11,020,705,141
Intangible assets, net	10	16,550,842,887
Other assets		76,342,734,787
TOTAL ASSETS	d	6,799,856,087,612

AUDITED FINANCIAL STATEMENTS

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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 For the period ended December 31, 2020
 (In colones without cents)

	Note	December 2020
LIABILITIES AND EQUITY		
LIABILITIES		
Obligations with the public		
Demanded obligations	11	€ 4,435,948,768,842
Term obligations	12	2,631,175,295,185
Other obligations with the public	13	1,765,488,529,808
Financial charges payable		25,853,373,427
Financial charges payable		16,483,570,471
Obligations with the Central Bank of Costa Rica	14	2,500,208,320
Term obligations		2,500,208,320
Obligations with entities	14	996,135,419,919
Demanded obligations	12	57,024,035,642
Term obligations	12	934,562,223,078
Financial charges payable		6,550,049,201
Accounts payable and provisions		141,172,348,138
Provisions	16	80,354,073,834
Accounts payable for stock transactions		125,815,837
Deferred income tax	18	8,281,935,580
Other trade accounts payable	17	52,356,600,157
Financial charges payable		23,432,722
Other liabilities		38,146,816,178
Deferred income		1,748,427,930
Other liabilities		36,398,388,248
TOTAL LIABILITIES		5,633,983,583,384
EQUITY		
Capital stock	18a	181,495,990,493
Paid up capital		111,429,990,493
Adjustments to equity - Other comprehensive income		25,908,372,952
Equity reserves		253,820,416,611
Accrued earnings from previous periods		13,464,853,148
Profit of current period		25,612,643,202
Equity of the Development Financing Fund		33,369,728,460
Minority interest	8	72,378,421,244
TOTAL EQUITY		666,982,626,218
TOTAL LIABILITIES AND EQUITY		6,300,966,209,602
DEBIT CONTINGENT ACCOUNTS	19	438,696,846,833
TRUST ASSETS	20	972,668,083,699
TRUST LIABILITIES		379,680,643,074
TRUST EQUITY		592,987,440,625
OTHER DEBIT MEMORANDA ACCOUNTS	21	34,615,785,128,468
Own debit memoranda accounts		15,416,275,687,503
Third party debit memoranda accounts		2,351,292,555,491
Own debit memoranda accounts for custodial activities		753,477,291,818
Third party debit memoranda accounts for custodial activities		6,094,759,894,566

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

DIEGO AS
Director General
SOTO LÓPEZ
Director General
(SIRMA)

Douglas Soto L.
 General Manager

ANA LOPEZA
Directora General
BRENES BRENES
Directora General
(SIRMA)

Ana Lovina Brenes B.
 Accountant

JOSE MANUEL
Director General
RODRÍGUEZ
Director General
(SIRMA)

José Manuel Rodríguez G.
 General Auditor

AUDITED FINANCIAL STATEMENTS

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the period ended December 31, 2020
 (In colones without cents)

	Note	December 2020
Financial income		
For availabilities		643,491,587
For investments in financial instruments	26	85,490,925,703
For lease portfolio	27	283,338,828,891
For financial leases	27	1,715,047,025
For gain on exchange differences and Developer Units	1-4 III	6,483,435,880
For profit from financial instruments at fair value through profit or loss		3,047,375,976
For profit from financial instruments at fair value through other comprehensive income		8,459,000,909
For other financial income		4,373,143,105
Total financial income		<u>279,282,669,076</u>
Financial expenses		
For obligations with the public	28	138,792,405,308
For obligations with the Central Bank of Costa Rica		53,437,583
For obligations with financial and non-financial entities		28,090,543,084
For loss from financial instruments at fair value through profit or loss		5,184,283,190
For loss from financial instruments at fair value through other comprehensive income		73,052,151
For other financial expenses		52,941,854
Total financial expenses		<u>172,246,663,180</u>
Allowance for impairment of assets	29	38,833,413,501
For assets recovery and decrease in allowance and provisions	30	33,608,121,438
FINANCIAL INCOME		<u>180,559,607,833</u>
Other operating income		
For service fees	31	108,219,023,001
For foreclosed assets		30,531,204,731
For profit from interests in other companies capital	32	220,019,450
For foreign currency exchange and arbitrations		23,483,437,235
For other income from related parties		314,650,831
For other operating income		22,036,317,473
Total other operating income		<u>183,997,631,741</u>
Other operating expenses		
For service fees		23,446,838,113
For foreclosed assets		42,690,892,902
For loss from capital investments in other companies		119,354,116
For provisions		4,523,788,212
For exchange and arbitration, foreign currency		2,694,330,814
For other expenses with related parties		1,323,183,866
For other operating expenses		41,047,503,787
Total other operating expenses		<u>116,748,167,490</u>
GROSS OPERATING INCOME		<u>247,809,162,083</u>
Administrative expenses		
Recurrent expenses		113,333,797,237
Other administrative expenses		76,738,014,233
Total administrative expenses	33	<u>190,071,811,470</u>
OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS		<u>67,737,350,613</u>
Income tax	15	18,927,082,405
Deferred income tax	16	852,590,952
Decrease in income tax		1,102,589,276
Legal profit sharing	34	10,819,260,713
RESULT OF THE PERIOD		<u>36,443,089,898</u>
Result of the period attributed to minority interest		830,446,096
RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		<u>35,612,643,802</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Adjustment for valuation of investments at fair value through other comprehensive income		2,858,479,321
Reclassification of unrealized profit to the income statement		(5,820,865,781)
Reclassification of impairment to the income statement		1,412,840,538
Adjustment for valuation of restricted financial instruments, net of income tax		(22,735,894)
Other		11,947,048,084
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	35	<u>10,124,766,288</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>36,507,858,166</u>
Comprehensive income attributed to minority interest		6,237,363,764
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE	4	<u>30,270,494,402</u>

