Banco de Costa Rica

Unaudited Separate Financial Statements

June 30, 2024, and 2023

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BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of June 30, 2024
(In colones without cents)

	Note		June 2024	December 2023	June 2023
ASSETS					
Availabilities	**4**	¢	**900,588,521,783**	**825,116,996,393**	**893,489,204,517**
Cash			73,213,173,755	93,808,332,597	86,990,179,583
Central Bank of Costa Rica			692,094,462,697	589,362,481,806	658,089,369,498
Foreign financial entities			39,887,218,216	51,670,455,421	52,212,040,873
Notes payable on demand			1,962,492,769	957,816,574	1,613,979,031
Restricted cash and cash equivalents			93,431,174,346	89,317,909,995	94,583,635,532
Investment in financial instruments	**5**		**1,490,306,068,084**	**1,438,028,141,674**	**1,504,589,751,970**
At fair value through profit or loss			61,407,338,915	136,439,991,845	48,652,377,346
At fair value through other comprehensive income			1,284,529,493,356	1,001,866,151,532	1,244,394,418,660
At amortized cost			120,658,143,753	279,654,887,948	189,452,040,616
Interest receivable			23,711,092,060	20,067,110,349	22,090,915,348
Loan portfolio	**6.b**		**3,169,619,629,953**	**3,118,336,134,065**	**3,037,879,982,112**
Current loans			3,110,116,408,290	3,008,536,812,492	2,945,842,621,023
Past due loans			189,539,090,583	182,671,380,816	190,986,291,524
Loans in legal collection			49,843,092,734	54,557,170,035	52,811,625,440
(Deferred income loan portfolio)			(21,471,061,595)	(20,466,507,362)	(30,047,553,241)
Interest receivable	**6.e**		17,514,257,264	17,936,955,267	19,118,419,364
(Allowance for impairment)	**6.f**		(175,922,157,323)	(124,899,677,183)	(140,831,421,998)
Accounts and commissions receivable			**47,656,642,241**	**36,059,121,421**	**31,535,429,801**
Commissions receivable			915,323,727	1,456,380,663	1,729,476,661
Accounts receivable for transactions with related parties			425,416,381	621,306,263	827,318,948
Deferred income tax and income tax receivable	**15**		43,619,943,371	28,954,662,053	27,137,170,331
Other accounts receivable			13,662,569,052	15,599,909,754	14,868,125,495
(Allowance for impairment)			(10,966,610,290)	(10,573,137,312)	(13,026,661,634)
Foreclosed assets	**7**		**30,813,727,384**	**25,631,805,593**	**31,615,712,943**
Assets and securities acquired as recovery of loans			28,152,451,657	87,715,466,340	94,965,958,728
Other foreclosed assets			4,590,079,409	4,577,866,252	4,171,229,011
(Allowance for impairment and per legal requirement)			(1,928,803,682)	(66,661,526,999)	(67,521,474,796)
Interest in other companies' capital, net	**8**		**118,553,528,208**	**115,553,654,368**	**113,621,135,664**
Property, furniture and equipment, net	**9**		**131,184,162,482**	**137,289,376,854**	**139,693,638,193**
Property investmests			**6,831,625,000**	**6,831,625,000**	**6,831,625,000**
Other assets	**10**		**126,550,416,759**	**110,583,674,194**	**106,488,571,148**
Deferred charges	**10.a**		454,775,650	571,688,544	701,612,833
Intangible assets, net	**10.b**		16,951,527,647	19,459,493,998	23,542,651,267
Other assets	**10.c**		109,144,113,462	90,552,491,652	82,244,307,048
TOTAL ASSETS		¢	**6,022,104,321,894**	**5,813,430,529,562**	**5,865,745,051,348**

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of June 30, 2024
(In colones without cents)

	Note		June 2024	December 2023	June 2023
LIABILITIES AND EQUITY					
LIABILITIES					
Obligations with the public		¢	**4,621,454,763,222**	**4,458,184,633,908**	**4,558,399,257,321**
Demand obligations	11		3,073,465,542,123	3,109,625,393,854	2,884,209,557,513
Term obligations	12		1,530,297,740,776	1,321,626,600,481	1,639,021,354,976
Other obligations with the public			130,129,087	151,717,240	131,461,705
Financial charges payable			17,561,351,236	26,780,922,333	35,036,883,127
Obligations with the Central Bank of Costa Rica	14		**96,289,569,008**	**106,132,196,511**	**106,606,621,757**
Term obligations			93,950,614,443	103,950,578,331	104,832,832,189
Financial charges payable			2,338,954,565	2,181,618,180	1,773,789,568
Obligations with entities			**334,583,077,761**	**301,305,080,521**	**288,065,856,133**
Demand obligations	14		52,486,441,276	31,253,391,901	60,149,607,715
Term obligations	12		280,478,191,764	268,261,768,276	226,285,573,538
Financial charges payable			1,618,444,721	1,789,920,344	1,630,674,880
Accounts payable and provisions			**177,854,441,441**	**174,318,899,906**	**144,984,643,217**
Provisions	16		50,874,484,815	50,068,548,121	41,147,673,470
Accounts payable for stock transactions			101,965	612,746	187,226
Deferred income tax	15		44,966,356,256	44,017,529,597	28,470,915,731
Other sundry accounts payable	17		82,013,498,405	80,232,209,442	75,365,866,790
Other liabilities			**23,769,557,908**	**39,773,935,160**	**47,774,554,312**
Deferred income			384,274,996	380,309,303	387,721,635
Other liabilities			23,385,282,912	39,393,625,857	47,386,832,677
Subordinated obligations			**50,143,754,979**	**50,142,376,526**	**50,141,078,356**
Subordinated obligations	14		49,959,332,757	49,957,954,304	49,956,656,134
Financial charges payable	14		184,422,222	184,422,222	184,422,222
TOTAL LIABILITIES		¢	**5,304,095,164,319**	**5,129,857,122,532**	**5,195,972,011,096**
EQUITY					
Capital stock	18	¢	**181,409,990,601**	**181,409,990,601**	**181,409,990,601**
Paid-in capital			181,409,990,601	181,409,990,601	181,409,990,601
Adjustments to equity - Other comprehensive income			**50,273,943,601**	**41,260,638,559**	**38,160,996,870**
Equity reserves	1.w		**364,708,053,622**	**351,152,901,365**	**351,152,901,365**
Accrued earnings from previous periods			**47,328,475,171**	**41,896,492,820**	**41,896,492,820**
Profit of current period			**25,422,445,503**	**22,086,766,162**	**11,386,041,073**
Equity of the Development Financing Fund			**48,866,249,077**	**45,766,617,523**	**45,766,617,523**
TOTAL EQUITY			**718,009,157,575**	**683,573,407,030**	**669,773,040,252**
TOTAL LIABILITIES AND EQUITY		¢	**6,022,104,321,894**	**5,813,430,529,562**	**5,865,745,051,348**
DEBIT CONTINGENT ACCOUNTS	19	¢	**449,861,519,819**	**465,113,925,304**	**439,607,762,825**
TRUST ASSETS	20		**809,186,779,776**	**846,209,117,926**	**817,252,511,519**
TRUST LIABILITIES			**245,832,795,048**	**275,164,242,326**	**266,761,085,805**
TRUST EQUITY			**563,353,984,729**	**571,044,875,600**	**550,491,425,714**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**22,458,954,321,162**	**19,799,380,104,336**	**19,001,644,402,517**
Own debit memoranda accounts			13,615,645,444,214	11,729,415,475,180	11,048,137,267,552
Third party debit memoranda accounts			123,470,056,219	53,588,287,084	95,813,730,776
Own debit memoranda accounts for custodial activities			1,059,426,243,321	796,536,153,662	993,092,293,469
Third party debit memoranda accounts for custodial activities			7,660,412,577,408	7,219,840,188,410	6,864,601,110,720

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.09.25 08:14:03 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2024.09.16 23:37:01 -06'00'

María Luisa Guzmán G.
Accountant

MARIA EUGENIA ZELEDON PORRAS (FIRMA) Firmado digitalmente por MARIA EUGENIA ZELEDON PORRAS (FIRMA) Fecha: 2024.09.23 14:37:26 -06'00'

María Eugenia Zeledón P.
General Auditor a.i.

BANCO DE COSTA RICA
SEPARATE STATEMENT OF INCOME
For the period ended June 30, 2024
(In colones without cents)

	Note		June 2024	June 2023	Quarter from April 1 to June 30 2024	Quarter from April 1 to June 30 2023
Financial income						
For availabilities		¢	1,909,951,442	1,970,670,592	1,035,153,251	962,246,500
For investments in financial instruments	**22**		43,606,724,620	44,613,888,457	22,806,485,563	22,541,976,511
For financial leases	**23**		135,552,331,015	146,596,489,163	69,029,627,775	72,681,182,164
For profit from financial instruments at fair value through profit or loss			782,811,722	970,889,091	212,574,724	145,371,240
For profit from financial instruments at fair value through other comprehensive income			5,344,834,962	4,813,761,331	586,861,658	4,438,021,467
For other financial income			360,951,037	335,787,000	180,101,262	158,377,921
Total financial income			**187,557,604,798**	**199,301,485,634**	**93,850,804,233**	**100,927,175,803**
Financial expenses						
For obligations with the public	**24**		77,362,831,080	114,534,215,612	38,714,842,099	58,289,645,266
For obligations with the Central Bank of Costa Rica			403,598,002	649,312,354	193,153,167	215,967,537
For obligations with financial and non-financial entities			3,421,269,048	3,236,201,835	1,644,788,143	1,445,205,796
For subordinated, convertible and preferred obligations			3,075,421,019	3,074,752,720	1,537,977,142	1,537,385,501
For losses due to exchange differences and DU	**1-d.ii**		7,556,960,746	6,441,827,555	4,358,869,844	708,855,307
For losses from financial instruments at fair value through profit or loss			65,759,712	888,118,337	65,759,712	794,562,590
For losses from financial instruments at fair value through other comprehensive income			46,373,457	1,498,013,522	30,780,800	319,409,364
Total financial expenses			**91,932,213,064**	**130,322,441,935**	**46,546,170,907**	**63,311,031,361**
Allowance for impairment of assets	**25**		5,898,587,582	4,459,639,020	3,165,324,185	2,111,988,353
For assets recovery and decrease in allowance and provisions	**26**		5,724,601,188	10,780,117,900	2,615,672,328	4,206,440,588
FINANCIAL INCOME			**95,451,405,340**	**75,299,522,579**	**46,754,981,469**	**39,710,596,677**
Other operating income						
For service fees	**27**		46,553,152,049	43,668,776,907	23,905,445,377	20,463,670,745
For foreclosed assets			65,274,423,738	8,933,355,253	60,842,063,334	6,154,115,938
For gains in participations in capital interests of other companies	**28**		2,063,005,538	1,846,930,086	1,120,795,670	910,161,758
For gains in participations in capital interests of entities supervised by SUGEVAL	**28**		1,297,278,346	1,131,236,891	908,614,262	761,552,158
For gains in participations in capital interests of entities supervised by SUPEN	**28**		518,705,032	410,502,083	276,736,503	230,439,819
For gains in participations in capital interests of entities supervised by SUGESE	**28**		1,437,494,360	1,279,418,231	779,177,990	738,806,916
For foreign currency exchange and arbitrations			21,547,516,032	16,168,153,062	12,283,517,989	7,812,113,116
For other income from related parties			1,207,769,005	1,408,539,013	567,113,346	596,305,179
For other operating income			7,581,872,768	12,641,093,678	4,571,878,938	6,497,763,914
Total other operating income			**147,481,216,868**	**87,488,005,204**	**105,255,343,409**	**44,164,929,543**
Other operating expenses						
For service fees			15,043,283,636	13,436,501,372	7,536,252,100	6,891,792,812
For foreclosed assets			60,397,491,601	13,625,634,789	57,911,079,695	7,085,335,576
For loss in participations in capital interests of other companies	**28**		468,478,574	146,270,041	254,369,088	51,152,810
For loss in participations in capital interests of entities supervised by SUGEVAL	**28**		654,293	232,142,114	-	-
For provisions			1,257,277,915	2,014,052,965	620,528,687	819,896,053
For exchange and arbitration, foreign currency			1,176,151,246	135,611,932	951,070,844	76,504,350
For other expenses with related parties			559,430,676	392,473,514	512,895,302	305,625,108
For other operating expenses			19,864,385,467	21,743,758,635	9,925,939,931	10,770,386,261
Total other operating expenses			**98,767,153,408**	**51,726,445,362**	**77,712,135,647**	**26,000,692,970**
GROSS OPERATING INCOME			**144,165,468,800**	**111,061,082,421**	**74,298,189,231**	**57,874,833,250**
Administrative expenses						
Personnel expenses			52,765,111,505	53,051,144,647	26,754,607,237	26,880,089,308
Other administrative expenses			41,466,114,202	37,377,053,019	23,078,328,996	19,603,366,997
Total administrative expenses	**29**		**94,231,225,707**	**90,428,197,666**	**49,832,936,233**	**46,483,456,305**
OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS			**49,934,243,093**	**20,632,884,755**	**24,465,252,998**	**11,391,376,945**
Income tax	**15**		15,336,464,346	13,224,234,570	7,765,964,831	9,623,547,608
Deferred income tax	**15**		3,073,723,402	2,822,037,344	1,630,072,406	1,553,867,360
Decrease in income tax	**15**		6,206,419,778	10,512,975,414	4,173,592,425	8,996,380,572
Legal profit allocation	**30**		12,308,029,620	4,382,162,526	5,895,832,899	2,408,342,298
RESULT OF THE PERIOD			**25,422,445,503**	**11,386,041,073**	**13,346,975,287**	**7,470,615,595**
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX						
Adjustment for valuation of investments at fair value through other comprehensive income			8,372,257,765	29,245,558,019	1,317,020,988	18,528,583,969
Reclassification of unrealized profit to the income statement			(3,708,923,054)	(2,321,023,466)	(389,256,601)	(2,883,028,472)
Adjustment for valuation of restricted financial instruments, net of income tax			3,299,746,897	8,013,731,212	2,633,547,257	4,361,099,917
Adjustment for valuation of financial instruments in default					-	-
Other			1,050,223,434	(4,176,920,326)	3,237,629,016	2,090,141,496
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	**31**		**9,013,305,042**	**30,761,345,439**	**6,798,940,660**	**22,096,796,910**
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE			**34,435,750,545**	**42,147,386,512**	**20,145,915,947**	**29,567,412,505**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.09.25 08:14:33 -06'00'

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María Eugenia Zeledón P.
General Auditor a.i.

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended June 30, 2024
(In colones without cents)

	Note	Capital Stock	Adjustments to equity: Surplus for revaluation of property, furniture and equipment	Adjustments to equity: Adjustment for valuation of investments at fair value through other comprehensive income	Adjustments to equity: Adjustment for translation of financial statements	Adjustments to equity: Total adjustments to equity	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Total equity
Balance as of December 31, 2022		**181,409,990,601**	**41,085,212,831**	**(39,179,636,082)**	**5,494,074,682**	**7,399,651,431**	**325,313,265,088**	**73,026,024,844**	**40,476,721,777**	**627,625,653,741**
Allocation to legal reserve		0	0	0	0	0	25,839,636,277	(25,839,636,277)	0	0
Allocation to the Development Financing Fund		0	0	0	0	0	0	(5,289,895,747)	5,289,895,746	(1)
Balance as of June 30, 2023		**181,409,990,601**	**41,085,212,831**	**(39,179,636,082)**	**5,494,074,682**	**7,399,651,431**	**351,152,901,365**	**41,896,492,820**	**45,766,617,523**	**627,625,653,740**
Other comprehensive income										
Exchange differences resulting from the translation of financial statements of foreign entities	**1.d.iii**	0	0	0	(6,593,267,384)	(6,593,267,384)	0	0	0	(6,593,267,384)
Reclassification of unrealized gain from acquired subsidiary		0	0	0	(80,346,143)	(80,346,143)	0	0	0	(80,346,143)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	54,922,259,948	0	54,922,259,948	0	0	0	54,922,259,948
Transfer of realized net gain to the income statement		0	0	(3,315,747,809)	0	(3,315,747,809)	0	0	0	(3,315,747,809)
Impairment – Investments at fair value through other comprehensive income		0	0	(1,186,226,573)	0	(1,186,226,573)	0	0	0	(1,186,226,573)
Deferred income tax recognition	**15**	0	0	(15,482,019,801)	0	(15,482,019,801)	0	0	0	(15,482,019,801)
Change in equity of subsidiaries for unrealized gain		0	0	0	2,496,693,201	2,496,693,201	0	0	0	2,496,693,201
Result of the period		0	0	0	0	0	0	11,386,041,073	0	11,386,041,073
Other total comprehensive income		**0**	**0**	**34,938,265,765**	**(4,176,920,326)**	**30,761,345,439**	**0**	**11,386,041,073**	**0**	**42,147,386,512**
Balance as of June 30, 2023		**181,409,990,601**	**41,085,212,831**	**(4,241,370,317)**	**1,317,154,356**	**38,160,996,870**	**351,152,901,365**	**53,282,533,893**	**45,766,617,523**	**669,773,040,252**
Attributed to the financial conglomerate		¢ 181,409,990,601	41,085,212,831	(4,241,370,317)	1,317,154,356	38,160,996,870	351,152,901,365	53,282,533,893	45,766,617,523	669,773,040,252
Balance as of December 31, 2023	**18**	**181,409,990,601**	**41,085,212,831**	**1,241,926,624**	**(1,066,500,896)**	**41,260,638,559**	**351,152,901,365**	**63,983,258,982**	**45,766,617,523**	**683,573,407,030**
Allocation to legal reserve		0	0	0	0	0	13,555,152,257	(13,555,152,257)	0	0
Allocation to the Development Financing Fund		0	0	0	0	0	0	(3,099,631,554)	3,099,631,554	0
Balance as of June 30, 2024	**18**	**181,409,990,601**	**41,085,212,831**	**1,241,926,624**	**(1,066,500,896)**	**41,260,638,559**	**364,708,053,622**	**47,328,475,171**	**48,866,249,077**	**683,573,407,030**
Other comprehensive income										
Exchange differences resulting from the translation of financial statements of foreign entities	**1.d.iii**	0	0	0	696,915,817	696,915,817	0	0	0	696,915,817
Reclassification of unrealized gain from acquired subsidiary		0	0	0	(195,407,930)	(195,407,930)	0	0	0	(195,407,930)
Unrealized gain or loss in fair value of investments through other comprehensive income		0	0	16,643,517,915	0	16,643,517,915	0	0	0	16,643,517,915
Transfer of realized net gain to the income statement		0	0	(5,298,461,505)	0	(5,298,461,505)	0	0	0	(5,298,461,505)
Impairment – Investments at fair value through other comprehensive income		0	0	21,542,122	0	21,542,122	0	0	0	21,542,122
Deferred income tax recognition	**15**	0	0	(3,403,516,924)	0	(3,403,516,924)	0	0	0	(3,403,516,924)
Change in equity of subsidiaries for unrealized gain		0	0	0	548,715,547	548,715,547	0	0	0	548,715,547
Result of the period		0	0	0	0	0	0	25,422,445,503	0	25,422,445,503
Other total comprehensive income		**0**	**0**	**7,963,081,608**	**1,050,223,434**	**9,013,305,042**	**0**	**25,422,445,503**	**0**	**34,435,750,545**
Balance as of June 30, 2024	**18**	**181,409,990,601**	**41,085,212,831**	**9,205,008,232**	**(16,277,462)**	**50,273,943,601**	**364,708,053,622**	**72,750,920,674**	**48,866,249,077**	**718,009,157,575**
Attributed to the financial conglomerate		¢ 181,409,990,601	41,085,212,831	9,205,008,232	(16,277,462)	50,273,943,601	364,708,053,622	72,750,920,674	48,866,249,077	718,009,157,575

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.09.25 08:14:54 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2024.09.16 23:37:26 -06'00'
María Luisa Guzmán G.
Accountant

MARIA EUGENIA ZELEDON PORRAS (FIRMA) Firmado digitalmente por MARIA EUGENIA ZELEDON PORRAS (FIRMA) Fecha: 2024.09.23 14:38:32 -06'00'
María Eugenia Zeledón P.
General Auditor a.i.

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CASH FLOWS
For the period ended June 30, 2024
(In colones without cents)

	Note	June 2024	June 2023
Cash flows from operating activities			
Income of the period	¢	**25,422,445,503**	**11,386,041,073**
Items applied to results not requiring cash outlays		**(63,979,802,314)**	**(40,319,948,218)**
Increase or (decrease) for			
Allowance for impairment or devaluation of financial instruments		115,265,021	136,924,941
Allowance for impairment of loan portfolio		3,120,306,652	2,468,972,089
Allowance for impairment and default of other accounts receivable		2,663,015,909	1,853,741,990
Allowance for impairment of assets in lieu of payment		54,901,867,896	8,726,912,960
Income from reversal of allowance for impairment or devaluation of investments		(93,722,899)	(1,323,151,514)
Income from reversal of allowance for impairment of loan portfolio		-	(467,922,804)
Income from reversal of allowance for impairment and default of accounts receivable		(2,258,764,611)	(1,806,078,970)
Income from reversal of allowance for impairment of assets in lieu of payment		(64,787,448,046)	(8,560,084,320)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		3,866,368,237	2,863,086,667
Interest in net profit of other companies		(4,847,350,409)	(4,289,675,136)
Depreciation		7,155,848,406	7,069,188,557
Amortization		7,755,486,362	9,256,151,601
Provisions for pending lawsuits		1,257,277,915	2,014,052,965
Income from provisions		(409,572,064)	(70,165,872)
Income tax		15,336,464,346	13,224,234,570
Deferred income tax		3,073,723,402	2,822,037,344
Decrease in income tax		(6,206,419,778)	(10,512,975,414)
Profit sharing		12,308,029,620	3,713,547,182
Interest for obligations with the public		77,362,831,080	114,534,215,612
Interest for obligations with financial entities		6,900,288,069	6,960,266,909
Income from availabilities		(1,909,951,442)	(1,970,670,592)
Interest form investment in financial instruments		(43,606,724,620)	(44,613,888,457)
Income from loan portfolio		(135,552,331,015)	(146,596,489,163)
Net profit or loss from exchange differences and Development Units		(124,290,345)	4,247,820,637
Interest transfer of charges			
Cash flows from operating activities		**(384,673,125,549)**	**555,139,119,365**
Net variation in assets increase or (decrease)			
Increase in financial instruments - at fair value through profit or loss		(276,841,375,665)	(413,423,398,314)
Decrease in financial instruments - at fair value through profit or loss		351,874,028,595	594,748,091,406
Increase in financial instruments - at fair value through comprehensive income		(741,528,192,604)	(3,013,789,448,856)
Decrease in financial instruments - at fair value through comprehensive income		325,252,400,168	3,291,511,066,712
Loan portfolio		(58,832,517,304)	36,910,198,137
Accounts and commissions receivable		(13,624,359,299)	(13,393,242,129)
Assets available-for-sale		9,789,398,973	7,866,252,255
Interest receivable for financial instruments		20,067,110,349	23,632,804,149
Interest receivable for loan portfolio		13,621,149,415	14,709,532,341
Other assets		(14,450,768,177)	26,367,263,664
Net variations in liabilities, increase or (decrease)		**116,766,341,090**	**(167,209,883,652)**
Obligations with the public		165,031,241,167	(52,113,397,971)
Obligations with the Central Bank of Costa Rica and other entities		22,376,951,556	(56,112,515,858)
Obligations for accounts and commissions payable and provisions		(23,678,064,384)	(29,770,481,199)
Interest payable for obligations with the public		(26,780,922,333)	(17,268,041,973)
Interest payable for obligations with the BCCR and other entities		(4,155,960,746)	(2,694,486,340)
Other liabilities		(16,026,904,170)	(9,250,960,311)
Interests paid		(62,559,946,405)	(82,868,712,724)
Collected interest		144,159,463,603	156,218,126,267
Paid income tax		(4,100,203,097)	(20,340,146,739)
Net cash flows provided by operating activities		**(225,164,827,169)**	**412,004,595,372**
Cash flows from investment activities			
Increase in financial instruments at amortized cost		(24,397,355,402,367)	(7,945,351,080,505)
Decrease in financial instruments at amortized cost		24,556,352,100,685	7,769,872,902,588
Acquisition of property, furniture and equipment		(1,095,026,834)	(4,692,064,917)
Decrease for withdrawal and transfer of property, furniture and equipment		237,922,052	964,195,145
Acquisition of intangibles		(5,529,523,479)	(10,567,348,445)
Decrease for withdrawal and transfer of intangibles		401,534,971	377,782,099
Interest in other companies		(902,299,997)	(749,999,999)
Cash flows (used for) provided by investment activities		**152,109,305,031**	**(184,845,614,034)**
Cash flows from financing activities			
Subordinated obligations		1,378,454	1,222,720
Cash flows provided by financing activities		**1,378,454**	**1,222,720**
Net increase (decrease) in cash and cash equivalents		**(73,054,143,684)**	**227,160,204,058**
Cash and cash equivalents at the beginning of the year		1,162,991,986,622	1,007,949,584,962
Effect of changes in exchange rates on cash		1,614,941,255	(28,425,737,170)
Cash and cash equivalents at the end of the year	4 ¢	1,091,552,784,193	1,207,816,551,182

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2024.09.25 08:15:14 -06'00'
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General Manager

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María Luisa Guzmán G.
Accountant

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María Eugenia Zeledón P.
General Auditor a.i.

(1) Summary of operations and significant accounting policies

a. Operations

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

The Banks website is www.bancobcr.com

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing certificates of deposit; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of June 30, 2024, the Bank has 146 distributed among the national territory (161 and 161 for December and June 2023, respectively) has in operation 533 automated teller machines (557 and 564 for December and June 2023, respectively) and has 4.098 employees (4.050 and 4.059 for December and June 2023, respectively).

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

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

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

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

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

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

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

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

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

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

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

BCR Leasing Premium Plus, S.A. is a corporation incorporated on July 4, 2022, under the laws of the Republic of Costa Rica and is one more subsidiary of the BCR Financial Conglomerate. Its main activity is the leasing of personal property to current and potential clients of the BCR Conglomerate.

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

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

(Continues)

b. Accounting policies for the preparation of financial statements

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

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

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability on the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for the stock-based payment transactions within the scope of IFRS 2, the lease transactions within the scope of IAS 17, and the measurements that have certain similarities with the fair value, but which are not fair value, such as the net realizable value in IAS 2 or the value in use in IAS 36.

(Continues)

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

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

c. Interest in other companies

Valuation of investments by the equity method

i. Subsidiaries

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

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

d. <u>Foreign currency</u>

i. Transactions in foreign currency

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

ii. Monetary unit and foreign exchange regulations

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

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

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of June 30, 2024, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢530.41 for US$1.00 (¢526.88 and ¢549.48 for December and June 2023, respectively).

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended June 30, 2024, gave rise to foreign exchange losses of ¢266,925,053,952 (¢607,501,302,218 and ¢398,250,290,260 for December and June 2023, respectively) and gains for ¢259,368,093,206 (¢595,243,352,981 and ¢391,808,462,705 for December and June 2023, respectively), which are presented net in the income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are recorded in “Other operating income” and “Other operating expenses”, respectively. For the period ended June 30, 2024, valuation of other assets gave rise to losses of ¢237,235,958 (¢159,390,535 and ¢4,215,167 for December and June 2023, respectively) and valuation of other liabilities gave rise to gains of ¢315,069,601 (¢1,239,839,265 and ¢2,627,585,316 for December and June 2023, respectively).

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

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

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

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

Valuation of the participation in the financial statements of this foreign subsidiary gave rise to net loss in the period ended June 30, 2024, for ¢7,556,960,746, (¢12,257,949,237 and ¢6,441,827,555 for December and June 2023, respectively).

e. Basis for the preparation of financial statements

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

f. Financial instruments

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

(i) Classification

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

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

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

(ii) Recognition

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

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

(iii) Measurement

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

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

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

(iv) *Principles for measurement at fair value*

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

(Continues)

(v) Gains and losses on subsequent measurement

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

(vi) Derecognition

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

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

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

1. Collect contractual cash flows

2. Sale of financial assets

3. A combination of both

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

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

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

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

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

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

g. Cash and cash equivalents.

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

h. Investments in financial instruments

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

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

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

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

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

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

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

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

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

   b. Fair value through changes in other comprehensive income.

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

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

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

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

(Continues)

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

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

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

- <u>Main business model</u>

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

- <u>Secondary business model</u>

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

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

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

(Continues)

i. Loan portfolio.

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

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

j. Allowance for loan losses.

The loan portfolio is valued in accordance with provisions established in SUGEF Directive 1-05 “Regulation for Qualifying Debtors”, which was approved by CONASSIF on November 24, 2005, published in Official Journal La Gaceta No. 238 on Friday, March 9, 2005, and became effective on October 9, 2006.
Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ¢65.000.000 (Group 1 under SUGEF Directive 1-05). From May 23, 2019, the amount of ¢100.000.000 or its equivalent in foreign currency according to the sales rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. This classification considers the following:

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

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

- Arrears

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

Risk categories are summarized below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024, the total estimate of the loan portfolio in the accounting records amounts to ¢175,922,157,323 (¢124,899,677,183 and ¢140,831,421,998 for December and June 2023, respectively).

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

As of June 30, 2024, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

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

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

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

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

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

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

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

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

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

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

i) Recognizes the existence of different business lines of credit, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line.

ii) Establishes segments according to the type of credit that allows to distinguish between a per-operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a per-debtor approach, for business and corporate portfolios.

iii) Improves the calculation of estimates for each relevant line using forward-looking elements consistent with expected credit loss approaches. These approaches identify three essential components of credit losses:
a) the probability of default,
b) the severity of loss in the event of default, and
c) exposure given default.
In all cases, relevant historical information from each line of business is used to calibrate the respective risk factors.

In the particular case of the probability of default, the usual practice contemplates the calculation of historical default rates and their subsequent transformation into default probabilities, using a forecast function that includes scenarios for the relevant environmental conditions over a 12-month horizon. Through this forecast, the default metric is given its prospective value.

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Segmentation of the credit portfolio

The credit portfolio must be classified into the following segments:

- Revolving consumer loans to individuals. Loans for vehicles to individuals and legal entities, whose sole purpose is to allocate it to the acquisition of the vehicle by an individual.

- Regular consumer loans: Consumer loans to individuals not belonging to the previous paragraph. Housing loans to individuals and legal entities.

- Business: Credits to micro and small businesses, medium businesses, large businesses (Corporate) and Central Government, according to the following classification:

- Business 1: Legal entities and natural persons whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 1,000 million colones on at least one occasion. Also, the following are classified in this segment:

    i) Legal entity belonging to an economic interest group reported by the entity to SUGEF.

    ii) Entities and bodies comprising the institutions of the Public Sector, according to the "Institutional Classification of the Public Sector" published by the Ministry of Finance.

    iii) Entity supervised by SUGEF, or any Superintendence attached to the National Council for Supervision of the Financial System (CONASSIF).

- Business 2: Legal entities and natural persons not classified in the Business 1 segment and whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 500 million of colones at least once.

- Business 3: Legal entities and natural persons not classified in any previous segment. Also, revolving consumer loans to legal entities are classified in this segment. In the case of the Business 1 or Business 2 segments, all the debtor's transactions are classified as Business 1 or Business 2, including housing transactions and any other prior classification. The threshold of the total balance owed referred to in the definition of Business 1 and Business 2, will be adjusted at least every 3 years using the Consumer Price Index calculated by the National Institute of Statistics and Censuses (INEC).

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Risk categories

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

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

Analysis of payment capacity

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

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

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

Classification of payment capacity

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

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

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Classification of historical payment behavior

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

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

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

Risk rating

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

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

a) Segment of revolving consumer loan:

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

b) Segment of vehicle and regular consumer loans:

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

c) Segment of housing loans:

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

d) Segment of Business 3:

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

e) Segment of Business 1 and Business 2:

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

e) Segment of Business 1 and Business 2:

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

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

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

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

<u>Rate of default</u>

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

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

Guarantee

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

Conditions to apply guarantee mitigation

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

a) For assets that require registration in a public registry, the guarantee must be duly registered.
b) The legal mechanism for delivery, transfer, appropriation, adjudication, and liquidation of the collateral asset must correspond to its nature; and
c) That it is legally enforceable in an unconditional manner, in the event of non-compliance with credit obligations. It is the responsibility of the financial institution to verify compliance with each of the above aspects, before applying the mitigation effect of the guarantees.

Accounting estimate

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

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

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

a) If the amount of the estimates resulting from applying the internal methodology is less than the amount of the estimates calculated under the standard methodology, the entity must at least keep the amount corresponding to the standard methodology recorded and its registration will be against the results at the end of each month.

b) If the amount of the estimates resulting from applying the internal methodology is greater than the amount of the estimates calculated under the standard methodology, only the amounts derived from the standard methodology must be recorded with a counterpart in the income statement at the end of each month.

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

Settlement of credit operations against the estimate

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

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

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

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

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

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

Internal methodologies

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

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

Accounts and accrued interest receivable

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

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

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

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

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Goods that meet the conditions described in IFRS5:

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

Subsequent valuation:
At least among:
a) Carrying amount (without considering the regulatory estimate recorded in subaccount 159.10)
b) Fair value less sales costs.

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

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

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

Subsequent valuation: (IAS 36 Impairment of Assets).
At least among:
a) Carrying amount at the date of the analysis
b) Recoverable amount.

Recoverable amount:
The greatest among:
a) Fair value less sales costs
b) Value in use (discounted cash flows).

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

k. Securities sold under repurchase agreements

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

(Continues)

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

l. Accounting for accrued interest receivable.

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

m. Other receivables

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

n. Foreclosed assets

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

The assets and securities that are transferred in favor of, or awarded to, a bank in payment of obligations in judicial auctions must be sold within a maximum period of two years from the date of acquisition. This period may be extended by the General Superintendent of Financial Entities for equal periods, at the request of the respective bank. In such cases, the Superintendent may require the creation of a reserve of up to one hundred percent (100%) of the asset's value. The sale of these assets may be based on appraisals by experts from the same banking institution, and such sales should be considered part of the entity's regular business activities. The sales of assets and securities made by banks will be subject to the limitations established by Article 1068 of the Civil Code.

Starting from January 1, 2024, the new CONASSIF Agreement 14-21 "Regulation on the Calculation of Credit Estimates" will come into effect. In Section III "Losses in Case of Default," entities using the standard methodology must record, with a counterpart in the income statement, at the end of each month, individually in their books, at a minimum, the amount of the estimate referred to in Article 14 and Article 15 of this Regulation. Entities may record an estimate amount higher than the minimum established using the standard methodology. In such cases, the application of percentages corresponding to higher risk categories will automatically imply the reclassification of the debtor or operation to the risk category associated with the reported estimate.

(Continues)

In CONASSIF Agreement 6-18, Article 16 also indicates the actions that have been awarded in judicial auctions or received as payment in kind for credit operations, in accordance with Article 72 of Law 1644 LOSBN. In such cases, the book value of the shares must be written off within a maximum period of two years from the date of adjudication or receipt of the asset in payment in kind.

When the asset no longer meets the conditions to remain recorded under IFRS 5, it must be reclassified to other assets, where the entity must apply the valuation criteria of IAS 36 on impairment.

o. Offsetting

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

p. Property, furniture and equipment

(i) Own assets

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

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

(ii) Leased assets

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

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

(Continues)

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

(iii) Subsequent cost

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

(iv) Depreciation

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

	Useful lives
Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
Computer hardware	5 years
Improvements	5 years

(v) Revaluation

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

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

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

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

q. Deferred charges

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

(Continues)

r. Intangible assets

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

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

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

s. Impairment of assets

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

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

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

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

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

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

(Continues)

t. Obligations with the public

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

u. Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

v. Legal benefits (severance)

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

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

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

The Bank follows the practice of transferring to the Employees Association the severance benefits corresponding to each employee based on the employee's current salary.
The amount of severance benefits not transferred to the Association is provisioned in accordance with the employer's legal obligation.

w. Legal reserve

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

x. Revaluation surplus

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

(Continues)

y. Use of estimates

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

z. Estimate for litigation

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

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

aa. Uncertainty over Income Tax Treatments, IFRIC 23

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

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

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

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

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

(Continues)

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

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

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

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

aa. <u>Recognition of main types of revenue and expenses</u>

(i) Financial income

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

(ii) Fees and commissions income

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

(iii) Net income on trading securities

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

(iv) Operating lease expenses

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

cc. <u>Income tax</u>

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

(i) Current

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the separate balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred

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

dd. Pension, retirement, and outgoing personnel

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

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

ee. Statutory allocations

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

(Continues)

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

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

ff. Development Financing Fund

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

gg. Development Credit Fund

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

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

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

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

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

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

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

hh. Economic period

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

(2) Collateralized or restricted assets

The collateralized or restricted assets are as follows:

		June 2023	December 2023	June 2023
Cash due from banks (see note 4)	¢	738,649,588,340	669,762,792,743	726,569,866,197
Investment in financial instruments (see note 5)		170,366,893,086	113,228,042,840	174,471,424,034
	¢	**909,016,481,426**	**782,990,835,583**	**901,041,290,231**

(3) Balances and transactions with related parties

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

		June 2024	December 2023	June 2023
Assets:				
Availabilities	¢	23,390,316,340	23,182,720,000	24,281,728,997
Loan portfolio		19,354,659	2,616,269,195	3,033,094,669
Accounts receivable		755,622,200	1,076,573,773	1,186,311,425
Interest in other companies		118,553,528,208	115,553,654,368	113,621,135,664
Total assets	¢	**142,718,821,407**	**142,429,217,336**	**142,122,270,755**
Liabilities:				
Obligations with the public	¢	3,475,795,638	5,276,388,361	4,142,871,427
Accounts payable and provisions		900,000,000	700,000,000	700,000,000
Total liabilities	¢	**4,375,795,638**	**5,976,388,361**	**4,842,871,427**
Income:				
Financial income	¢	734,216,879	1,466,464,363	710,312,122
Income from investments in other companies		5,316,483,276	9,427,521,424	4,668,087,291
Sundry operating income		1,387,645,900	2,907,259,863	1,541,012,701
Total income	¢	**7,438,346,055**	**13,801,245,650**	**6,919,412,114**
Expenses:				
Finance expense	¢	25,454,547	1,701,467,644	911,134,134
Expense from investments in other companies		469,132,867	824,542,618	378,412,155
Sundry operating expenses		11,400,000	6,627,840	2,372,000
Total expenses	¢	**505,987,414**	**2,532,638,102**	**1,291,918,289**
Equity:				
Adjustment for valuation of investments in other companies	¢	**353,307,617**	**2,883,530,708,**	**2,416,347,058**

As of June 30, 2024, there are no amounts in investments for participations in funds managed by BCR Sociedad Administradora de Fondos de Inversión, S.A. (subsidiary company). (In December and June 2023 there were no such investments).

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

		June 2023	December 2023	June 2023
Short-term benefits	¢	564,174,903	1,135,537,530	571,254,631
Board per-diem		37,940,315	69,592,180	43,180,690
	¢	**602,115,218**	**1,205,129,710**	**614,435,321**

(4) Availabilities

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

		June 2024	December 2023	June 2023
Cash	¢	73,213,173,755	93,808,332,597	86,990,179,583
Demand deposits BCCR		692,094,462,697	589,362,481,806	658,089,369,498
Checking accounts and demand deposits,in,financial,entities,abroad		39,887,218,216	51,670,455,421	52,212,040,873
Notes payable on demand		1,962,492,769	957,816,574	1,613,979,031
Restricted availabilities		93,431,174,346	89,317,909,995	94,583,635,532
Total cash and due from Banks		**900,588,521,783**	**825,116,996,393**	**893,489,204,517**
Investment in financial instruments to be traded		190,964,262,410	337,874,990,229	314,327,346,665
Total cash and cash equivalents	¢	**1,091,552,784,193**	**1,162,991,986,622**	**1,207,816,551,182**

As of June 30, 2024, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢738,649,588,340, (¢669,762,792,743 and ¢726,569,866,197 for December and June 2023, respectively).

As of June 30, 2024, there is a liability called “checks receivable” for an amount of ¢906,019,691, which are cleared with the account of immediate collection documents. in the clearinghouse the next day (¢608,813,166 and ¢1,086,927,372 for December and June 2023, respectively).

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		June 2024	December 2023	June 2023
At fair value through profit or loss	¢	61,407,338,915	136,439,991,845	48,652,377,346
At fair value through other comprehensive income		1,284,529,493,356	1,001,866,151,532	1,244,394,418,660
At amortized cost		120,658,143,753	279,654,887,948	189,452,040,616
Interest receivable for investments at comprehensive income		2,954,328,045	1,864,437,267	4,553,732,267
Interest receivable for investments at fair value through other comprehensive income		20,756,764,015	18,202,673,082	17,537,183,081
	¢	**1,490,306,068,084**	**1,438,028,141,674**	**1,504,589,751,970**

At fair value through profit or loss		June 2024 Fair value	December 2023 Fair value	June 2023 Fair value
Local issuers:				
Open investment funds	¢	5,714,288,915	52,139,191,840	6,342,417,346
		5,714,288,915	**52,139,191,840**	**6,342,417,346**
Issuers abroad:				
Private banks		55,693,050,000	84,300,800,005	42,309,960,000
	¢	**61,407,338,915**	**136,439,991,845**	**48,652,377,346**

At fair value through other comprehensive income		June 2024 Fair value	December 2023 Fair value	June 2023 Fair value
Local issuers:				
Government	¢	1,047,362,486,769	846,587,975,609	1,036,494,610,735
State-owned Banks		62,923,634,972	32,815,264,882	55,791,783,193
Private Banks		5,528,959,195	0	5,291,880,438
Private issuers		11,514,471,025	4,518,798,370	3,029,488,470
Other		21,560,476,540	29,962,553,575	5,003,235,920
		1,148,890,028,501	**913,884,592,436**	**1,105,610,998,759**
Issuers abroad:				
Private Banks		118,917,859,761	55,369,500,264	12,080,384,375
Private issuers		16,721,605,094	32,612,058,832	126,703,035,529
	¢	**1,284,529,493,356**	**1,001,866,151,532**	**1,244,394,418,660**

At amortized cost		June 2024 Valor razonable	December 2023 Valor razonable	June 2023 Valor razonable
Local issuers:				
Government	¢	120,658,143,753	279,654,887,948	189,452,040,616
	¢	**120,658,143,753**	**279,654,887,948**	**189,452,040,616**

As of June 30, 2024, the investment portfolio amounts to ¢81,548,173,712 (¢94,495,938,981 and ¢101,543,750,487 for December and June 2023, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from June 01, 2024, to August 25, 2032.