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

DOUGLAS SOTO LEITON
(Firm's signature)
 per DOUGLAS SOTO LEITON
 CPYMA
 Douglas Soto L.
 General Manager

ANA LORENA BRUNES B.
(Firm's signature)
 per ANA LORENA BRUNES B.
 CPYMA
 Ana Lorena Brunos B.
 Accountant

JOSE MANUEL RODRIGUEZ GLIZMAN
(Firm's signature)
 per JOSE MANUEL RODRIGUEZ GLIZMAN
 CPYMA
 Jose Manuel Rodriguez G.
 General Auditor

AUDITED FINANCIAL STATEMENTS

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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the period ended December 31, 2020
 (In colones without cents)

Note	Adjustments to equity					Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund		Minority interest	Total equity
	Capital Stock	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for conversion of financial statements	Total adjustments to equity						
Balance as of December 31, 2019	181,409,990,601	37,774,830,067	(1,343,439,781)	14,809,132,066	51,240,522,352	264,396,962,426	38,043,832,889	29,753,932,255	66,139,057,480	630,986,298,003	
impairment recognition - investments at fair value through other comprehensive income from previous periods	0	0	0	0	0	0	(1,601,529,951)	0	0	(1,601,529,951)	
Balance as of January 1, 2020	181,409,990,601	37,774,830,067	(1,343,439,781)	14,809,132,066	51,240,522,352	264,396,962,426	36,442,302,938	29,753,932,255	66,139,057,480	629,384,768,052	
Allocation of legal reserve	0	0	0	0	0	19,421,533,585	(19,421,533,585)	0	0	0	
Allocation of the Development Financing Fund	0	0	0	0	0	0	(3,555,796,205)	3,555,796,205	0	0	
Balance as of December 31, 2020	181,409,990,601	37,774,830,067	(1,343,439,781)	14,809,132,066	51,240,522,352	283,820,516,011	33,464,953,148	33,309,728,460	66,139,057,480	629,384,768,052	
Other comprehensive income											
Other total comprehensive income	0	0	(1,375,143,823)	6,092,994,523	4,717,850,600	0	25,612,643,802	0	6,237,363,764	36,567,858,166	
Balance as of December 31, 2020	181,409,990,601	37,774,830,067	(2,718,583,704)	20,902,126,589	55,958,372,952	283,820,516,011	39,077,596,950	33,309,728,460	72,376,421,244	665,952,626,218	
Attributed to minority interest	0	0	0	0	0	0	0	0	72,376,421,244	72,376,421,244	
Attributed to the financial conglomerate	181,409,990,601	37,774,830,067	(2,718,583,704)	20,902,126,589	55,958,372,952	283,820,516,011	39,077,596,950	33,309,728,460	0	593,576,204,974	

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

DOUGLAS SOTO LEITON
(FIRMA)
Firmado digitalmente
por DOUGLAS SOTO LEITON
LICENCIADO EN CONTABILIDAD
CARRERA 10700-01-01
08/12/2018 09:00

Douglas Soto L.
General Manager

ANA LORENA BRENES BRENES
(FIRMA)
Firmado digitalmente
por ANA LORENA BRENES BRENES
SIRENA
Fecha: 2021.04.29
18:04:11 -0600

Ana Lorena Brenes B.
Accountant

JOSE MANUEL RODRIGUEZ GUZMAN
(FIRMA)
Firmado digitalmente
por JOSE MANUEL RODRIGUEZ GUZMAN
SIRENA
Fecha: 2021.05.04
16:47:48 -0600