Purchased financial instruments earn annual yield rates as follows:

	June 2024	December 2023	June 2023
Colones	4.25% to 7.25%	4.60% to 11.53%	4.60% to 11.53%
US dollars	0.14% to 6.25%	0.01% to 6.58%	0.01% to 6.58%

As of June 30, 2024, there are investments granted as collateral for investments and deposits in the liquidity market in SINPE, as well as Deferred Term Operations, for ¢170,366,893,086, (¢113,228,042,840 and ¢174,471,424,034 for December and June 2023, respectively). (see note 2).

Repurchase operations

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

As of June 2024, there are no repurchase operations.

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

Issuer		Asset´s balance	Guarantee´s fair value	Repurchase date	Repurchase Price
Local government	¢	1,689,615,963	1,663,700,000	to 20/12/2023 at 04/01/2024	100.00%
	¢	**1,689,615,963**	**1,663,700,000**		

As of June 30, 2023, repurchase operations are detailed as follows:

Issuer		Asset´s balance	Guarantee´s fair value	Repurchase date	Repurchase Price
Banco de Costa Rica		2,967,094,781,138	9,320,052,920	to 25/05/2023 at 28/07/2023	100.00%
	¢	**2,967,094,781,138**	**9,320,052,920**		

(6) Loan portfolio by sector

		June 2024	December 2023	June 2023
Current loans				
Loans–Personal	¢	1,344,286,822,900	1,312,346,890,460	1,309,938,979,262
Loans Development Banking System		89,568,782,640	81,194,734,463	72,485,026,361
Loans-Business		157,323,789,669	94,182,522,224	88,281,220,143
Loans-Corporate		1,246,843,035,714	1,440,322,083,850	1,384,959,241,348
Loans–Public Sector		255,472,101,470	58,050,059,983	59,702,144,685
Loans–Financial Sector		16,621,875,897	22,440,521,512	30,476,009,224
		3,110,116,408,290	3,008,536,812,492	2,945,842,621,023
Past due loans				
Loans–Personal		129,440,803,988	127,857,664,760	134,926,187,515
Loans Development Banking System		5,535,246,379	4,370,523,362	4,205,772,015
Loans-Business		11,667,008,023	13,546,557,498	14,220,267,975
Loans-Corporate		42,896,032,193	36,896,635,196	37,634,064,019
		189,539,090,583	182,671,380,816	190,986,291,524
Loans in legal collection				
Loans–Personal		30,303,835,438	31,015,697,072	29,291,755,123
Loans Development Banking System		581,220,609	742,263,981	800,710,742
Loans-Business		4,119,168,017	4,433,526,632	4,037,049,812
Loans-Corporate		14,838,868,670	18,365,682,350	18,682,109,763
		49,843,092,734	54,557,170,035	52,811,625,440
	¢	**3,349,498,591,607**	**3,245,765,363,343**	**3,189,640,537,987**

(Continues)

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

(a) Loan portfolio by activity

Economic activity		June 2024	December 2023	June 2023
Artistic, entertainment and recreative activities	¢	3,016,212,413	0	0
Human health care and social assistance activities		279,744,139	0	0
Administrative and support services activities		19,598,021,663	0	0
Professional, scientific and technical activities		524,030,084	0	0
Agriculture, livestock, hunting and related services		132,173,761,309	133,828,756,266	130,121,198,622
Public administration		284,261,697,670	19,382,332,809	21,215,643,157
Fishing and aquaculture		0	42,617,690	42,986,799
Manufacturing		204,612,719,636	232,754,738,209	218,761,263,975
Telecommunications and public utilities		79,551,869,798	237,657,850,422	242,164,436,170
Mining and quarrying		18,425,717	21,982,027	25,448,807
Trade		279,842,777,265	296,138,155,439	254,885,832,792
Services		564,397,632,710	582,789,273,745	568,313,713,435
Transportation		30,404,566,753	31,005,549,708	32,328,965,813
Financial activity and stock exchange		118,553,678	2,687,299,499	3,147,159,118
Real estate, business, and lease activities		1,242,803,801,157	21,398,613,478	24,436,335,465
Construction, purchase, and repair of real estate		134,741,157,920	1,316,723,625,795	1,326,373,058,136
Consumer		286,610,522,002	265,748,034,982	257,292,585,297
Hospitality		86,034,846,178	104,478,630,055	109,359,263,053
Education		508,251,515	657,174,250	697,640,310
Other activities of the non - financial private sector		0	450,728,969	475,007,038
		3,349,498,591,607	3,245,765,363,343	3,189,640,537,987
Interest receivable		17,514,257,264	17,936,955,267	19,118,419,364
Deferred income from loan portfolio		(21,471,061,595)	(20,466,507,362)	(30,047,553,241)
Less allowance for loan losses		(175,922,157,323)	(124,899,677,183)	(140,831,421,998)
	¢	**3,169,619,629,953**	**3,118,336,134,065**	**3,037,879,982,112**

(Continues)

The loan portfolio by arrears is detailed as follows:

		June 2024	December 2023	June 2023
Current	¢	3,110,116,408,290	3,008,536,812,492	2,945,842,621,023
01 to 30 days		116,904,017,926	104,340,825,497	96,433,637,053
31 to 60 days		28,619,956,716	30,973,659,406	41,179,539,697
61 to 90 days		9,693,928,097	13,435,672,836	13,931,928,960
91 to 120 days		3,754,505,171	4,285,463,214	6,598,634,797
121 to 180 days		6,759,738,749	6,900,329,305	5,003,119,270
More than 181 days		73,650,036,658	77,292,600,593	80,651,057,187
	¢	**3,349,498,591,607**	**3,245,765,363,343**	**3,189,640,537,987**

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

(b) Past due loans

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

		June 2024	December 2023	June 2023
Number of operations		2,324	2,033	1,977
Past due loans in non-accrual Status	¢	73,650,036,660	77,292,600,592	80,651,057,188
Past due loans in accrual Status		165,732,146,657	159,935,950,259	163,146,859,776
Total unearned interest	¢	19,797,145,953	11,858,154,997	12,098,562,511

Loans in legal collections as of June 30, 2024:

No. of loans	Percentage		Balance
1,159	1.49%	¢	49,843,092,734

As of June 30, 2024, the average annual interest rate accrued on the loans is 8.59% in colones (8.77% and 9.46% for December and June 2023, respectively) and 7.34% in US dollars (interest rate of 7.14 % and 7.52% for December and June 2023, respectively).

Loans in legal collections as of December 31, 2023:

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

Loans in legal collections as of June 30, 2023:

No. of loans	Percentage		Balance
1,166	1.66%	¢	52,811,625,440

(c) Accrued interest receivable on loan portfolio

Interest receivables by economic sector are detailed as follows:

		June 2024	December 2023	June 2023
Loans – Personal	¢	8,695,006,342	8,925,961,415	9,175,189,584
Loans Development Banking System		330,780,863	289,864,050	292,004,227
Loans - Business		1,965,797,376	1,151,439,604	1,102,300,966
Loans - Corporate		5,622,041,860	7,162,544,441	8,031,637,931
Loans – Public Sector		822,325,171	282,987,434	327,804,978
Loans – Financial Sector		78,305,652	124,158,323	189,481,678
	¢	**17,514,257,264**	**17,936,955,267**	**19,118,419,364**

Interest receivable by aging is detailed as follows:

		June 2024	December 2023	June 2023
Current loans	¢	9,960,981,175	10,101,069,167	11,247,915,563
Past due loans		4,827,745,539	4,208,698,435	4,518,245,029
Loans in legal collection		2,725,530,550	3,627,187,665	3,352,258,772
	¢	**17,514,257,264**	**17,936,955,267**	**19,118,419,364**

(d) Allowance for loan impairment

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

2023 opening balance	¢	**124,899,677,183**
Plus:		
Allowance charged to profit or loss (see note 25)		3,120,306,652
Transfer of balances		54,764,519,511
Adjustment for foreign exchange differences		2,149,236,655
Less:		
Adjustment for foreign exchange differences		(1,838,144,196)
Transfer of paid balances		(7,173,438,482)
Balance as of June 30, 2024	¢	**175,922,157,323**

2022 opening balance	¢	**145,623,881,422**
Plus:		
Allowance charged to profit or loss (see note 25)		5,960,683,052
Transfer of balances		8,202
Adjustment for foreign exchange differences		318,731,125
Less:		
Adjustment for foreign exchange differences		(7,223,777,684)
Transfer of paid balances		(4,038,952,885)
Other transfers		(15,740,896,049)
Balance as of December 31, 2023	¢	**124,899,677,183**

2022 opening balance	¢	**145,623,881,422**
Plus:		
Allowance charged to profit or loss (see note 25)		2,468,972,089
Transfer of balances		8,202
Adjustment for foreign exchange differences		318,731,125
Less:		
Adjustment for foreign exchange differences		(5,169,891,181)
Transfer of paid balances		(1,942,356,855)
Other transfers		(467,922,804)
Balance as of June 30, 2023	¢	**140,831,421,998**

(e) Syndicated loans

As of June 30, 2024, December 31 and June 2023, the Bank does not have a syndicated loan portfolio with other banks.

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

(7) Foreclosed assets, net

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

		June 2024	**December 2023**	**June 2023**
Real estate	¢	28,076,120,525	87,259,101,407	94,385,104,528
Other acquired assets		76,331,132	456,364,933	580,854,200
Purchased for sale		2 403 437 707	2,296,276,749	2,207,275,043
Idle property and equipment		2,186,641,702	2,281,589,503	1,963,953,968
		32,742,531,066	92,293,332,592	99,137,187,739
Allowance for impairment and per legal requirement		(1,928,803,682)	(66,661,526,999)	(67,521,474,796)
	¢	**30,813,727,384**	**25,631,805,593**	**31,615,712,943**

The movement of the foreclosed assets is as follows:

		June 2024	December 2023	June 2023
At the beginning of the year	¢	**92,293,332,592**	**100,745,669,591**	**100,745,669,591**
Increase of foreclosed assets		8,952,108,851	15,710,715,606	9,120,857,070
Transfer of property, furniture, and equipment out of use		83,441,687	503,882,698	136,803,920
Increase in acquired-for-sale assets		5,011,785,353	13,302,920,018	6,429,383,123
Sale of assets		(19,616,158,159)	(37,783,608,158)	(17,158,722,045)
Withdrawal of property, furniture and equipment out of use		(178,389,487)	(186,247,163)	(136,803,920)
Reversals in the estimate		(53,803,589,771)	0	0
Balance at the end of the period	¢	**32,742,531,066**	**92,293,332,592**	**99,137,187,739**

As of June 30, 2024, with the implementation of CONASSIF Agreement 14-21 "Regulation on the Calculation of Credit Estimates," which came into effect on January 1, 2024, in its Section III "Losses in Case of Default," a change occurs in the estimates for assets held-for-sale (IFRS 5). This effect is shown in the "Reversals in the estimate" line presented in the previous table of movements of assets held-for-sale.

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

		June 2024	December 2023	June 2023
Opening balance	¢	**66,661,526,999**	**67,354,646,156**	**67,354,646,156**
Increases in allowance		54,901,867,896	16,095,628,678	8,726,912,960
Reversals in allowance		(64,787,448,046)	(16,772,635,939)	(8,560,084,320)
Transfer to unused accounts		(54,847,143,167)	(16,111,896)	0
Balance at the end of the period	¢	**1,928,803,682**	**66,661,526,999**	**67,521,474,796**

(Continues)

(8) Investments in other companies

Investments in other companies are as follows:

		June 2024	December 2023	June 2023
Local entities:				
BCR Valores, S.A. (Stock Exchange)	¢	23,483,294,972	22,056,775,195	21,055,507,798
BCR Sociedad Administradora de Fondos Inversión, S.A. (Investment Fund Manager)		7,135,860,576	6,840,890,701	6,717,802,935
BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)		7,347,659,408	7,380,246,887	6,766,857,068
BCR Corredora de Seguros, S.A. Seguros (Insurance Broker).		6,365,576,047	7,900,748,736	6,252,017,747
Capital interest in Banprocesa, S.R.L.		146,459,692	171,883,497	153,183,355
Capital interest in Depósito Agrícola de Cartago S.A.		1,052,388,110	1,060,770,675	1,028,208,055
Capital interest in BCR Leasing		471,773,712	67,985,201	350,000,000
		46,003,012,517	**45,479,300,892**	**42,323,576,958**
Foreign entities:				
Banco Internacional de Costa Rica, S.A. and subsidiary		72,550,515,691	70,074,353,476	71,297,558,706
	¢	**118,553,528,208**	**115,553,654,368**	**113,621,135,664**

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

The Bank owns a 51 % ownership interest in BICSA (domiciled in Panamá). As of June 30, 2024, that ownership interest is represented by 6.772.137 ordinary shares of US$10 par value each. Banco Nacional de Costa Rica owns the remaining 49% of shares.

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

The Bank's income statement as of June 30, 2024, includes ¢1,974,654,328 (¢3,344,760,119 and ¢1,662,597,769 for December and June 2023, respectively) for BICSA's result of operations.

(Continues)

The Bank’s statement of changes in equity for the period ended June 30, 2024, includes a decrease in equity for ¢696,915,817 (increases of ¢9,444,106,286 and ¢6,593,267,384 for December and June 2023, respectively), corresponding to changes arising from translation of BICSA’s financial statements.

As of April 29, 2024, BANPROCESA, S.R.L., distributes dividends in the amount of ¢200,000,000, according to the agreement from the Extraordinary General Meeting of Quota Holders No. 05-24, held on April 1, 2024.

As of May 09, 2024, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A, distributes dividends in the amount of ¢600,000,000, according to the agreement from the Extraordinary General Shareholders' Meeting Nº 09-24, dated March 20, 2024.

As of May 28, 2024, BCR Corredora de Seguros S.A, distributes dividends in the amount of ¢3,000,000,000, according to the agreement from the Extraordinary General Shareholders' Meeting Nº 06-24, dated March 4, 2024.

As of April 14, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A, distributes dividends in the amount of ¢500,000,000, according to the agreement from the Extraordinary General Shareholders' Meeting Nº 02-23, dated March 20, 2023.

As of April 21, 2023, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢1,400,000,000, according to the agreement from the Extraordinary General Shareholders' Meeting Nº 02-23, dated March 20, 2023.

As of April 24, 2023, BANPROCESA, S.R.L., distributes dividends in the amount of ¢400,000,000, according to the agreement from the Extraordinary General Meeting of Quota Holders No. 07-23 dated March 20, 2023.

As of May 31, 2023, BCR Corredora de Seguros S.A. distributes dividends in the amount of ¢3,000,000,000, according to agreement from the Extraordinary General Shareholders Meeting Nº 08-23, dated April 24, 2023.

BANCO DE COSTA RICA

Notes to the separate financial statements

(9) Property and equipment

As of June 30, 2024, property and equipment is as follows:

Cost:		**Land**	**Building**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Assets for the right-of-use – buildings and infrastructure**	**Total**
Balance on December 31, 2023	¢	**35,307,716,949**	**96,129,721,043**	**38,156,498,242**	**52,073,062,550**	**5,770,974,011**	**28,267,914,326**	**255,705,887,121**
Additions		0	89,062,424	293,283,296	712,388,438	2	0	1,094,734,160
Withdrawals		0	0	(318,198,193)	(419,690,648)	0	0	(737,888,841)
Transfers		0	0	(504,367,771)	(338,444,572)	(1,867,861)	2,720,182	(841,960,022)
Revaluation			0	292,670	0	0	0	292,670
Balance as of June 30, 2024		**35,307,716,949**	**96,218,783,467**	**37,627,508,244**	**52,027,315,768**	**5,769,106,152**	**28,270,634,508**	**255,221,065,088**
Accumulated depreciation and impairment								
Balance as of December 31, 2023		0	**38,464,231,296**	**26,267,920,443**	**38,478,231,949**	**4,584,525,615**	**10,621,600,960**	**118,416,510,263**
Depreciation expense		0	970,417,535	1,249,522,293	2,969,995,332	108,481,461	1,857,431,785	7,155,848,406
Withdrawals		0	0	(950,069,416)	(395,068,173)	0	0	(1,345,137,589)
Transfers		0	0	42,306,421	(41,815,825)	0	(190,809,070)	(190,318,474)
Balance as of June 30, 2024		0	**39,434,648,831**	**26,609,679,741**	**41,011,343,283**	**4,693,007,076**	**12,288,223,675**	**124,036,902,606**
June 30, 2024	¢	**35,307,716,949**	**56,784,134,636**	**11,017,828,503**	**11,015,972,485**	**1,076,099,076**	**15,982,410,833**	**131,184,162,482**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

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

(Continues)

As of June 30, 2023, property and equipment is as follows:

Cost:		Land	Building	Furniture and equipment	Computer hardware	Vehicles	Assets for the right-of-use – buildings and infrastructure	Total
Balance on December 31, 2022	¢	**35,641,464,379**	**93,992,714,909**	**38,953,482,134**	**52,429,641,539**	**5,430,093,554**	**28,231,216,964**	**254,678,613,480**
Additions		0	2,109,498,375	943,067,009	1,634,724,329	0	0	4,687,289,713
Withdrawals		0	0	(109,779,860)	(1,025,312,211)	0	0	(1,135,092,071)
Transfers		0	0	(417,806,879)	(841,507,062)	32,050,000	40,116,944	(1,187,146,997)
Revaluation		**0**	**0**	4,775,204	**0**	**0**	0	4,775,204
Balance as of June 30, 2023		**35,641,464,379**	**96,102,213,284**	**39,373,737,608**	**52,197,546,595**	**5,462,143,554**	**28,271,333,908**	**257,048,439,328**
Accumulated depreciation and impairment								
Balance as of December 31, 2023		0	**36,502,815,587**	**25,536,628,894**	**38,236,667,509**	**4,310,722,155**	**7,287,001,898**	**111,873,836,043**
Depreciation expense		0	992,489,466	1,264,146,948	2,818,051,544	137,068,814	1,857,431,785	7,069,188,557
Withdrawals		0	0	(364,589,988)	(1,023,632,899)	0	0	(1,388,222,887)
Transfers		0	0	44,748,467	(54,686,447)	0	(190,062,598)	(200,000,578)
Balance as of June 30, 2023		0	**37,495,305,053**	**26,480,934,321**	**39,976,399,707**	**4,447,790,969**	**8,954,371,085**	**117,354,801,135**
June 30, 2023	¢	**35,641,464,379**	**58,606,908,231**	**12,892,803,287**	**12,221,146,888**	**1,014,352,585**	**19,316,962,823**	**139,693,638,193**

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		June 2024	December 2023	June 2023
Improvements in property in operating lease	¢	454,775,650	571,688,544	701,612,833
	¢	**454,775,650**	**571,688,544**	**701,612,833**

(b) Intangible assets

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

		2024
Cost:		
Balance as of December 31, 2023	¢	**83,003,690,715**
Additions to computer systems		5,529,523,479
Transfer balances		(401,534,971)
Withdrawals		(534,860,216)
Balance of costs as of June 30, 2024		**87,596,819,007**
Accumulated amortization and impairment:		
Balance as of December 31, 2023		**63,544,196,717**
Expense for amortization of computer systems		7,635,954,859
Withdrawals		(534,860,216)
Balance of amortization and impairment as of June 30, 2024		**70,645,291,360**
Total balance as of June 30, 2024	¢	**16,951,527,647**

Cost:		
Balance as of December 31, 2022	¢	**71,146,283,273**
Additions to computer systems		16,602,941,796
Transfer balances		(2,825,522,814)
Withdrawals		(1,920,011,540)
Balance of costs as of December 31, 2023		**83,003,690,715**
Accumulated amortization and impairment:		
Balance as of December 31, 2022		**48,724,952,010**
Expense for amortization of computer systems Withdrawals		19,186,424,156
Transfer balances		(4,362,708,342)
Withdrawals		(4,471,107)
Balance of amortization and impairment as of December, 2023		**63,544,196,717**
Total balance as of December 31, 2023	¢	**19,459,493,998**

(Continues)

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Notes to the separate financial statements

Cost:		
Balance as of December 31, 2022	¢	**71,146,283,273**
Additions to computer systems		10,567,348,445
Transfer balances		(377,720,523)
Withdrawals		(1,920,011,540)
Balance of costs as of June 30, 2023		**79,415,899,655**
Accumulated amortization and impairment:		
Balance as of December 31, 2022		**48,724,952,010**
Expense for amortization of computer systems		9,068,246,342
Withdrawals		(4,471,107)
Balance of amortization and impairment as of June 30, 2023		**55,873,248,388**
Total balance as of June 30, 2023	¢	**23,542,651,267**

(c) Other assets

Other assets are detailed as follows:

		June 2024	December 2023	June 2023
Prepaid taxes	¢	5,955,127,246	25,248,384,621	13,031,325,428
Prepaid rentals		78,383	78,383	78,383
Prepaid insurance policy		130,379,310	39,031,578	185,327,209
Prepaid expenses		6,085,584,939	25,287,494,582	13,216,731,020
Stationery, supplies and other materials		228,659,164	229,335,584	181,717,395
Library and works of art		20,794,291	17,325,262	9,045,615
Constructions in process		10,186,488,881	8,996,494,115	7,177,811,184
Amortized applications in development		5,134,421,214	4,734,897,934	4,438,250,802
Rights in social and union institutions		36,633,800	36,633,800	36,633,800
Other sundry assets		2,064,373,132	2,064,373,132	2,064,373,132
Miscellaneous goods		17,671,370,482	16,079,059,827	13,907,831,928
Missing cash		35,500,848	48,850,004	45,104,590
Transactions to be settled		31,232,024,152	48,768,901,076	54,694,796,737
Other charge pending operations		116,807,348	170,809,575	177,417,029
Operations pending allocation		31,384,332,348	48,988,560,655	54,917,318,356
Deposits in guarantee		199,235,923	197,376,588	202,425,744
Restricted assets		199,235,923	197,376,588	202,425,744
Other assets available for-sale outside the scope of IFRS 5		53,803,589,770	0	0
	¢	**109,144,113,462**	**90,552,491,652**	**82,244,307,048**

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

(11) Demand obligations with the public

Demand obligations with the public as follows:

		June 2024	December 2023	June 2023
Checking accounts	¢	2,019,359,447,554	2,040,666,112,404	1,886,328,660,999
Certification checks		238,046,434	114,965,048	222,261,563
Demand saving deposits		1,045,681,221,511	1,064,033,527,490	991,085,464,362
Matured term deposits		1,604,031,128	1,863,395,806	2,280,094,621
Other demand obligations with the public		6,582,795,496	2,947,393,106	4,293,075,968
	¢	**3,073,465,542,123**	**3,109,625,393,854**	**2,884,209,557,513**

(12) Term and demand deposits from clients

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

		June 2024	December 2023	June 2023
		On demand	**On demand**	**On demand**
Public	¢	3,066,882,746,627	3,106,678,000,747	2,879,916,481,545
Other obligations with the public		6,582,795,496	2,947,393,107	4,293,075,968
		3,073,465,542,123	**3,109,625,393,854**	**2,884,209,557,513**
State-owned entities		27,618,412,888	9,627,823,007	32,478,824,634
Deposits from other banks		3,638,309,632	3,859,520,635	4,514,526,912
Other financial entities		21,229,718,756	17,766,048,259	23,156,256,169
		52,486,441,276	**31,253,391,901**	**60,149,607,715**
	¢	**3,125,951,983,399**	**3,140,878,785,755**	**2,944,359,165,228**

		June 2024	December 2023	June 2023
		Term	**Term**	**Term**
Public	¢	1,530,297,740,776	1,321,626,600,481	1,639,021,354,976
		1,530,297,740,776	**1,321,626,600,481**	**1,639,021,354,976**
State-owned entities		61,580,000,000	64,724,100,000	42,009,600,000
Deposits from other banks		5,539,385,210	593,590,023	8,962,771,304
Other financial entities		213,358,806,554	202,944,078,253	175,313,202,234
		280,478,191,764	**268,261,768,276**	**226,285,573,538**
	¢	**1,810,775,932,540**	**1,589,888,368,757**	**1,865,306,928,514**

As of June 30, 2024, demand deposits from customers include court-ordered deposits for ¢260,252,700,979, (¢258,756,472,753 and ¢248,665,476,939 for December and June 2023, respectively) which are restricted because of their nature.

As of June 30, 2024, the Bank has a total of 1,247,922 (1,896,596 and 1,829,808 for December and June 2023, respectively) customers with demand deposits and has a total 36,340, (36,047 and 39,231 for December and June 2023, respectively).

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Notes to the separate financial statements

(13) Repurchase and reverse repurchase agreements

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

As of June 30, 2024, and December and June 2023, the Bank does not hold repurchase agreements.

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

Obligations with entities are as follows:

		June 2024	December 2023	June 2023
Term deposits with the Central Bank de Costa Rica	¢	93,950,614,443	103,950,578,331	104,832,832,189
Charges payable for obligations with Central Bank of Costa Rica		2,338,954,565	2,181,618,180	1,773,789,568
		96,289,569,008	106,132,196,511	106,606,621,757
Checking accounts of local entities				
Overdrafts on demand checking accounts in foreign financial entities		45,585,350,183	23,623,304,079	49,794,745,213
		5,995,071,402	7,021,274,656	9,267,935,130
Obligations for checks to be collected		906,019,691	608,813,166	1,086,927,372
Term deposits of local financial entities		84,342,455,210	78,940,870,024	59,174,608,804
Loans from foreign financial entities		41,504,582,500	28,398,831,999	2,500,134,000
Obligations for the right-of-use leased properties		16,780,974,271	18,332,403,201	20,518,618,091
Obligations for deferred liquidity operations		0	2,108,456,619	0
Obligations with resources from the Development,Credit,Fund,(DCF)		137,850,179,783	140,481,206,433	144,092,212,643
Charges payable for obligations with,financial,and,non-financial,entities		1,618,444,721	1,789,920,344	1,630,674,880
		334,583,077,761	301,305,080,521	288,065,856,133
Subordinated loans		49,959,332,757	49,957,954,304	49,956,656,134
Charges payable subordinated loans		184,422,222	184,422,222	184,422,222
		50,143,754,979	**50,142,376,526**	**50,141,078,356**
	¢	**481,016,401,748**	**457,579,653,558**	**444,813,556,246**

(Continues)

Maturities of term obligations with entities are from June 1, 2024, to June 05, 2033.

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

	June 2024	December 2023	June 2023
Colones	6.03% to 9.75%	6.03% to 9.75%	7.97 % to 9.75%
US dollars	2.66% to 8.91%	1.0% to 7.59%	2.96% to 3.43%

As of June 30, 2024, and December and June 2023, there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

As of June 30, 2024, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year		93,950,614,443	0	0	26,520,500,000	120,471,114,443
From one to two years		0	0	0	1,723,832,500	1,723,832,500
Over 5 years		49,959,332,757	0	0	13,260,250,000	63,219,582,757
Total	¢	**143,909,947,200**	**0**	**0**	**41,504,582,500**	**185,414,529,700**

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

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

As of June 30, 2023, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year		104,832,832,189	0	0	0	104,832,832,189
From three to five years		0	0	0	2,500,134,000	2,500,134,000
Total	¢	**104,832,832,189**	**0**	**0**	**2,500,134,000**	**107,332,966,189**

(b) Lease obligations

As of June 30, 2024, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Present value
Less than one year	¢	4,368,898,850	940,825,323	0	3,428,073,528
Between one and five years		15,333,272,714	1,980,371,971	0	13,352,900,743
	¢	**19,702,171,565**	**2,921,197,294**	**0**	**16,780,974,271**

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

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

As of June 30, 2023, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Present value
Less than one year	¢	4,113,168,437	1,080,811,980	0	3,032,356,458
Between one and five years		20,565,468,784	3,079,207,150	0	17,486,261,634
	¢	**24,678,637,221**	**4,160,019,130**	**0**	**20,518,618,091**

As of June 30, 2024, the estimate of future lease payments is as follows:

		Colones	US$ converted to colones
1 year	¢	785,893,153	2,642,180,375
2 years		841,220,031	1,815,803,053
3 years		900,441,921	1,924,751,331
4 years		880,985,543	1,865,639,311
5 years		1,025,854,415	2,152,174,691
Over 5 years		631,448,502	1,314,581,946
	¢	**5,065,843,564**	**11,715,130,706**

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

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

(Continues)

As of June 30, 2023, the estimate of future lease payments is as follows:

		Colones	US$ converted to colones
1 year	¢	671,095,582	2,361,260,875
2 years		781,450,242	2,723,916,697
3 years		836,464,339	1,954,348,539
4 years		895,351,429	1,984,293,858
5 years		958,384,169	2,103,351,409
Over 5 years		1,657,303,183	3,591,397,769
	¢	**5,800,048,943**	**14,718,569,148**

As of June 30, 2024, future payments of the lease liability are presented as follows:

	Year		Payments	Present value	Amortization	Interest	Balance
1	30/6/2024	¢	4,384,080,712	3,347,663,382	2,311,246,052	1,036,417,330	13,433,310,888
2	30/6/2025		3,425,262,799	2,673,115,861	1,920,968,924	752,146,937	10,760,195,027
3	30/6/2026		3,425,262,799	2,842,251,598	2,259,240,398	583,011,201	7,917,943,429
4	30/6/2027		3,425,262,799	3,022,151,148	2,619,039,498	403,111,650	4,895,792,281
5	30/6/2028		3,425,262,799	3,213,504,157	3,001,745,516	211,758,641	1,682,288,123
6	30/6/2029		1,712,631,399	1,682,288,123	1,651,944,847	30,343,276	0
7	30/6/2030		0	0	0	0	0
8	30/6/2031		0	0	0	0	0
9	29/6/2032		0	0	0	0	0
10	30/6/2033		0	0	0	0	0
		¢	**19,797,763,305**	**16,780,974,271**	**13,764,185,236**	**3,016,789,035**	

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

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

(Continues)

As of June 30, 2023, future payments of the lease liability are presented as follows:

	Year		Payments	Present value	Amortization	Interest	Balance
1	30/6/2023	¢	4,219,006,198	2,995,167,388	1,771,328,577	1,223,838,811	17,523,450,704
2	30/6/2024		4,501,893,998	3,525,461,371	2,549,028,744	976,432,627	13,997,989,333
3	30/6/2025		3,791,491,197	2,974,563,361	2,157,635,525	816,927,836	11,023,425,972
4	30/6/2026		3,508,603,397	2,912,066,101	2,315,528,805	596,537,296	8,111,359,871
5	30/6/2027		3,308,489,815	2,913,677,192	2,518,864,570	394,812,622	5,197,682,679
6	30/6/2028		3,508,603,397	3,280,999,083	3,053,394,769	227,604,314	1,916,683,596
7	30/6/2029		1,954,415,281	1,916,683,596	1,878,951,910	37,731,685	0
8	30/6/2030		0	0	0	0	0
9	30/6/2031		0	0	0	0	0
10	30/6/2032		0	0	0	0	0
		¢	**24,792,503,283**	**20,518,618,091**	**16,244,732,899**	**4,273,885,192**	

(15) Income tax

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

As of June 30, 2024, the Bank's separate balances of income tax payable and expected income tax amount to ¢15,336,444,192, (¢10,162,055,585 and ¢12,988,274,313 for December and June 2023, respectively) (see note 17) and income tax advances for ¢5,955,127,246, (¢19,477,106,850 and ¢13,031,325,428 for December and June 2023, respectively) are recorded as "Other assets".

Income tax expense is detailed as follows:

		June 2024	December 2023	June 2023
Income tax	¢	15,336,464,346	23,386,290,155	13,224,234,570
Decrease in income tax		(20,154)	(13,174,356,578)	(186,052,859)
Adjustment for income tax of the previous period		0	(49,877,992)	(49,907,398)
		15,336,444,192	10,162,055,585	12,988,274,313
Income tax expense:				
Expense for current tax of the period		15,336,464,346	23,386,290,155	13,224,234,570
Expense for deferred income tax		3,073,723,402	19,784,750,524	2,822,037,344
		18,410,187,748	43,171,040,679	16,046,271,914
Income for income tax:				
Decrease in income tax of the period		0	(13,174,356,578)	(186,052,859)
Income for deferred income tax		(6,206,419,778)	(15,376,584,952)	(10,326,922,555)
		(6,206,419,778)	(28,550,941,530)	(10,512,975,414)
Expense for income tax, net	¢	12,203,767,970	14,620,099,149	5,533,296,500

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

As of June 30, 2024, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	977,114,512	(4,655,956,617)	(3,678,842,105)
Revaluation of buildings		242,823,928	(8,229,967,069)	(7,987,143,141)
Revaluation of property		0	(5,763,717,661)	(5,763,717,661)
Financial leases		5,062,969,884	(4,897,290,761)	165,679,123
Deferred tax on exchange differences		13,027,311,154	(21,419,424,148)	(8,392,112,994)
Total	¢	**19,310,219,477**	**(44,966,356,256)**	**(25,656,136,778)**

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

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

As of June 30, 2023, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	5,378,540,997	(3,090,521,209)	2,288,019,787
Revaluation of buildings		242,823,928	(8,507,143,272)	(8,264,319,344)
Revaluation of property		0	(5,763,717,660)	(5,763,717,660)
Financial leases		6,189,745,326	(6,011,749,833)	177,995,493
Deferred tax on exchange differences		5,750,885,001	(5,097,783,757)	653,101,246
Total	¢	**17,561,995,251**	**(28,470,915,731)**	**(10,908,920,478)**

Movement of temporary differences is as follows:

As of June 30, 2024

		December 31, 2023	Income statement	Equity	June 30, 2024
Liabilities account					
Valuation of investments	¢	(2,880,956,515)	0	(1,775,000,102)	(4,655,956,617)
Revaluation of buildings		(8,498,910,976)	268,943,907	0	(8,229,967,069)
Revaluation of property		(5,763,717,661)	0	0	(5,763,717,661)
Financial leases		(5,454,520,297)	557,229,536	0	(4,897,290,761)
For exchange differences		(21,419,424,148)	0	0	(21,419,424,148)
Assets account					
Valuation of investments		2,605,631,334	0	(1,628,516,822)	977,114,512
Income tax for revaluation of assets		242,823,928	0	0	242,823,928
Financial leases		5,548,672,538	(485,702,654)	0	5,062,969,884
Deferred income tax on exchange differences		10,235,085,566	2,792,225,588,	0	13,027,311,154
Total	¢	**(25,385,316,231)**	**3,132,696,376,**	**(3,403,516,924)**	**(25,656,136,778)**

As of December 31, 2023

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

As of June 30, 2023

		December 31, 2022	Income statement	Equity	June 30, 2023
Liabilities account					
Valuation of investments	¢	(382,461,507)	0	(2,708,059,702)	(3,090,521,209)
Revaluation of buildings		(8,645,731,373)	138,588,101	0	(8,507,143,272)
Revaluation of property		(5,763,717,660)	0	0	(5,763,717,660)
Financial leases		(6,568,979,369)	557,229,536	0	(6,011,749,833)
For exchange differences		(7,094,329,886)	1,996,546,130	0	(5,097,783,756)
Assets account					
Valuation of investments		18,152,501,095	0	(12,773,960,098)	5,378,540,997
Income tax for revaluation of assets		242,823,928	0	0	242,823,928
Financial leases		7,128,108,883	(938,363,557)	0	6,189,745,326
Deferred income tax on exchange differences		0	5,750,885,002	0	5,750,885,002
Total	¢	**(2,931,785,888)**	**7,504,885,211,**	**(15,482,019,801)**	**(10,908,920,478)**

(Continues)

As of June 30, 2024, the Bank has a balance for income tax receivable of ¢23,147,914,797, (¢8,568,979,468 and ¢8,568,746,245 for December and June 2023, respectively), in addition to bear value added tax for ¢1,161,752,153, (¢1,753,467,495 and ¢1,006,427,110 for December and June 2023, respectively) and value added tax deductible for ¢9,525 (¢1,725 and ¢1,725 for December and June 2023, respectively).

		June 2024	December 2023	June 2023
Income tax receivable	¢	23,147,962,216	8,568,979,468	8,568,746,245
Supported value added tax		1,161,752,153	1,753,467,495	1,006,427,110
Deductible value added tax	¢	9,525	1,725	1,725
		24,309,723,894	**10,322,448,688**	**9,575,175,080**

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

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

As of June 30, 2024, the amount recorded by the Bank as provision is of ¢18,640,703,527 (¢18,640,703,527 and ¢13,765,703,527 for December and June 2023, respectively).

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

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

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

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

As of June 30, 2024, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of de ¢21,419,424,147, (¢21,419,424,148 and ¢5,097,783,756 for December and June 2023, respectively) and ¢13,027,311,154are recorded as an asset (¢10,235,085,565 and ¢5,750,885,002 for December and June 2023, respectively, there is no amount recorded).

(16) Provisions

Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2023		**9,577,319,983**	**20,832,826,114**	**19,658,402,023**	**50,068,548,120**
Increase in provision		0	1,257,277,915	959,956,406	2,217,234,321
Use of provision		(29,752,900)	(1,001,254,641)	(379,678,478)	(1,410,686,019)
Adjustment for foreign exchange		0	(611,607)	0	(611,607)
Balance on June 30, 2024	**¢**	**9,547,567,083**	**21,088,237,781**	**20,238,679,951**	**50,874,484,815**

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

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

(Continues)

As of June 30, 2024, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2022		**10,057,853,284**	**15,387,176,608**	**14,186,632,788**	**39,631,662,680**
Increase in provision		0	2,014,052,965	738,681,472	2,752,734,437
Use of provision		(9,727,578)	(538,891,761)	(685,650,494)	(1,234,269,833)
Adjustment for foreign exchange		0	(2,453,814)	0	(2,453,814)
Balance on June 30, 2023	¢	**10,048,125,706**	**16,859,883,998**	**14,239,663,766**	**41,147,673,470**

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

Type	Number	High	Low	Pending evaluation		Total amount in colones		Total amount in US dollars		Provisions in colones
Contentious	230	23	203	4	¢	34,440,707,807	US$	358,316,485	¢	2,374,764,973
Criminal	19	2	17	0		636,829,602		5,857		194,469,562
Labor	355	62	293	0		6,404,397,102		825,001		2,404,492,873
Procedures	3	0	0	0		15,096,422		2,000		0
Total					¢	**41,497,030,933**	US$	**359,149,343**	¢	**4,973,727,407**

As of June 30, 2024, there are 16 high category litigations without estimate (32 and 23 litigations, for December and June 2023, respectively).

As of December 31, 2023

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provisions in colones	Provision in US dollars
Contentious	251	28	221	2	₡35,192,664,484	$370,448,045	₡2,569,200,262	$5,669
Criminal	18	2	16	0	₡636,459,162	$5,857	₡186,625,634	$0
Labor	354	66	288	0	₡6,575,485,879	$825,000	₡2,689,522,921	$0
Procedures	22	0	22	0	₡15,096,422	$2,000	₡0	$0
Total	**645**	**96**	**547**	**2**	**₡42,419,705,947**	**$371,280,902**	**₡5,445,348,817**	**$5,669**

As of June 30, 2023

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provisions in colones	Provision in US dollars
Contentious	250	30	218	2	28,231,164,629	372,973,329	1,587,766,710	47,791
Criminal	19	2	17	0	1,879,803,039	5,857	179,801,638	0
Labor	370	84	286	0	6,598,598,696	825,001	2,956,418,983	0
Procedures	22	0	22	0	15,096,422	2,000	0	0
Total	**661**	**116**	**543**	**2**	**₡28,929,652,475.80**	**$374,504,630.53**	**₡3,108,044,870.32**	**$46,655.65**

As of June 30, 2024, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank have been estimated at ¢34,440,707,807 and US$358,316,485 for which the Bank has provisioned ¢2,374,764,973

- The criminal lawsuits against the Bank have been estimated at ¢636,829,602 and $5,857, for which the Bank has recorded a provision in the amount of ¢194,469,562.

- By their nature, labor suits are difficult to estimate. However, they have been estimated at ¢6,404,397,102 and $825,001 for which the Bank has recorded a provision in the amount of ¢2,366,390,197, in cases where there is a non-firm conviction.

- There are administrative proceedings at different stages in the amount ¢15,096,422 and US$2,000.

- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ¢158,769,111.

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

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

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

- By their nature, labor suits are difficult to estimate. However, they have been estimated at ¢6,359,515,866 and $825,001 for which the Bank has recorded a provision in the amount of ¢2,669,522,921, in cases where there is a non-firm conviction.

- There are administrative proceedings at different stages in the amount ¢15,096,422 and US$2,000.

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

As of June 30, 2023, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank were estimated at ¢26,127,811,078 and US$372,822,817 for which the Bank has provisioned ¢831,525,302 and US$47,792, respectively.