Jose Manuel Rodriguez G.
General Auditor

AUDITED FINANCIAL STATEMENTS

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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
 For the period ended December 31, 2010
 (In columns without cents)

	Notes	December 2010
Cash flows from operating activities:		
Income of the period	4	25,612,643,682
Items applied to results not requiring cash outlay:		(30,449,797,651)
Increase or (decrease) for:		
Allowance for impairment or deterioration of financial instruments		3,621,642,841
Allowance for impairment of loan portfolio		48,916,649,754
Allowance for impairment and default of other accounts receivable		4,313,922,888
Allowance for impairment of assets in line of payment		24,784,648,238
Income from reversal of allowance for impairment or deterioration of investments		(13,777,728,903)
Income from reversal of allowance for impairment of loan portfolio		(10,575,781,496)
Income from reversal of allowance for impairment and default of accounts receivable		(2,289,203,340)
Income from reversal of allowance for impairment of assets in line of payment		(29,959,811,372)
Income or loss for sale of assets received in line of payment and of property, facilities and equipment		13,484,033,923
Interest in net profit of other companies		(3,051,481,454)
Depreciation:		13,480,638,137
Amortization		13,544,474,819
Provision for social benefits:		
Provision for pending lawsuits		273,285,477
Other provisions		4,247,594,530
Income from provisions		43,348,554
Income from provisions		(4,644,674,709)
Income tax		18,927,088,406
Deferred income tax		4,321,460,932
Decrease in income tax		(2,182,569,376)
Profit closing		10,819,260,713
Interest for obligations with the public		128,792,405,308
Interest for obligations with financial entities		28,141,850,667
Income from establishments		(943,491,487)
Income from investment in financial instruments		(65,348,925,702)
Income from loan portfolio		(283,339,829,891)
Net profit or loss from exchange differences and Development Unit		(20,233,604,318)
Minority interest in net profit of subsidiaries		830,466,068
Adjustment for conversion of financial statements of the entity abroad		6,992,994,528
Cash flows from operating activities:		48,121,812,485
Net variation in assets (increase) or decrease		(9,691,555,290)
Increase in financial instruments - at fair value through profit or loss		(3,797,263,987,073)
Decrease in financial instruments - at fair value through comprehensive income		3,712,441,205,014
Decrease in financial instruments - at fair value through comprehensive income		87,077,541,722
Loans portfolio		(7,488,968,471)
Available-for-sale assets		18,472,343,877
Interest receivable for financial instruments		20,223,018,721
Interest receivable for loan portfolio		21,065,217,663
Other assets		13,512,094,480
Net variations in liabilities, increase or (decrease):		29,642,183,218
Obligations with the public		141,215,882,193
Obligations with the Central Bank of Costa Rica and other entities		(30,519,957,394)
Obligations for accounts and commissions payable and provisions		(31,420,649,607)
Interest payable for obligations with the public		(23,571,434,039)
Interest payable for obligations with the BCCR and other entities		(8,239,882,238)
Interest payable for accounts and commissions payable and provisions		(14,498,117)
Other liabilities		(18,238,897,399)
Interest paid		(3,415,830,321,181)
Collected interest		297,094,531,871
Paid income tax		(22,093,278,280)
Net cash flows provided by operating activities:		132,986,138,879
Cash flows from investment activities:		
Increase in financial instruments (except held-for-trading)		(4,135,470,722,838)
Decrease in financial instruments (except held-for-trading)		4,681,894,704,822
Acquisition of property, facilities and equipment		(15,861,115,477)
Decrease for withdrawal and transfer of property, facilities and equipment		1,646,111,784
Acquisition of intangibles		(9,808,541,740)
Decrease for withdrawal and transfer of intangibles		330,910,218
Interest in other companies		(12,488,884)
Cash flows (used for) provided by investment activities:		(9,808,541,740)
Net increase (decrease) in cash and cash equivalents:		54,133,616,864
Cash and cash equivalents at the beginning of the year		238,178,114,611
Effect on changes in exchange rates on cash		28,289,238,281
Cash and cash equivalents at the end of the year	4	290,600,939,553

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

PREPARED by
DOUGLAS SOTO LEITON
 (FRMA)
 15/12/2010
 10:14:19 -0500
 Douglas Soto L.
 General Manager

REVIEWED by
ANA LORENA BRENES
 (FRMA)
 15/12/2010
 10:14:19 -0500
 Ana Lorena Brenes B.
 Accountant

Digitally signed
 by **JOSE MANUEL RICKRIGUEZ**
 (FRMA)
 15/12/2010
 10:14:19 -0500
 Jose Manuel Rickriguez
 General Auditor

For further details, refer to the
 Consolidated Financial Statements
www.bancobcr.com



SOMOS EL BANCO DE COSTA RICA