- The criminal lawsuits against the Bank have been estimated at ¢476,459,162 and US$5,857 for which the Bank has recorded a provision in the amount of ¢179,801,638.

- Labor suits by their nature are difficult to estimate. However, they have been estimated at ¢6,380,628,684 and US$825.000 for which the Bank has provisioned ¢2,934,418,983, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢15,096,422 and US$2.000.

- A provision corresponding to the Deposit Guarantee Fund is created and recorded in "Others", in the amount of ¢946,229.

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		June 2024	December 2023	June 2023
Fees payable	¢	74,681,687	65,399,842	71,649,148
Current income tax (see note 15)		15,336,444,192	10,162,055,585	12,988,274,313
UD Income Tax		24,178,240	24,218,622	(11,500,134)
Value added tax payable		162,510,600	198,113,498	115,721,456
Employer contributions		1,349,089,821	1,335,592,744	1,349,181,152
Withholdings by legal order		830,642,042	835,607,709	830,743,655
Retained taxes payable		4,744,221,686	3,619,656,255	3,719,397,656
Employer withholdings		486,530,289	485,109,396	496,791,595
Other third-party withholdings		14,246,417,327	13,677,110,349	15,378,458,389
Compensations and salaries payable		4,774,333,963	8,495,648,557	4,930,651,252
Distributions payable on results of the period (see note 30)		12,308,029,620	10,976,478,788	2,581,047,847
Accrued vacation payable		6,627,723,014	6,648,624,589	6,633,778,173
Accrued statutory Christmas bonus payable		3,401,436,259	725,408,200	3,385,189,344
Commissions payable for insurance placement		3,573,986	167,096,264	485,301,522
Sundry creditors		17,643,685,679	22,816,089,044	22,411,181,422
	¢	**82,013,498,405**	**80,232,209,442**	**75,365,866,790**

(Continues)

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

(18) Equity

a) Capital Social

The Bank's capital is comprised as follows:

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

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

b) Surplus from revaluation

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

As of June 30, 2024, revaluation surplus amounts to ¢41,085,212,831 (¢41,085,212,831 and ¢41,085,212,831 for December and June 2023, respectively).

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

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

As of June 30, 2024, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net gain in the amount of ¢9,205,008,232, (¢1,241,926,624 and ¢4,241,370,317, for December and June 2023, respectively).

d) Adjustment for valuations of investments in other companies

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

As of June 30, 2024, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢16,277,462, (¢1,066,500,896, and ¢1,317,154,356, for December and June 2023, respectively).

e) Equity Development Financing Fund (FOFIDE)

As of June 30, 2024, the amount for the constitution of the equity of the Development Financing Fund are of ¢48,866,249,077 (¢45,766,617,523 and ¢45,766,617,523 for December and June 2023, respectively). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

f) Equity reserves

As of June 30, 2024, the equity reserves reflected in the statement of changes in equity amount to ¢364,708,053,622, (¢351,152,901,365 and ¢351,152,901,365 for December and June 2023 respectively).

Regulatory Capital

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

		June 2024	**December 2023**	**June 2023**
Primary Capital				
Ordinary paid in capital	¢	181,409,990,601	181,409,990,601	181,409,990,601
Legal reserve		364,708,053,622	351,152,901,365	351,152,901,365
Accumulated result of previous periods		47,328,475,171	41,896,492,820	41,896,492,820
Profit of the current period		25,422,445,503	22,086,766,162	11,386,041,073
		618,868,964,897	579,749,280,533	585,845,425,859

(Continues)

Secondary Capital				
Adjustment for valuation of property		30,813,909,623	30,813,909,622	30,813,909,624
Adjustment for valuation of available-for-sale Investments			0	(4,328,601,184)
Adjustment for valuation of restricted Financial Instruments		0	(33,234,065)	0
Adjustment for valuation of shares in other Companies		(16,277,462)	(1,066,500,896)	1,317,154,356
Subordinated loan instruments		49,959,332,757	49,957,954,304	49,956,656,134
Development Financing Fund		48,866,249,077	45,766,617,523	45,766,617,523
		129,623,213,995	87,560,503,415	123,525,736,453
Deductions				
Interest in other companies		(118,553,528,208)	(115,553,654,368)	(113,621,135,664)
Total regulatory capital	¢	**629,938,650,684**	**549,251,403,093**	**595,750,026,648**

(19) Commitments and contingencies

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

Off-balance financial instruments with risk are as follows:

		June 2024	December 2023	June 2023
Guarantees granted:				
Performance bonds	¢	52,996,092,038	63,975,547,908	66,298,181,641
Bid bonds		14,140,936	88,636,438	389,496,294
Letters of credit issued, not negotiated		16,039,656,432	25,837,857,965	9,689,196,429
Automatic draw lines of credit		153,742,483,695	142,278,939,278	125,807,994,114
Other contingencies		227,019,706,478	232,883,506,405	237,373,438,279
Credits pending disbursement		49,440,240	49,437,310	49,456,068
	¢	**449,861,519,819**	**465,113,925,304**	**439,607,762,825**

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

		June 2024	December 2023	June 2023
With prior deposit	¢	8,747,831,748	15,051,804,160	6,267,762,467
Without prior deposit		214,093,981,593	217,178,614,739	195,966,562,079
Pending litigation and Claims		227,019,706,478	232,883,506,405	237,373,438,279
Total deposits	¢	**449,861,519,819**	**465,113,925,304**	**439,607,762,825**

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

As of June 30, 2024, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

As of June 30, 2024, floating guarantees in custody are for ¢234,879,427,381, (¢238,796,296,606 and ¢235,586,096,930 for December and June 2023, respectively).

Other contingencies:

As of June 30, 2024, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢32,065,942,834 and US$358,316,485. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- In criminal matters there are active ordinary labor processes which were estimated at ¢442,360,041 and US$5,857.

- Ordinary labor suits estimated at ¢3,999,904,229 and US$825,001.

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

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

- Administrative suits against the Bank estimated at ¢31,278,986,615and US$370,291,865. In addition, other contentious processes are filed for preliminary injunction with no estimate.

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

- Ordinary labor suits estimated at ¢3,689,992,945 and US$825,000.

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

As of June 30, 2023, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢25,296,285,776 and US$372,775,026. In addition, other contentious processes are filed for preliminary injunction with no estimate.

- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢296,657,524 and US$5,857.

(Continues)

- Ordinary labor suits estimated at ¢3,446,209,701 and US$825,000.

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

(20) Trusts

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

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

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

		June 2024	December 2023	June 2023
Cash and due from banks	¢	44,448,910,515	44,520,717,107	48,518,576,725
Investment		165,473,705,094	170,539,523,358	172,617,379,916
Loan portfolio		9,358,852,945	9,678,942,791	10,054,474,247
Allowance for loan losses		(6,880,809,631)	(7,213,903,691)	(7,617,434,666)
Assets held-for-sale		126,590,585,437	155,036,648,198	76,261,926,911
Investment in other companies		795,609,900	795,609,900	795,609,900
Other receivables		31,640,137,757	32,439,325,803	47,900,495,884
Property and equipment		99,752,046,568	101,878,211,099	158,914,587,410
Other assets		338,007,741,191	338,534,043,361	309,806,895,192
	¢	**809,186,779,776**	**846,209,117,926**	**817,252,511,519**

(Continues)

(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		June 2024	December 2023	June 2023
Guarantees received and held in custody	¢	5,639,255,392,391	5,104,022,095,963	4,964,777,797,522
Guarantees received and held by third parties		4,196,148,904	4,168,318,384	1,723,264,686
Other memoranda accounts, unused authorized lines of credit		374,569,376,613	389,898,541,851	244,797,201,921
Write-offs		221,265,146,691	213,245,607,472	211,945,331,640
Suspense interest receivable		29,337,188,375	21,418,891,153	21,678,904,025
Other memoranda accounts		7,347,022,191,240	5,996,662,020,357	5,603,214,767,760
Assets and securities held in custody for third parties		123,470,056,219	53,588,287,084	95,813,730,776
Marketable securities received as collateral (Guarantee trust)		0	1,843,213,774	10,154,117,836
Tradable securities pending receipt		10,919,324,583	0	0
Confirmed cash contracts pending settlement		10,926,849,557	0	0
Own trading securities		1,037,580,069,181	794,692,939,888	982,938,175,633
Cash and accounts receivable custodial activities		22,990,975,382	106,272,676,594	67,715,178,092
Third party trading securities pledged as guarantee (Guarantee Trust)		24,636,066,701	15,946,110,376	18,202,835,937
Negotiable securities pending receipt		278,395,549	0	0
Confirmed cash contracts pending settlement		1,774,969,487	0	0
Future contracts pending settlement		18,287,224,487	0	0
Third parties trading securities		7,592,444,945,802	7,097,621,401,440	6,778,683,096,689
	¢	**22,458,954,321,162**	**19,799,380,104,336**	**19,001,644,402,517**

(22) Financial income on financial instruments

Finance income on financial instruments is as follows:

		June	June	Quarter from July 1 to September 30	
		2024	**2023**	**2024**	**2023**
Interest for investments in financial instruments at fair value through other comprehensive income	¢	38,015,534,024	42,016,162,631	20,221,326,161	20,905,559,760
Interest from investments at amortized cost		55,650,428	92,011,829	54,714,419	92,011,829
Interest for investments in expired and restricted financial instruments		55,650,428	92,011,829	54,714,419	92,011,829
	¢	**43,606,724,620**	**44,613,888,457**	**22,806,485,563**	**22,541,976,511**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

(23) Financial income on credit portfolio

Financial income on credit portfolio is as follows:

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Current loans					
Loans – Personal	¢	66,886,456,914	71,701,549,912	33,867,539,414	35,637,180,946
Loans - Development Financing Fund		2,159,934,183	2,186,269,382	1,083,741,653	1,101,859,208
Loans - Business		4,222,177,505	4,222,280,651	2,183,072,285	2,066,663,165
Loans – Corporate		53,570,340,949	58,590,101,557	27,128,238,955	29,189,825,642
Loans – Public Sector		2,225,024,251	2,795,919,225	1,095,501,000	1,460,554,569
Loans – Financial Sector	¢	745,784,712	1,954,528,265	338,413,721	829,695,784
		129,809,718,514	141,450,648,992	65,696,507,028	70,285,779,314
Past due loans and loans in legal collection					
Past due loans – Personal		289,779,944	329,873,235	148,571,987	162,692,575
Past due loans – Development Banking System		4,863,310	15,299,643	1,878,569	6,991,584
Past due loans – Business		307,222,331	438,083,204	139,962,150	217,591,885
Past due loans – Corporate		291,424,731	351,352,574	165,202,494	171,874,426
Past due loans – Financial Sector		1,221,204,110	898,111,252	657,017,912	307,944,868
Loans in legal collection		2,114,494,426	2,032,719,908	1,112,633,112	867,095,338
Amortization of the net commission of the direct incremental cost associated to loans		2,300,644,395	2,425,820,441	1,248,797,479	1,190,689,061
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts		1,327,473,680	687,299,822	971,690,156	337,618,451
	¢	**135,552,331,015**	**146,596,489,163**	**69,029,627,775**	**72,681,182,164**

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Demand deposits	¢	33,795,127,655	47,660,420,624	16,475,024,387	23,506,916,819
Term deposits		43,567,703,425	66,873,794,988	22,239,817,712	34,782,728,447
	¢	**77,362,831,080**	**114,534,215,612**	**38,714,842,099**	**58,289,645,266**

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

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

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Allowance for loan losses (see note 6-e)	¢	2,500,232,381	297,307,685	2,500,232,381	236,612,074
Allowance for other doubtful receivables		2,663,015 909	1,853,741,990	552,610,110	603,319,957
Expense for allowance of impairment and uncollectible contingent credits		0	0	0	0
Expenses generic estimation and against cyclic for loan (see note 6-e)		620,074,271,	2,171,664,404	0	1,256,267,672
Expenses for generic and countercyclical allowance for contingent credits		0	0	0	0
Expenses for allowance for impairment of securities at fair value through other comprehensive income		115,219,144	136,924,941	112,435,817	15,788,650
Expense for allowance of impairment of financial instruments at amortized cost		45,877	0	45,877	0
Expense for impairment of investment properties		0	0	0	0
	¢	**5,898,587,582**	**4,459,639,020**	**3,165,324,185**	**2,111,988,353**

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

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

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Recovery of written-off loans	¢	3,372,113,678	7,181,786,367	2,303,442,243	3,150,221,548
Recovery of accounts receivable		0	1,178,245	0	1,178,245
Decrease in allowance for loan losses (see note 6-e)		0	467,871,856	0	125,115,673
Decrease in allowance for other doubtful receivables		2,258,764,611	1,806,078,970	298,165,750	794,479,859
Decrease in generic estimation and Against cyclic for loan (see note 6-e)		0	50,948	0	11,212
Decrease in allowance for uncollectible investments securities		93,722,899	1,323,151,514	14,064,335	135,434,051
	¢	**5,724,601,188**	**10,780,117,900**	**2,615,672,328**	**4,206,440,588**

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

		June	June	Quarter from July 1 to September 30	
		2024	2023	2024	2023
Drafts and transfers	¢	1,209,439,423	1,246,889,374	597,040,865	592,027,049
Foreign trade		497,117,784	368,015,422	258,812,392	184,211,376
Certified checks		1,303,594	1,147,843	853,336	662,333
Trust management		1,526,664,584	2,007,635,382	761,491,841	987,510,557
Custodial services		191,073,056	153,245,032	94,532,661	75,868,480
By mandate		618,228	1,091,733	314,829	326,232
Collections		298,767,940	294,321,503	140,525,172	119,761,079
Credit cards		22,630,986,474	20,700,144,900	11,632,350,767	9,571,488,818
Authorized custodial services for securities		461,104,856	512,685,027	229,403,841	190,516,316
Commissions for transactions with related parties		6,562,149	146,882	2,790,880	146,882
Other commissions		19,729,513,961	18,383,453,809	10,187,328,793	8,741,151,623
	¢	**46,553,152,049**	**43,668,776,907**	**23,905,445,377**	**20,463,670,745**

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

		June	June	Quarter from July 1 to September 30	
		2024	2023	2024	2023
Local entities:					
Capital interest in BCR Valores, S.A.- Puesto de Bolsa	¢	1,010,585,396	631,907,235	669,009,285	432,524,943
Capital interest in BCR Sociedad Administradora de Fondos de Inversión, S.A.		286,692,950	499,329,656	239,604,977	329,027,215
Capital interest in BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		518,705,032	410,502,083	276,736,503	230,439,819
Capital interest in BCR Corredora de Seguros, S.A.		1,437,494,360	1,279,418,231	779,177,990	738,806,916
Capital interest in Banprocesa -TI, S.A.		79,259,731	138,937,661	50,994,410	34,964,361
Capital interest in Depósito Agrícola de Cartago S.A.		9,091,478	45,394,655	4,817,556	23,632,966
Entities abroad:					
Banco Internacional de Costa Rica, S.A and subsidiaries		1,974,654,329	1,662,597,770	1,064,983,704	851,564,431
		5,316,483,276	**4,668,087,291**	**3,085,324,425**	**2,640,960,651**

As of June 30, 2024, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company of the Conglomerate, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢151,793,259, corresponding to the profit generated from the service provided to support the Bank's software, in the statement of financial position and in the income statement, (¢333,890,203 and ¢213,850,621 for December and June 2023, respectively).

As of June 30, 2024, there are amounts in the account for participation expenses for ¢654,293 from operations of BCR Valores, ¢104,683,534 from Banprocesa and ¢17,583,551 for Depósito Agrícola de Cartago and ¢346,211,489 from BCR Leasing (for December there are amounts in the account for participation expenses for ¢182,947,410 from operations of BCR Valores, ¢128,582,284 from BCR SAFI and ¢230,998,125 from Banprocesa and ¢282,014,799 from BCR Leasing and for June 2023 there are amounts in the account for participation expenses for ¢ 181,898,020 from operations of BCR Valores, ¢50,244,094 from BCR SAFI and ¢146,270,041 from Banprocesa.

(29) Administrative expenses

Administrative expenses are as follows:

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Salaries and bonuses, permanent staff	¢	29,232,944,883	29,211,050,722	14,846,455,334	14,867,375,343
Salaries and bonuses, contractors		234,790,766	236,381,780	129,681,437	115,372,578
Compensation for directors and statutory examiners		37,940,315	43,180,690	19,494,195	21,590,345
Overtime		476,996,668	442,999,736	246,989,640	199,886,125
Per diem		164,085,175	168,150,221	92,871,922	77,315,702
Statutory Christmas bonus		2,536,664,776	2,560,299,944	1,284,821,532	1,297,132,428
Vacation		2,917,526,852	2,894,893,023	1,429,667,988	1,445,237,60
Other compensation		364,650,513	441,158,160	177,287,097	156,057,489
Severance payments		1,529,225,546	1,432,408,730	770,141,566	722,172,286
Employer social security taxes		11,441,446,575	11,789,619,005	5,807,559,297	6,221,603,701
Refreshments		19,770,533	20,143,896	9,234,199	9,603,139
Uniforms		27,840,819	942,024	5,948,091	0
Training		131,662,525	184,946,001	98,735,574	140,194,556
Employee insurance		90,405,363	87,655,472	54,731,129	87,655,472
Assets for personal use		344,383	163,021	9,227	6,097
“Back-to-school” bonus		2,908,497,237	2,876,448,451	1,459,483,193	1,442,507,294
Compulsory retirement savings account		468,762,009	469,167,526	239,302,875	(19,754,526
Other personnel expenses		181,556,567	191,536,244	82,192,939	96,133,675
Outsourcing		15,013,660,311	8,438,566,448	9,193,781,279	4,844,811,936
Transportation and communications		906,551,154	973,559,812	444,168,478	442,084,786
Property insurance		820,739	769,141	586,235	156,477
Property maintenance and repairs		2,268,296,018	3,654,161,891	1,175,739,790	2,060,555,877
Public utilities		1,042,910,558	996,724,103	533,388,222	530,651,468
Leasing of property		1,857,431,785	1,857,431,785	928,715,892	928,715,892
Leasing of furniture and equipment		326,807,374	385,288,056	194,918,624	145,962,072
Depreciation of property and equipment, except vehicles		5,189,935,160	5,074,687,958	2,604,752,288	2,542,704,997
Amortization of leasehold property		119,317,608	187,905,259	59,681,514	87,259,553
Other infrastructure, expenses		1,700,808,825	1,211,995,010	912,127,856	732,858,561
Overhead		13,039,574,670	14,595,963,557	7,030,468,820	7,287,605,379
		94,231,225,707	**90,428,197,666**	**49,832,936,233**	**46,483,456,305**

(Continues)

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

		June 2024	June 2023	Quarter from July 1 to September 30 2024	2023
Allocation for CONAPE	¢	2,254,344,634	817,160,481	1,086,714,883	440,078,455
Allocation for Instituto Nacional de Fomento Cooperativo		1,938,044,302	623,224,314	896,944,437	383,981,405
Allocation for the National Emergencies Commission		1,352,606,781	490,296,289	652,028,930	264,047,074
Allocation for Régimen de Invalidéz, Vejez y Muerte		6,763,033,903	2,451,481,442	3,260,144,649	1,320,235,364
		12,308,029,620	**4,382,162,526**	**5,895,832,899**	**2,408,342,298**

As of June 30, 2024 are no adjustments, (for Decembre 2023 there is an increase in legal allocations of profit for Old Age and Death Regime, ¢62,281,667 for the National Emergency Commission and a decrease of ¢730,897,010 for INFOCOOP for a total of ¢668,615,344, and for June 2023 there is a decrease in legal allocations of profit for Old Age and Death Regime, for ¢184,446,146 in allocation for the National Education Loan Commission, ¢553,338,437 in allocation for the Disability, Old Age and Death Regime, ¢ 110,667,687 for the National Emergency Commission and ¢952,662,408 for INFOCOOP for a total of ¢1,801,114,679.

(31) Components of other comprehensive income

The components of other comprehensive income are as follows:

		June 2024		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Adjustment for investments at fair value through other comprehensive income	¢	11,366,598,532	(3,403,516,924)	7,963,081,608
Exchange differences for conversion of financial statements, foreign entities		696,915,817	0	696,915,817
Changes in equity from foreign subsidiaries		(195,407,930)	0	(195,407,930)
Change in equity of subsidiaries from unrealized profit		548,715,547	0	548,715,547
	¢	**12,416,821,966**	**(3,403,516,924)**	**9,013,305,042**

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

		June 2023		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Adjustment for investments at fair value through other comprehensive income	¢	50,420,285,566	(15,482,019,801)	34,938,265,765
Exchange differences for conversion of financial statements, foreign entities		(6,593,267,384)	0	(6,593,267,384)
Changes in equity from foreign subsidiaries		(80,346,143)	0	(80,346,143)
Change in equity of subsidiaries from unrealized profit		2,496,693,201	0	2,496,693,201
	¢	**46,243,365,240**	**(15,482,019,801)**	**30,761,345,439**

(32) Operating leases

The Bank as tenant

As to date there are no operating leases.

(33) Fair value

Fair values of financial instruments are as follows:

		June 2024		December 2023		June 2023	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	900,588,521,784	900,588,521,784	825,116,996,393	825,116,996,393	893,489,204,517	893,489,204,517
Investment		1,490,306,068,084	1,466,594,976,024	1,438,028,141,675	1,417,961,031,325	1,504,589,751,968	1,482,498,836,622
Loan portfolio		3,345,541,787,275	3,542,377,680,333	3,243,235,811,248	3,434,520,458,713	3,178,711,404,110	3,523,878,193,520
		5,736,436,377,143	5,909,561,178,141	5,506,380,949,316	5,677,598,486,431	5,576,790,360,595	5,899,866,234,659
Demand deposits		3,091,157,022,446	3,091,157,022,446	3,136,558,033,428	3,136,558,033,428	2,919,377,902,346	2,919,377,902,346
Term deposits		1,530,297,740,776	1,514,025,437,546	1,321,626,600,481	1,305,524,221,793	1,639,021,354,976	1,609,138,799,385
Financial obligations		481,016,401,748	405,675,217,595	457,579,653,559	384,497,841,250	444,813,556,245	365,899,328,694
	¢	5,102,471,164,970	5,010,857,677,587	4,915,764,287,468	4,826,580,096,471	5,003,212,813,567	4,894,416,030,425

(Continues)

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

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

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

(b) Investments in financial instruments

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

(c) Securities sold under repurchase agreements

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

(d) Loan portfolio

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

(e) Deposits and loans payable

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

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

(Continues)

(34) Risk Management

Comprehensive Risk Management

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

Corporate governance of the risk management area

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

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

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

(Continues)

General Risk Principles and Policies

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

Classification of significant risks

The relevant risks for the Bank are classified as follows:

Classification of risk

Transversal	Reputational Concentration Contagion
Financial	Credit Counterparty Market Liquidity
Non.financial	Strategic Of models Operative legal Information security and IT Environmental-social-gobernance-climat Regulatory and compliance Money laundering, financing of terrorism, financing of the proliferation of weapons of mass destruction and financing of organized crime (ML/FT/FPWMD/FOC

Types of risks related to the strategic plan

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

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

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

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

(Continues)

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

Process of comprehensive risk management

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

Types of risk assessments

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

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

Risk control framework

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

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

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

(Continues)

Coverage

In accordance with the regulations, estimates and provisions are maintained. Implemented risk assessment models seek to establish additional capital requirements to cover non-expected losses. Likewise, BCR net worth equity indicator is evaluated to analyze its ability to respond to different types of risk, which since June 2023 has remained in normality 1 (equal or greater than 14.00%) in accordance with the General Superintendency of Financial Entities.

Evaluation of the effectiveness and maturity of the System

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

Information generated by the Comprehensive Risk Management System

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

(a) Credit risk management

Definition

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

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

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

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

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

Management methodology

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

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

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

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

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

(Continues)

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

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

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

Exposure and risk management

At the end of June 2024, the percentage of arrears greater than 90 days remained at 2,53% (2,74% and 2,90 for December and June 2023, respectively). This last indicator is out of the risk appetite according to the Risk Appetite Declaration, with personal banking showing the highest delinquencies.

The US dollar portfolio accounts for 24.63% of the total portfolio by the end of June (22.98% and 22.43% for December and June 2023, respectively). It is important to mention, that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and in particular to the portfolio of clients with exposure to exchange risk.

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

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

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

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

Expected losses are shown in the following table:

Banco de Costa Rica, expected losses of the investment portfolio
by currency
December 2023 vs June 2024

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of June 30, 2024			
Colones	424,613,197	6,914,486	41,018,932,310
US dollars	203,944	0	4,908,505
UDES	928	0	0
Value correction for losses As of December 31, 2023			
Colones	492,505,313	6,662,972	52,563,569,429
US dollars	210,291	0	8,588,829
UDES	1,300	0	0
Rollover to 12-month expected credit losses			
Colones	(57,257,356)	(251,514)	11,544,999,887
US dollars	52,527	0	3,680,436
UDES	(372)	0	0

(Continues)

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

Value correction for losses		12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of December 31, 2023				
	Colones	424,717,621	0	0
	US dollars	185,230	0	0
	UDES	1,300	0	0
Value correction for losses As of December 31, 2022				
	Colones	1,352,956,981	116,852,886	5,753,000,000
	US dollars	856,310	0	0
	UDES	0	50,098	1,862,000
Rollover to 12-month expected credit losses				
	Colones	(928,239,361)	(116,852,886)	(5,753,000,000)
	US dollars	(671,081)	0	0
	UDES	1,300	(50,098)	(1,862,000)

Banco de Costa Rica, expected losses of the investment portfolio
by currency
December 2022 vs June2023

Value correction for losses		12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of June 30, 2023				
	Colones	768,418,148	0	0
	US dollars	425,985	0	0
	UDES	4,158	0	0
Value correction for losses As of December 31, 2022				
	Colones	1,352,956,981	116,852,886	5,753,000,000
	US dollars	856,310	0	0
	UDES	0	50,098	1,862,000
Rollover to 12-month expected credit losses				
	Colones	(584,538,833)	(116,852,886)	(5,753,000,000)
	US dollars	(430,325)	0	0
	UDES	4,159	(50,098)	(1,862,00)

As of the end of June 2024, the expected loss of the investment portfolio was 0.04%, with no change compared to December 2023. When compared to the previous quarter (March 2024), the variation in the expected loss indicator was 0.01% due to a 5.35% increase in exposure.

(Continues)

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

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

	Note		Direct loan portfolio June 2024	Direct loan portfolio December 2023	Direct loan portfolio June 2023	Contingent loan portfolio June 2024	Contingent loan portfolio December 2023	Contingent loan portfolio June 2023
Principal	6a	¢	3,349,498,591,607	3,245,765,363,343	3,189,640,537,987	214,093,981,593	217,178,614,739	195,966,562,079
Interest			17,514,257,264	17,936,955,267	19,118,419,364	0	0	0
			3,367,012,848,871	3,263,702,318,610	3,208,758,957,351	214,093,981,593	217,178,614,739	195,966,562,079
Allowance for bad debts			(168,998,446,418)	(124,601,629,687)	(140,522,407,111)	(6,923,710,905)	(298,047,496)	(309,014,887)
Carrying amount		¢	3,198,014,402,453	3,139,100,688,923	3,068,236,550,240	207,170,270,688	216,880,567,243	195,657,547,192
Loan portfolio								
A1		¢	0	2,563,133,496,963	2,545,646,233,659	0	211,322,024,388	190,114,473,853
A2			0	3,117,196,781	33,399,252,905	0	319,588,092	1,273,257,918
B1			0	260,868,161,925	147,727,263,950	0	2,910,408,383	1,808,854,051
B2			0	1,285,748,107	19,053,959,401	0	42,883,009	141,366,989
C1			0	140,255,975,763	157,995,178,011	0	1,059,762,559	540,196,585
C2			0	2,552,664,227	6,274,119,578	0	23,769,022	63,273,769
D			0	107,278,513,781	74,266,934,191	0	293,991,268	568,520,806
E			0	98,878,396,515	147,048,495,101	0	1,200,289,606	1,446,441,682
1			2,576,484,524,402	80,019,058,345	73,531,215,434	167,223,218,755	5,898,412	10,176,426
2			546,707,126,359	512,502,422	936,533,025	2,850,809,490	0	0
3			46,518,761,632	4,166,260,134	888,766,283	0	0	0
4			64,989,027,515	585,107,861	1,005,370,621	40,284,498,283	0	0
5			44,571,848,738	228,027,154	271,397,378	3,696,686,085	0	0
6			1,998,204,225	821,208,632	714,237,814	0	0	0
7			4,674,911,921	0	0	31,793,004	0	0
8			81,068,444,079	0	0	6,975,976	0	0
			3,367,012,848,871	3,263,702,318,610	3,208,758,957,351	214,093,981,593	217,178,614,739	195,966,562,079
Allowance for bad debts			(54,233,462,462)	(67,629,859,159)	(75,104,238,604)	0	(104,465,012)	(83,735,073)
Carrying amount, net			3,312,779,386,409	3,196,072,459,451	3,133,654,718,747	214,093,981,593	217,074,149,727	195,882,827,006
Carrying amount			3,367,012,848,871	3,263,702,318,610	3,208,758,957,351	214,093,981,593	217,178,614,739	195,966,562,079
Allowance for bad debts			(54,233,462,462)	(67,629,859,159)	(75,104,238,604)	0	(104,465,012)	(83,735,073)
(Surplus) inadequacy of allowance on structural estimate			(114,764,983,956)	(56,971,770,528)	(65,418,168,507)	(6,923,710,905)	(193,582,484)	(225,279,814)
Carrying amount, net	6a	¢	**3,198,014,402,453**	**3,139,100,688,923**	**3,068,236,550,240**	**207,170,270,688**	**216,880,567,243**	**195,657,547,192**

Loan Portfolio		Direct loan portfolio				Contingent loan portfolio	
Direct specific allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
1		2,576,484,524,402	0	0	(6,735,142,077)	167,223,218,755	0
2		546,707,126,359	0	0	(4,649,093,129)	2,850,809,490	0
3		46,518,761,632	0	0	(2,240,346,869)	0	0
4		64,989,027,515	0	0	(3,678,751,821)	40,284,498,283	0
5		44,571,848,738	0	0	(2,941,622,472)	3,696,686,085	0
6		1,998,204,225	0	0	(570,121,957)	0	0
7		4,674,911,921	0	0	(825,770,576)	31,793,004	0
8		81,068,444,079	0	0	(32,592,613,561)	6,975,976	0
	¢	**3,367,012,848,871**	**0**	**0**	**(54,233,462,462)**	**214,093,981,593**	**0**
	¢	**3,367,012,848,871**	**0**	**0**	**(54,233,462,462)**	**214,093,981,593**	**0**

Direct specific allowance Aging of loan portfolio		Direct loan portfolio				Contingent loan portfolio	
Direct specific allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date		3,120,077,389,466	0	0	(17,052,136,524)	214,093,981,593	0
Equal or less than 30 days		115,611,110,588	0	0	(1,681,764,701)	0	0
Equal or less than 60 days		31,213,038,619	0	0	(942,992,873)	0	0
Equal or less than 90 days		10,312,964,586	0	0	(741,779,762)	0	0
Equal or less than 180 days		11,127,468,556	0	0	(2,484,812,841)	0	0
More than 180 days		78,670,877,056	0	0	(31,329,975,761)	0	0
	¢	**3,367,012,848,871**	**0**	**0**	**(54,233,462,462)**	**214,093,981,593**	**0**
	¢	**3,367,012,848,871**	**0**	**0**	**(54,233,462,462)**	**214,093,981,593**	**0**

(Continues)

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Notes to the separate financial statements

As of December 31, 2023

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

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

(Continues)

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Notes to the separate financial statements

As of June 30, 2023

Loan Portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2,545,646,233,659	1,683,209,471,763	862,436,761,896	(12,728,231,266)	190,114,473,853	(78,077,191)
A2		33,399,252,905	28,012,601,417	5,386,651,488	(166,996,267)	1,273,257,918	0
1		73,531,215,434	39,148,517,037	34,382,698,397	(184,257,180)	10,176,426	(6,360)
		2,652,576,701,998	1,750,370,590,217	902,206,111,781	(13,079,484,713)	191,397,908,197	(78,083,551)
Direct specific allowance							
B1		147,727,263,950	135,838,273,099	11,888,990,851	(1,273,640,909)	1,808,854,051	(1,886,020)
B2		19,053,959,401	17,600,338,686	1,453,620,715	(233,363,766)	141,366,989	(274,791)
C1		157,995,178,011	155,822,205,650	2,172,972,361	(1,322,354,120)	540,196,585	(3,135,375)
C2		6,274,119,578	5,355,415,637	918,703,941	(486,129,050)	63,273,769	0
D		74,266,934,191	66,180,889,291	8,086,044,900	(6,301,519,575)	568,520,806	(322,820)
E		147,048,495,101	86,736,746,987	60,311,748,114	(52,234,267,760)	1,446,441,682	(32,516)
2		936,533,025	837,070,558	99,462,467	(9,158,476)	0	0
3		888,766,283	741,309,770	147,456,513	(40,570,677)	0	0
4		1,005,370,621	860,439,138	144,931,483	(76,767,937)	0	0
5		271,397,378	261,442,537	9,954,841	(8,275,601)	0	0
6		714,237,814	678,926,426	35,311,388	(38,706,020)	0	0
	¢	556,182,255,353	470,913,057,779	85,269,197,574	(62,024,753,891)	4,568,653,882	(5,651,522)
	¢	3,208,758,957,351	2,221,283,647,996	987,475,309,355	(75,104,238,604)	195,966,562,079	(83,735,073)

Loan Portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Aging of loan portfolio							
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2,506,416,180,222	1,651,624,817,818	854,791,362,404	(12,710,021,133)	191,387,731,771	(78,083,551)
Equal or less than 30 days		72,132,524,151	59,241,786,992	12,890,737,159	(366,924,528)	0	0
Equal or less than 60 days		496,782,192	355,468,371	141,313,821	(2,539,052)	0	0
		2,579,045,486,565	1,711,222,073,181	867,823,413,384	(13,079,484,713)	191,387,731,771	(78,083,551)
Direct specific allowance							
Up to date		450,674,356,363	390,382,338,716	60,292,017,647	(13,792,689,368)	4,578,830,308	(5,651,522)
Equal or less than 30 days		24,891,984,121	19,430,613,946	5,461,370,175	(1,717,000,359)	0	0
Equal or less than 60 days		40,200,754,658	33,210,360,276	6,990,394,382	(1,911,645,431)	0	0
Equal or less than 90 days		15,651,834,855	12,288,552,483	3,363,282,372	(1,595,804,043)	0	0
Equal or less than 180 days		12,798,376,416	7,916,935,540	4,881,440,876	(4,438,477,102)	0	0
More than 180 days		85,496,164,373	46,832,773,854	38,663,390,519	(38,569,137,588)	0	0
	¢	629,713,470,786	510,061,574,815	119,651,895,971	(62,024,753,891)	4,578,830,308	(5,651,522)
	¢	3,208,758,957,351	2,221,283,647,996	987,475,309,355	(75,104,238,604)	195,966,562,079	(83,735,073)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

		Loans receivable from customer	
On June 30, 2024		Gross	Net
Risk Category:			
1	¢	2,576,484,524,402	2,569,749,382,364
2		546,707,126,359	542,058,033,237
3		46,518,761,632	44,278,414,764
4		64,989,027,515	61,310,275,696
5		44,571,848,738	41,630,226,266
6		1,998,204,225	1,428,082,269
7		4,674,911,921	3,849,141,345
8		81,068,444,079	48,475,830,468
	¢	3,367,012,848,871	3,312,779,386,409

		Loans receivable from customer	
On June 30, 2023		Gross	Net
Risk Category:			
A1	¢	2,545,646,233,661	2,532,918,002,393
A2		33,399,252,905	33,232,256,638
B1		147,727,263,950	146,453,623,041
B2		19,053,959,401	18,820,595,635
C1		157,995,178,011	156,672,823,891
C2		6,274,119,578	5,787,990,529
D		74,266,934,191	67,965,414,616
E		147,048,495,101	94,814,227,341
1		73,531,215,434	73,346,958,255
2		936,533,023	927,374,547
3		888,766,283	848,195,606
4		1,005,370,621	928,602,684
5		271,397,378	263,121,777
6		714,237,814	675,531,794
	¢	3,208,758,957,351	3,133,654,718,747

(Continues)

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

In compliance with SUGEF Directive 1-05, as of June 30, 2024, the Bank must maintain a minimum allowance in the amount of ¢54,233,462,462, (¢67,734,324,171 and ¢75,187,973,677 for December and June 2023, respectively) of which ¢54,233,462,462, (¢67,629,859,159 and ¢75,104,238,604 for December and June 2023, respectively) is allocated to the valuation of the direct loan portfolio and ¢0.00 (¢104,465,012 and ¢75,104,238,604 for December and June 2023, respectively) to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢48,845,927,626, (¢12,817,921,587 and ¢6,950,280,513, for December and June 2023, respectively).

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

	June 2024		December 2023		June 2023	
	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts
Artistic, entertainment and recreative activities	¢ 3,016,212,413	0	0	0	0	0
Human health and social assistance activities	279,744,139	0	0	0	0	0
Administrative and support activities	19,598,021,663	0	0	0	0	0
Professional, scientific and technical activities	524,030,084	0	0	0	0	0
Trade	279,842,777,265	22,442,815,078	296,138,155,439	25,451,223,818	254,885,832,792	18,847,933,509
Manufacturing	204,612,719,636	0	232,754,738,209	6,554,821	218,761,263,975	6,554,821
Construction, purchase and repair of real estate	134,741,157,920	44,000,000	1,316,723,625,795	44,000,000	1,326,373,058,136	44,000,000
Agriculture, livestock. Hunting and related services	132,173,761,309	0	133,828,756,266	0	130,121,198,622	00
Fishing and aquaculture	0	0	42,617,690	0		
Consumer	286,610,522,002	0	265,748,034,982	142,284,376,588	257,292,585,297	125,813,450,183
Education	508,251,515	0	657,174,250	0	697,640,310	
Transportation	30,404,566,753	0	31,005,549,708	43,447,072	32,328,965,813	44,396,272
Financial and stock Exchange	118,553,678	0	2,687,299,499	0	3,147,159,118	
Telecommunications and public utilities	79,551,869,798	0	237,657,850,422	0	242,164,436,170	
Services	564,397,632,710	42,300,263,706	582,789,273,745	53,300,298,901	568,313,713,435	55,427,519,178
Hospitality	86,034,846,178,	45,195,332	104,478,630,055	0	109,359,263,053	140,944,203
Mining and quarrying	18,425,717	6,554,821	21,982,027	0	25,448,807	0
Real estate. business and leasing activities	1,242,803,801,157	38,935,850	21,398,613,478	0	24,436,335,465	0
Public Administration	284,261,697,670	0	19,382,332,809	10,820,576,851	21,215,643,157	1,892,043,033
Other activities from the non financial private sector	0	157,964,048,554	450,728,969	279,940,847	475,007,038	17,483,347
	3,349,498,591,607	222,841,813,341	3,245,765,363,343	232,230,418,898	3,189,640,537,987	202,234,324,546
Other contingencies	0	227,019,706,478	0	232,883,506,405	0	237,373,438,279
	¢ 3,349,498,591,607	**449,861,519,819**	**3,245,765,363,343**	**465,113,925,303**	**3,189,640,537,987**	**439,607,762,825**

(Continues)

As of June 30, 2024, and December and June 2023, the Bank’s risk associated to the loan portfolio is concentrated in Costa Rica.

As of June 30, 2024, the Bank has banking mandates for ¢671,489, (¢166,500 and ¢ 946,229, for December and June 2023, respectively).

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

		June 2024	December 2023	June 2023
Properties	¢	28,076,120,525	87,259,101,407	94,385,104,528
Other		76,331,132	456,364,933	580,854,200
	¢	**28,152,451,657**	**87,715,466,340**	**94,965,958,728**

The loan portfolio by type of guarantee is as follows:

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

	June 2024		December 2023		June 2023	
	Loan portfolio	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**
Guarantee						
Fiduciary	480,411,706,766	0	450,206,132,232	0	438,003,289,832	0
Mortgage	1,468,299,518,076	0	1,467,751,992,020	0	1,490,273,591,341	0
Chattel mortgage	81,162,387,085	0	82,033,046,093	0	83,488,207,927	0
Other	1,319,624,979,680	222,841,813,341	1,245,774,192,998	208,940,162,550	1,177,875,448,895	202,234,324,554
¢	**3,349,498,591,607**	**222,841,813,341**	**3,245,765,363,343**	**208,940,162,550**	**3,189,640,537,995**	**202,234,324,554**

See notes 6 and 19.

As of June 30, 2024, 47% of the loan portfolio is secured by mortgage or chattel collaterals (48% and 49% for December and June 2023, respectively).

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

As of June 30, 2024, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

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

As of June 30, 2024:

	Percentage	Band		Total value	Nº customers
1	0-4,99%	27,305,902,211	¢	79,759,664,462	1
2	5-9,99%	54,611,804,422		779,256,644,981	86
3	10-14,99%	81,917,706,633		0	0
4	15-20%	109,223,608,845		0	0
Total			¢	**859,016,309,443**	**87**

As of December 31, 2023:

No.	Percentage	Band		Total value	Nº customers
1	0-4.99%	26,628,144,598	¢	83,084,177,539	1
2	5-9.99%	53,256,289,197		227,731,503,220	3
3	10-14.99%	79,884,433,795		0	0
4	15-20%	106,512,578,393		0	0
Total			¢	**310,815,680,759**	**4**

As of June 30, 2023:

	Percentage	Band		Total value	Nº customers
1	0-4,99%	26,628,144,598	¢	86,186,303,317	1
2	5-9,99%	53,256,289,197		60,231,848,968	4
3	10-14,99%	79,884,433,795		0	0
4	15-20%	106,512,578,393		0	0
Total			¢	**146,418,152,285**	**5**

(b) Management of market and liquidity risk

Definitions

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

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

(Continues)

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

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

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

Management methodology of market and liquidity risk

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

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

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

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

(Continues)

Tolerance limits and risk indicators

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

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

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

Exposure and risk management

(c) Liquidity risk

Cash and cash equivalents show a year-on-year decrease of 9.63%, mainly due to decreases in investments for decreases in cash and restricted availabilities, checking accounts and demand deposits in financial entities abroad as well as investments in financial instruments held-for-trading (see cash and cash equivalents table in note 4).

Demand deposits increase by 6.56% on a year-on-year basis, due to the increase in current account balances, demand savings deposits and other term and demand obligations with the public (see chart of demand obligations with the public in note 12).

Wholesale funding increased year-over-year by 8.14%, primarily due to accounts payable for obligations with the Central Bank of Costa Rica (BCCR), term deposits from domestic financial institutions, loans from foreign financial institutions and subordinated loans (See the table of obligations with financial institutions and the Central Bank in note 14).

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

	June 2024	**December 2023**	**June 2023**
Liquidity coverage indicator (colones)	1.57	1.26	1.30
Liquidity coverage indicator (US dollars)	1.41	1.80	1.63
Regulatory limit	1.00	1.00	1.00

(Continues)

On the other hand, the term matches, another regulatory indicator, had the following results indicator as of June 30, 2024:

Regulatory liquidity matches by currency and term		June 2024	December 2023	June 2023		
Indicator	**Interpretation**	**Observation**	**Observation**	**Observation**	**Approved levels**	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.95	1.90	2.12	Limite:	1.13
1-month term matching colones		2.58	2.19	2.47	Limite:	1.03
3-months term matching US dollars		1.31	1.26	1.39	Limite:	0.98
3-months term matching colones		1.58	1.45	1.71	Limite:	0.88

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

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

BANCO DE COSTA RICA

Notes to the separate financial statements

The Bank’s assets and liabilities mature as follows:

As of June 30, 2024

Assets	**Demand**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**More than 365 days**	**More than 30 days past due**	**Total**
Cash and due from banks	¢ 266,973,013,548	0	0	0	0	0	0	0	266,973,013,548
Cash reserve- BCCR	422,989,481,419	26,787,807,992	20,047,877,340	19,127,993,210	66,395,848,712	40,836,652,214	37,429,847,349	0	633,615,508,236
Investments	0	215,569,321,229	36,802,280,101	75,191,200,674	33,066,998,235	187,002,507,346	918,962,668,439	0	1,466,594,976,024
Interest on investments	0	7,786,272,128	5,911,667,621	4,147,706,329	5,483,384,951	228,639,939	153,421,092	0	23,711,092,060
Loan portfolio	0	72,703,172,999	38,676,360,392	39,754,905,472	143,243,806,440	140,005,198,648	2,773,883,049,217	119,761,036,843	3,328,027,530,011
Interest on loans	0	8,969,165,360	237,538,479	110,304,232	741,342,846	8,142,305	3,088,660,488	4,359,103,554	17,514,257,264
	¢ **689,962,494,967**	**331,815,739,708**	**101,675,723,933**	**138,332,109,917**	**248,931,381,184**	**368,081,140,452**	**3,733,517,646,585**	**124,120,140,397**	**5,736,436,377,143**
Liabilities									
Obligations with the public	3,073,465,542,123	194,586,274,113	145,617,556,933	138,966,537,077	482,572,993,784	296,636,276,723	272,048,231,233	0	4,603,893,411,986
Obligations with the BCCR	0	0	0	0	0	93,950,614,443	0	0	93,950,614,443
Obligations with financial Entities	52,486,441,276	153,244,089,822	12,169,393,304	39,593,104,919	22,542,844,914	25,453,691,858	27,475,066,947	0	332,964,633,040
Charges payable	1,670,039,462	4,174,193,634	3,255,758,443	2,523,741,084	3,160,878,267	5,697,739,453	1,036,400,179	0	21,518,750,522
	3,127,622,022,861	**352,004,557,569**	**161,042,708,680**	**181,083,383,080**	**508,276,716,965**	**421,738,322,477**	**300,559,698,359**	0	**5 052 327 409 991**
Assets and liabilities spread	**(2,437,659,527,894)**	**(20,188,817,861)**	**(59,366,984,747)**	**(42,751,273,163)**	**(259,345,335,781)**	**(53,657,182,025)**	**3,432,957,948,226**	**124,120,140,397**	**684,108,967,152**

(Continues)

As of December 31, 2023

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢	253,892,717,009	0	0	0	0	0	0	0	
Cash reserve- BCCR		400,893,880,857	34,998,613,247	19,019,785,000	15,414,830,100	32,711,519,093	35,131,400,368	33,054,250,719	0	253,892,717,009
Investments		0	463,897,287,503	10,428,871,619	6,651,217,219	98,711,806,689	142,342,282,496	695,929,565,800	0	571,224,279,384
Interest on investments		0	8,898,203,698	5,060,250,151	950,649,936	4,266,460,054	891,546,510	0	0	1,417,961,031,326
Loan portfolio		0	59,971,234,877	33,866,618,540	36,115,237,694	117,434,652,954	197,780,928,755	2,644,659,212,417	135,470,970,744	20,067,110,349
Interest on loans		0	9,030,053,409	187,126,531	115,007,835	822,709,629	28,630,253	2,145,603	7,751,282,007	3,225,298,855,981
	¢	**654,786,597,866**	**576,795,392,734**	**68,562,651,841**	**59,246,942,784**	**253,947,148,419**	**376,174,788,382**	**3,373,645,174,539**	**143,222,252,751**	**5,506,380,949,316**
Liabilities										
Obligations with the public	¢	3,109,625,393,854	271,480,890,184	147,648,524,063	119,655,335,781	253,792,663,855	272,903,074,147	256,297,829,692	0	4,431,403,711,576
Obligations with the BCCR		0	0	0	0	0	0	103,950,578,331	0	103,950,578,331
Obligations with financial Entities		31,253,391,901	150,996,543,030	27,750,209,005	8,500,000,000	23,099,800,285	40,553,374,825	17,361,841,132	0	299,515,160,178
Charges payable		1,953,277,310	13,108,132,023	5,282,934,671	2,111,658,651	2,726,736,007	2,093,631,094	3,476,091,101	0	30,752,460,857
		3,142,832,063,065	**435,585,565,237**	**180,681,667,739**	**130,266,994,432**	**279,619,200,147**	**315,550,080,066**	**381,086,340,256**	**0**	**4,865,621,910,942**
Assets and liabilities spread	¢	**(2,488,045,465,199)**	**141,209,827,497**	**(112,119,015,898)**	**(71,020,051,648)**	**(25,672,051,728)**	**60,624,708,316**	**2,992,558,834,283**	**143,222,252,751**	**640,759,038,374**

As of June 30, 2023

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢	283,577,592,034	0	0	0	0	0	0	0	283,577,592,034
Cash reserve -BCCR		389,459,714,872	29,208,612,811	21,553,528,068	16,447,820,473	77,770,235,231	46,595,626,043	28,876,074,985	0	609,911,612,483
Investments		0	319,282,971,806	24,629,915,886	62,323,091,467	106,569,158,955	236,285,177,331	733,408,521,177	0	1,482,498,836,622
Interest on investments		0	11,862,706,700	5,977,859,349	1,773,751,380	1,838,365,043	351,551,159	286,681,717	0	22,090,915,348
Loan portfolio		0	55,788,030,685	33,402,388,101	36,305,353,069	104,943,167,533	123,202,155,232	2,659,860,334,564	146,091,555,562	3,159,592,984,746
Interest on loans		0	9,244,407,064	796,083,654	58,921,609	974,399,166	13,346,749	5,446,941,379	2,584,319,743	19,118,419,364
	¢	**673,037,306,906**	**425,386,729,066**	**86,359,775,058**	**116,908,937,998**	**292,095,325,928**	**406,447,856,514**	**3,427,878,553,822**	**148,675,875,305**	**5,576,790,360,597**
Liabilities										
Obligations with the public	¢	2,884,209,557,513	216,017,061,718	158,941,525,143	121,611,710,070	581,221,501,190	345,769,305,140	215,591,713,420	0	4,523,362,374,194
Obligations with BCCR		0	0	0	0	0	0	104,832,832,189	0	104,832,832,189
Obligations with financial entities		60,149,607,715	155,144,272,650	1,584,199,654	18,791,138,320	12,221,360,136	18,880,369,151	19,664,233,627	0	286,435,181,253
Charges payable		2,290,957,462	6,820,033,818	4,276,715,995	2,303,950,672	12,679,239,427	7,388,426,337	2,682,023,863	0	38,441,347,574
		2,946,650,122,690	**377,981,368,186**	**164,802,440,792**	**142,706,799,062**	**606,122,100,753**	**372,038,100,628**	**342,770,803,099**	**0**	**4 953 071 735 210**
Assets and liabilities spread	¢	**(2,273,612,815,784)**	**47,405,360,880**	**(78,442,665,734)**	**(25,797,861,064)**	**(314,026,774,825)**	**34,409,755,886**	**3,085,107,750,723**	**148,675,875,305**	**623,718,625,387**

(Continues)

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 57.33% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

		June 2024	December 2023	June 2023
VaR	¢	13,886,549,828	13,762,383,855	19,096,849,538

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

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk.

The BCR applies a gap model, which allows identifying the structure of rate-sensitive assets and liabilities; A sensitivity analysis is carried out on the result with the interest rates of two scenarios, one base rate, which is close to the monthly projections of the Corporate Risk Management and another rate adverse, which includes interest rates with a less probable behavior. The projected BUST 2024 rates were used for the scenarios.

Following, the results by currency:

		Results June 2024	**Base scenario**	**Adverse scenario**	**Scenario +-100 bp**	**Scenario +-200 bp**
Colones	Cumulative one-year gap	1,065,085.05	1,065,085.05	1,065,085.05	1,065,085.05	1,065,085.05
	TBP (one-year projection)	4.19%	3.72%	4.74%	5.50%	6.50%
	Impact on the margin	(3,561,.05)	(8,816.07)	2,696.63	(+-)11,374.84	(+-)22,749.68
US dollars	Cumulative one-year gap	197,955.07	197,955.07	197,955.07	197,955.07	197,955.07
	Prime (one-year projection)	7.86%	7.05%	10.23%	9.50%	10.50%
	Impact on the margin	(1,318.14)	(3,000.54)	3,592.42	(+-)2,074.49	(+-)4,148.99

(Continues)

As of June 30, 2024

	Effective rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones									
Assets									
Investments	6.25%	¢	158,463,340,032	75,071,106,160	28,163,051,341	169,311,599,000	363,751,800,000	411,159,710,300	1,205,920,606,833
Loan portfolio	8.59%		1,499,836,083,007	135,320,088,539	104,822,546,157	49,237,920,293	91,058,949,929	1,449,654,403,405	3,329,929,991,330
Total recovered assets (*)			**1,658,299,423,039**	**210,391,194,699**	**132,985,597,498**	**218,549,519,293**	**454,810,749,929**	**1,860,814,113,705**	**4,535,850,598,163**
Liabilities									
Obligations with the public			148,016,916,495	208,363,259,838	397,030,716,622	221,032,907,296	124,436,181,851	60,043,498,612	1,158,923,480,714
Demand obligations	2.28%								
Term obligations	9.89%								
Obligations with financial entities	3.87%		15,119,884,830	25,285,757,835	22,433,364,306	117,857,882,089	3,436,268	0	180,700,325,328
Total matured liabilities (*)			**163,136,801,325**	**233,649,017,673**	**419,464,080,928**	**338,890,789,385**	**124,439,618,119**	**60,043,498,612**	**1,339,623,806,042**
Assets and liabilities spread		¢	**1,495,162,621,714**	**(23,257,822,974)**	**(286,478,483,430)**	**(120,341,270,092)**	**330,371,131,810**	**1,800,770,615,093**	**3,196,226,792,121**
US Dollars									
Assets									
Investments	5.33%	¢	66,204,083,354	52,679,916,497	22,221,702,197	18,370,750,350	71,295,060,150	34,702,074,250	265,473,586,798
Loan portfolio	7.34%		245,129,312,008	41,310,841,534	60,256,862,372	37,981,175,884	61,379,642,710	660,509,109,651	1,106,566,944,159
Total recovered assets (*)			**311,333,395,362**	**93,990,758,031**	**82,478,564,569**	**56,351,926,234**	**132,674,702,860**	**695,211,183,901**	**1,372,040,530,957**
Liabilities									
Obligations with the public			54,174,284,333	77,815,964,237	101,509,554,131	81,929,184,809	19,983,259,726	14,236,404,285	349,648,651,521
Demand obligations	0.92%								
Term obligations	1.90%								
Obligations with financial entities	3.87%		531,364,738	27,277,354,229	910,188,047	2,051,678,449	1,886,521,818	21,534,703,953	54,191,811,234
Total matured liabilities (*)			**54,705,649,071**	**105,093,318,466**	**102,419,742,178**	**83,980,863,258**	**21,869,781,544**	**35,771,108,238**	**403,840,462,755**
Assets and liabilities spread			**256,627,746,291**	**(11,102,560,435)**	**(19,941,177,609)**	**(27,628,937,024)**	**110,804,921,316**	**659,440,075,663**	**968,200,068,202**

(*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of December 31, 2023

	Effective rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones									
Assets									
Investments	6.68%	¢	327,790,476,180	20,604,817,350	63,574,487,485	106,030,034,892	196,616,500,000	394,967,221,544	1,109,583,537,451
Loan portfolio	8.77%		1,485,366,749,918	106,691,826,684	109,597,126,789	58,752,719,059	117,380,301,144	1,375,106,671,181	3,252,895,394,775
Total recovered assets (*)			**1,813,157,226,098**	**127,296,644,034**	**173,171,614,274**	**164,782,753,951**	**313,996,801,144**	**1,770,073,892,725**	**4,362,478,932,226**
Liabilities									
Obligations with the public									
Demand obligations	2.74%		224,173,564,980	191,111,033,827	206,713,281,918	175,264,063,924	116,562,673,410	58,466,759,532	972,291,377,591
Term obligations	9.89%								
Obligations with financial entities	2.41%		8,208,806,050	36,707,117,033	23,179,900,304	13,372,434,796	103,950,578,331	0	185,418,836,514
Total matured liabilities (*)			**232,382,371,030**	**227,818,150,860**	**229,893,182,222**	**188,636,498,720**	**220,513,251,741**	**58,466,759,532**	**1,157,710,214,105**
Assets and liabilities spread		¢	**1,580,774,855,068**	**(100,521,506,826)**	**(56,721,567,948)**	**(23,853,744,769)**	**93,483,549,403**	**1,711,607,133,193**	**3,204,768,718,121**
US Dollars									
Assets									
Investments	4.96%	¢	146,357,487,599	5,421,828,081	48,196,179,873	37,877,403,200	37,429,028,320	55,064,755,680	330,346,682,753
Loan portfolio	7.14%		248,713,620,947	31,913,610,170	48,776,693,523	88,685,380,933	87,984,061,187	377,957,315,206	884,030,681,966
Total recovered assets (*)			**395,071,108,546**	**37,335,438,251**	**96,972,873,396**	**126,562,784,133**	**125,413,089,507**	**433,022,070,886**	**1,214,377,364,719**
Liabilities									
Obligations with the public									
Demand obligations	0.92%		67,939,178,661	79,898,503,871	67,864,980,095	95,836,440,464	18,802,236,956	11,816,832,458	342,158,172,505
Term obligations	1.90%								
Obligations with financial entities	2.41%		2,635,337,340	787,777,946	632,728,395	27,630,918,694	2,288,366,797	10,328,601,220	44,303,730,392
Total matured liabilities (*)			**70,574,516,001**	**80,686,281,817**	**68,497,708,490**	**123,467,359,158**	**21,090,603,753**	**22,145,433,678**	**386,461,902,897**
Assets and liabilities spread		¢	**324,496,592,545**	**(43,350,843,566)**	**28,475,164,906**	**3,095,424,975**	**104,322,485,754**	**410,876,637,208**	**827,915,461,822**

(*) Interest rate sensitive

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of June 30, 2023

	Effective rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones									
Assets									
Investments	7.99%	¢	231,824,369,964	56,307,598,888	88,158,608,639	82,441,350,800	316,239,952,454	344,847,972,028	1,119,819,852,773
Loan portfolio	9.46%		1,404,065,243,139	167,716,327,396	114,247,382,453	53,598,719,189	96,039,675,323	1,419,690,403,020	3,255,357,750,520
Total recovered assets (*)			**1,635,889,613,103**	**224,023,926,284**	**202,405,991,092**	**136,040,069,989**	**412,279,627,777**	**1,764,538,375,048**	**4,375,177,603,293**
Liabilities									
Obligations with the public			161,878,930,788	204,873,785,586	473,578,915,334	276,814,821,698	77,778,916,150	81,319,046,645	1,276,244,416,201
Obligations with financial entities	4.62%		10,444,055,274	12,157,676,888	11,858,431,130	18,014,412,498	104,873,234,439	0	157,347,810,229
Total matured liabilities (*)			**172,322,986,062**	**217,031,462,474**	**485,437,346,464**	**294,829,234,196**	**182,652,150,589**	**81,319,046,645**	**1,433,592,226,430**
Assets and liabilities spread		¢	**1,463,566,627,041**	**6,992,463,810**	**(283,031,355,372)**	**(158,789,164,207)**	**229,627,477,188**	**1,683,219,328,403**	**2,941,585,376,863**
US Dollars									
Assets									
Investments	4.88%	¢	101,117,773,238	42,573,831,258	28,761,579,505	67,380,946,590	28,512,517,200	129,733,326,960	398,079,974,751
Loan portfolio	7.52%		288,248,991,994	46,307,902,024	33,346,801,166	23,731,888,744	136,208,719,392	263,039,526,181	790,883,829,501
Total recovered assets (*)			**389,366,765,232**	**88,881,733,282**	**62,108,380,671**	**91,112,835,334**	**164,721,236,592**	**392,772,853,141**	**1,188,963,804,252**
Liabilities									
Obligations with the public			63,235,647,425	88,588,454,422	91,334,527,301	82,621,750,014	28,810,366,686	13,999,624,296	368,590,370,144
Obligations with financial entities	6.81%		1,099,350,361	9,308,312,844	816,300,735	1,528,253,399	2,723,916,697	11,776,363,575	27,252,497,611
Total matured liabilities (*)			**64,334,997,786**	**97,896,767,266**	**92,150,828,036**	**84,150,003,413**	**31,534,283,383**	**25,775,987,871**	**395,842,867,755**
Assets and liabilities spread		¢	**325,031,767,446**	**(9,015,033,984)**	**(30,042,447,365)**	**6,962,831,921**	**133,186,953,209**	**366,996,865,270**	**793,120,936,497**

(*) Interest rate sensitive

(Continues)

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of June 30, 2024, for ¢3,196,226,792,121, (¢3,204,768,718,121 and ¢2,941,585,376,863 for December and June 2023, respectively) while in foreign currency the same difference is of ¢968,200,068,202 (¢827,915,461,822 and ¢793,120,936,497 for December and June 2023, respectively) is shown, being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities) as of June 2024, the total amount in local currency was of ¢684,108,967,152, (¢640,759,038,371 and ¢502,841,065,484, for December and June 2023, respectively) while in foreign currency, the collected data for the compliance of obligations was of ¢74,464,150,58, (¢73,732,001,886, and ¢120,877,559,904, for December and June 2023, respectively) however, on a consolidated basis it shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching, US$170 million as of June 2024 (US$171 million for June 2023, respectively), given that the appetite for the ratio of position in foreign currency (PME) to base capital (CB) decreased.

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

		June 2024	December 2023	June 2023
Assets:				
Cash and due from banks	US$	465,176,688	449,804,193	516,031,841
Investments in financial instruments		490,247,515	616,367,171	708,356,116
Loan portfolio		1,472,377,211	1,329,941,254	1,215,306,621
Accounts and accrued interest receivable		2,215,780	1,143,790	3,197,756
Investments in other companies		136,781,953	132,998,697	129,754,602
Other		9,619,078	14,896,019	37,080,752
Total assets		2,576,418,225	2,545,151,124	2,609,727,688
Liabilities:				
Obligations with the public		2,119,406,351	2,106,349,595	2,083,755,604
Other financial obligations		257,572,449	240,460,507	227,265,562
Other account payable and provisions		20,961,531	23,855,679	22,901,101
Other liabilities		6,331,176	6,431,950	39,156,157
Total liabilities		2,404,271,507	2,377,097,731	2,373,078,424
Net position (excess of monetary assets over monetary liabilities	US$	**172,146,718**	**168,053,393**	**236,649,264**

From January 2020, monetary assets and liabilities in foreign currency are valued by using the reference sale rate established by BCCR on the last business day of each month, as of June 28, 2024, that rate was ¢528.80 for US$1.00 (¢549.48 for US $1.00 in June 2023).

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

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

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

Sensitivity to an increase in the exchange rate

	June 2024	December 2023	June 2023
Net position	172,146,716	168,053,392	236,649,264
Closing exchange rate	530.41	526.88	549.48
Increase in the exchange rate by 5%	26.52	26.34	27.47
Profit	4,565,330,908	4,426,526,345	6,500,755,282

Sensitivity to a decrease in the exchange rate

	June 2024	December 2023	June 2023
Net position	172,146,716	168,053,392	236,649,264
Closing exchange rate	530.41	526.88	549.48
Decrease in the exchange rate by 5%	(26.52)	(26.34)	(27.47)
Loss	(4,565,330,908)	(4,426,526,345)	(6,500,755,282)

Monetary assets and liabilities in Euros are detailed as follows:

		June 2024	December 2023	June 2023
Assets:				
Cash and due from banks	EUR€	9,957,508	7,270,923	7,648,206
Other assets		100	290,519	239,149
Total assets		9,957,608	7,561,442	7,887,355
Liabilities:				
Obligations with the public		6,870,712	6,449,613	6,870,418
Other financial obligations		1,168,302	105,668	885,436
Other accounts payable and provisions		23,909	43,680	60,636
Other liabilities		7,182	32,397	8,544
Total liabilities		8,070,105	6,631,358	7,825,036
Net position (excess of monetary assets over monetary liabilities)	EUR€	**1,887,503**	**930,084**	**62,319**

(Continues)

As of June 30, 2024, complying with SUGEF´s regulations, the term matching of the most important US dollar accounts is as follows:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	US$	172,429,844	0	0	0	0	0	0	0	172,429,844
Cash reserve- BCCR		195,578,875	14,073,478	10,835,372	9,408,597	26,530,969	21,472,906	14,846,649	0	292,746,846
Investments		0	123,169,241	51,382,507	42,329,292	38,823,368	34,073,649	194,196,223	0	483,974,280
Interest on investments		0	1,493,701	841,938	2,706,260	644,584	297,500	289,250	0	6,273,233
Loan portfolio		0	28,747,468	17,240,816	23,270,158	126,263,153	94,427,607	1,173,743,615	88,535,199	1,552,228,016
Interest on loans		0	3,756,544	35,416	104,615	0	0	5,819,800	0	9,716,375
		368,008,719	**171,240,432**	**80,336,049**	**77,818,922**	**192,262,074**	**150,271,662**	**1,388,895,537**	**88,535,199**	**2,517,368,594**
Liabilities										
Obligations with public		1,411,941,416	101,600,575	78,223,736	67,923,429	191,534,868	155,019,221	107,182,322	0	2,113,425,567
Obligations with financial Entities		14,996,576	141,420,380	404,120	50,731,087	1,555,159	4,282,020	43,730,541	0	257,119,883
Charges payable		192,630	1,162,507	783,039	1,374,425	1,152,470	1,210,767	557,512	0	6,433,350
		1,427,130,622	**244,183,462**	**79,410,895**	**120,028,941**	**194,242,497**	**160,512,008**	**151,470,375**	**0**	**2,376,978,800**
Assets and liabilities spread	US$	**(1,059,121,903)**	**(72,943,030)**	**925,154**	**(42,210,019)**	**(1,980,423)**	**(10,240,346)**	**1,237,425,162**	**88,535,199,**	**140,389,794**

As of December 31, 2023, in US dollars:

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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of June 30, 2023, in US dollars:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	US$	219,529,056	0	0	0	0	0	0	0	219,529,056
Cash reserve- BCCR		203,052,500	16,185,827	13,454,311	9,215,483	23,247,620	22,008,510	9,338,534	0	296,502,785
Investments		0	181,282,341	40,638,617	34,699,782	47,735,849	117,516,955	280,882,382	0	702,755,926
Interest on investments		0	2,381,031	1,273,244	0	791,382	632,799	521,733	0	5,600,189
Loan portfolio		0	20,411,233	11,927,846	13,921,560	71,745,588	64,266,211	1,022,000,812	94,369,878	1,298,643,128
Interest on loans		0	3,126,048	139,842	1,140	0	5,208	0	4,703,210	7,975,448
		422,581,556	**223,386,480**	**67,433,860**	**57,837,965**	**143,520,439**	**204,429,683**	**1,312,743,461**	**99,073,088**	**2,531,006,532**
Liabilities										
Obligations with public		1,423,250,069	113,450,856	94,304,917	64,593,819	162,948,875	154,263,616	65,456,320	0	2,078,268,472
Obligations with financial Entities		22,842,463	157,156,337	381,245	15,958,101	1,485,527	2,772,305	26,389,096	0	226,985,074
Charges payable		189,926	1,075,550	876,069	662,572	1,309,694	1,056,499	597,308	0	5,767,618
		1,446,282,458	**271,682,743**	**95,562,231**	**81,214,492**	**165,744,096**	**158,092,420**	**92,442,724**	**0**	**2,311,021,164**
Assets and liabilities spread	US$	**(1,023,700,902)**	**(48,296,263)**	**(28,128,371)**	**(23,376,527)**	**(22,223,657)**	**46,337,263**	**1,220,300,737**	**99,073,088**	**219,985,368**

(Continues)

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

For the period ended June 30, 2024, the separate accumulated financial statements show a net foreign exchange loss of ¢7,556,960,746, (¢12,257,949,237 and ¢6,441,827,555 net loss for December and June 2023, respectively2022).

(g) Capital Management

In the 2023 monitoring of the Capital Management Process in the BCR Financial Conglomerate, an update was carried out that includes requirements for climate risk, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

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

The capital requirement for price risk continues the downward trend observed since 2023. However, if there is an increase in interest rates, it could generate volatility and alter the observed behavior.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of June 2024 of 14.44% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

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

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

(Continues)

(i) Operational risk management

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

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

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

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

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

Gross operating losses - Percentage distribution by type of risk-

Type of operational risk		Accumulated gross losses 2024	June 2024	December 2023	June 2023
Clients, products, and business practices		58,994,584	21.70%	1.14%	0.53%
Execution, delivery, and management of processes		29,169,330	10.73%	47.64%	2.60%
External fraud		128,801,618	47.38%	46.19%	76.05%
Internal fraud		0	0.00%	2.15%	12.55%
Business interruption and system failures		31,332,173	11.53%	2.52%	7.52%
Labor relations and safety in the workplace		23,561,217	8.67%	0.37%	0.72%
Total	¢	**271,858,922**	**100.00%**	**100.00%**	**100.00%**

(Continues)

(j) Information and IT security risks

Information and IT security risks are managed by the BCR conglomerate with a corporate scope; among its main pillars are the following:

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

Evaluations and self-assessments are included in the annual work plan related to processes, projects, applications, strategy, services, platforms, hiring, criteria, and IT security are incorporated. In addition, risk indicators are reviewed and proposed, to monitor and control different events to which the BCR Financial Conglomerate may be exposed.

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

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

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

(k) Business Continuity

Business Continuity Testing

Business Impact Analysis

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

(Continues)

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

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

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

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

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

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

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

(Continues)

(m) Regulatory risk management and regulatory compliance

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

Regarding legal risk management, the entity monitors legal, regulatory, and contractual matters, as well as the rights and obligations associated with image rights and intellectual property. For the second quarter of 2024, the behavior of the legal risk indicators was monitored, corresponding to the litigation that represents the greatest exposure for the BCR Financial Conglomerate, this in the face of an adverse scenario in its judicial y extrajudicial result, as well as the registration in time and form of the notarial acts both from institutional and external notaries, product of commercial business carried out. Likewise, the monitoring of the litigation VAR indicator related to the provision for the payment of judgments.

In addition, monitoring of the behavior of the legislative projects that are in the Legislative Assembly that could significantly impact the CFBCR is maintained, in particular, Bill No. 22.661, Efficient Management for Public Sector Liquidity, which was passed as law of the Republic on June 11 of this year and has a significant impact on the Entity and its liquidity, law which repeals Special Supplementary Pension Regimes.

The applicability of the provisions of the General Public Procurement Law was also carried out, in terms of public procurement processes (article 37 of the appointment law), this through self-evaluations to reduced and minor tenders and evaluations to larger tenders or of inestimable amount. As of the cut-off date of this note, a total of 29 risk identification exercises have been carried out, of which 11 correspond to assessments and 18 to self-assessments.

For this quarter, self-assessments of the external binding regulations applicable to the Entity were implemented, resulting in a low risk in the analysis conducted.

For the next quarter, work will be focused on defining the mechanism for the self-assessment of critical suppliers, which must be included in the respective file of every Entity´s public contract.

(Continues)

(35) Financial Information of the Development Financing Fund

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

DEVELOPMENT FINANCING FUND
STATEMENT OF FINANCIAL POSITION
For the periods ended June 30, 2024
Financial Information
(In colones without cents)

		June 2024	December 2023	June 2023
ASSETS				
Available	¢	**3,499,530,917**	**127,357,508**	**4,816,538**
Cash		3 499 530 917	0	0
Central Bank of Costa Rica		0	127,357,508	4,816,538
Investment in financial instruments		**1,500,593,772**	**0**	**0**
At fair value through profit or loss		1,500,593,772	0	0
Loan portfolio	¢	**44,753,205,119**	**47,165,995,600**	**46,750,458,816**
Current loans		40,741,348,097	43,307,881,313	42,901,620,597
Past due loans		4,181,656,082	3,721,715,771	3,709,466,531
Loans on legal collection		437 827 953	742,263,981	704,889,599
(Deferred income loan portfolio)		(450 287 913)	(465,477,019)	(436,745,777)
Interest receivable		153,285,114	170,201,295	182,898,407
(Allowance for impairment)		(310 624 214)	(310,589,741)	(311,670,541)
Other assets		**26,894,563**	**165,766,632**	**23,494,155**
Intangible assets		0	2,767,988	1,870,937
Other assets		26,894,563	162,998,644	21,623,218
Total assets	¢	**49,780,224,371**	**47,459,119,740**	**46,778,769,509**
Liabilities				
Accounts payable and provisions	¢	**191,532,799**	**160,713,385**	**114,681,388**
Other sundry accounts payable		191 532 799	160,713,385	114,681,388
Other liabilities		**16,521,970**	**159,166,840**	**10,875,752**
Other liabilities		16,521,970	159,166,840	10,875,752
Total liabilities	¢	**208,054,769**	**319,880,225**	**125,557,140**
Equity				
Adjustments to equity - Other comprehensive income		**48,866,249,077**	**45,766,617,523**	**45,766,617,523**
Result of current period		**705,920,525**	**1,372,621,992**	**886,594,846**
Debit contingent accounts	¢	**49,572,169,602**	**47,139,239,515**	**46,653,212,369**
Other debit memoranda accounts	¢	**49,780,224,371**	**47,459,119,740**	**46,778,769,509**
Debit contingent accounts	¢	**1,111,500**	**5,898,412**	**10,176,426**
Other debit memoranda accounts	¢	**2,416,022,402**	**3,912,542,628**	**3,789,263,466**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

DEVELOPMENT FINANCING FUND
STATEMENT OF INCOME
For the periods ended June 30, 2024
Financial Information
(In colones without cents)

		June 2024	June 2023	Quarter from April 1 to June 30 2024	Quarter from April 1 to June 30 2023
Financial income					
Por inversiones en instrumentos financieros	¢	16,572,939	0	16,572,939	0
For loan portfolio		1,325,429,143	1,607,542,638	662,212,009	268,140,412
For profit on exchange differences		0	0	0	(1,596,391)
Total financial income		**1,342,002,082**	**1,607,542,638**	**678,784,948**	**266,544,021**
Financial expenses					
For losses on exchange differences		474,299	4,761,650	(1,332,496)	4,761,650
Total financial expenses		**474,299**	**4,761,650**	**(1,332,496)**	**4,761,650**
For allowance of asset impairment		0	1,266,818	0	(120,323,622)
For recovery of assets and decrease in estimates and provisions		121,825	1,157,545	(920,438)	935,47
Financial Result		**1,341,649,608**	**1,602,671,715**	**679,197,006**	**383,041,469**
Other Operating Income					
For Other Operating Income		1,985,807	6,796,701	344,946	6,659,111
For Services Commissions		14,430,921	13,013,678	8,113,942	(1,336,272)
Total Other Operating Income		**16,416,728**	**19,810,379**	**8,458,888**	**5,322,839**
Other Operating Expenses					
For Other Operating Expenses		652,145,811	735,887,248	310,623,455	418,097,271
Total Other Operating Expenses		**652,145,811**	**735,887,248**	**310,623,455**	**418,097,271**
Operating Result, Gross		**705,920,525**	**886,594,846**	**377,032,439**	**(29,732,963)**
Result of the period	¢	**705,920,525**	**886,594,846**	**377,032,439**	**(29,732,963)**

(Continues)

Loan portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		June 2024	December 2023	June 2023
Activity				
Artistic, entertainment and recreative activities	¢	50,936,705	0	0
Health care and social assistance activities		146,495,955	0	0
Administrative and support services activities		749,412,490	0	0
Professional, scientific and technical activities		170,947,500	0	0
Agriculture, livestock, hunting and related services		8,155,291,604	9,105,455,860	9,713,075,779
Public administration		0	17,866,560	19,787,840
Fishing and aquaculture		0	42,617,690	42,986,799
Manufacturing		1,073,053,373	1,085,570,230	1,162,257,458
Exploitation of mines and quarries		0	0	0
Trade		20,686,929,081	24,229,865,712	23,486,018,587
Services		12,042,916,658	9,983,278,228	9,471,774,415
Transportation		1,058,188,533	1,146,209,128	1,084,064,055
Financial and stock exchange activities		98,786,195	254,903,080	419,134,563
Real estate, business, and lease activities		110,028,213	126,361,591	138,560,194
Construction, purchase, and repair of real estate		641,661,763	671,402,655	683,955,593
Retail		0	0	0
Hospitality		376,184,062	1,108,330,331	1,094,361,444
Education		0	0	0
		45,360,832,132	47,771,861,065	47,315,976,727
Plus: interest receivable		153,285,114	170,201,295	182,898,407
Less deferred income in loan portfolio		(450,287,913)	(465,477,019)	(436,745,777)
Allowance for impairment		(310,624,214)	(310,589,741)	(311,670,541)
	¢	**44,753,205,119**	**47,165,995,600**	**46,750,458,816**

(Continues)

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		June 2024	December 2023	June 2023
Up to date	¢	40,741,348,097	43,307,881,313	42,901,620,597
From 1 to 30 days		2,406,392,793	2,480,510,289	2,378,197,909
From 31 to 60 days		921,998,419	364,846,799	1,009,555,964
From 61 to 90 days		370,848,569	545,253,895	130,388,681
From 91 to 120 days		145,604,629	83,178,140	25,652,959
From 121 to 180 days		103,754,600	138,522,588	121,781,582
Over 180 days		233,057,072	109,404,060	43,889,436
Legal collection		437,827,953	742,263,981	704,889,599
	¢	**45,360,832,132**	**47,771,861,065**	**47,315,976,727**

c) Delinquent and past due loan portfolio

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

		June 2024	December 2023	Marc June h 2023
Number of operations		76	36	17
Past due loans in non- accrual status of interest	¢	670,885,025	851,668,041	748,779,035
Past due loans for which interest is recognized	¢	3,948,599,010	3,612,311,711	3,665,577,095
Total unearned interest	¢	22,293,120	1,250,024	1,250,024

Loans on legal collection as of June 30, 2024:

# operations	Percentage		Balance
21	0.97%	¢	437,827,953

Loans on legal collection as of December 31, 2023:

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

Loans on legal collection as of June 30, 2023:

# operations	Percentage		Balance
9	0.30%	¢	141,467,088

d) Interest receivable on loan portfolio:

Interest receivables are as follows:

		June 2024	December 2023	June 2023
Current loans	¢	91,109,526	111,289,759	132,559,729
Past due loans		49,168,460	40,046,717	35,442,163
Loans in judicial collection		13,007,128	18,864,819	14,896,515
	¢	**153,285,114**	**170,201,295**	**182,898,407**

e) Allowance for bad loans:

The movement of allowance for bad loans is as follows:

Opening balance 2024		**310,589,741**
Plus:		
Allowance charged to results		(944,866)
Adjustment for exchange differences		1,177,385
Less:		
Adjustment for exchange differences		(255,411)
Reversal of allowance against income		57,365
Balance as of June 30, 2024		**310,624,214**
Opening balance 2023	¢	**313,014,745**
Plus:		
Adjustment for exchange differences		34,473
Less:		
Adjustment for exchange differences		(767,967)
Reversal of allowance against income		(433,630)
Transfer of balances		(1,257,880)
Balance as of December 31, 2023	¢	**310,589,741**
Balance as of June 30, 2023	¢	**313,014,745**
Plus:		
Adjustment for exchange differences		34,473
Less:		
Adjustment for exchange differences		(547,264)
Transfer of balances		(831,413
Balance as of June 30, 2023	¢	**311,670,541**

(Continues)

f) Loan portfolio by type of guarantee:

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

		June 2024	December 2023	June 2023
Guarantee				
Fiduciary	¢	342,933,239	419,464,873	513,291,169
Mortgage		21,607,927,522	24,056,648,740	26,112,669,518
Chattel		731,798,572	812,341,917	929,600,752
Others		22,678,172,799	22,483,405,535	19,760,415,288
	¢	**45,360,832,132**	**47,771,861,065**	**47,315,976,727**

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

				Direct Loan Portfolio	
			June 2024	December 2023	June 2023
Principal		¢	45,360,832,132	47,771,861,065	47,315,976,727
Interest receivable			153,285,114	170,201,295	182,898,407
			45,514,117,246	47,942,062,360	47,498,875,134
Allowance for bad loans			(310,624,214)	(310,589,741)	(311,670,541)
Carrying amount		¢	45,203,493,032	47,631,472,619	47,187,204,593
Loan portfolio					
Total balances:					
A1		¢	0	255,673,081	420,484,105
1			42,799,140,117	44,777,040,112	44,020,081,030
2			938,539,173	365,650,505	915,179,334
3			672,332,810	1,019,592,785	488,956,933
4			290,804,095	501,789,956	763,861,822
5			116,216,490	201,107,289	271,397,378
6			697,084,561	821,208,632	618,914,532
			45,514,117,246	47,942,062,360	47,498,875,134
Minimum allowance			(406,685,560)	(307,350,925)	(265,625,252)
Carrying amount, net		¢	45,107,431,686	47,634,711,435	47,233,249,882
Carrying amount			45,514,117,246	47,942,062,360	47,498,875,134
Allowance for bad loans			(406,685,560)	(307,350,925)	(265,625,252)
Allowance (surplus) deficit on minimum allowance			96,061,346	(3,238,816)	(46,045,289)
Carrying amount, net	6a	¢	45,203,493,032	47,631,472,619	47,187,204,593

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of June 30, 2024

Loan Portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
Direct specific allowance					
1		42,799,140,117	0	0	(106,998,546)
2		938,539,173	0	0	(12,474,562)
3		672,332,810	0	0	(46,598,636)
4		290,804,095	0	0	(31,507,759)
5		116,216,490	0	0	(23,203,055)
6		697,084,561	0	0	(185,903,002)
	¢	45,514,117,246	0	0	(406,685,560)

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct specific allowance		Principal	Covered Balance	Overdraft	Allowance
Up to date		40,832,457,621	0	0	(130,175,772)
Equal or less than 30 days		2,311,682,206	0	0	(8,817,833)
Equal or less than 60 days		973,127,619	0	0	(15,651,024)
Equal or less than 90 days		426,611,412	0	0	(21,217,040)
Equal or less than 180 days		278,357,373	0	0	(48,654,805)
Over 180 days		691,881,015	0	0	(182,169,086)
	¢	45,514,117,246	0	0	(406,685,560)
	¢	45,514,117,246	0	0	(406,685,560)

As of December 31, 2023

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

(Continues)

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

As of June 30, 2023

Loan Portfolio Direct generic allowance		Direct Loan Portfolio				Contingent Loan Portfolio	
		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2,545,646,233,659	1,683,209,471,763	862,436,761,896	(12,728,231,266)	190,114,473,853	(78,077,191)
A2		33,399,252,905	28,012,601,417	5,386,651,488	(166,996,267)	1,273,257,918	0
1		73,531,215,434	39,148,517,037	34,382,698,397	(184,257,180)	10,176,426	(6,360)
		2,652,576,701,998	1,750,370,590,217	902,206,111,781	(13,079,484,713)	191,397,908,197	(78,083,551)
Direct specific allowance							
B1		147,727,263,950	135,838,273,099	11,888,990,851	(1,273,640,909)	1,808,854,051	(1,886,020)
B2		19,053,959,401	17,600,338,686	1,453,620,715	(233,363,766)	141,366,989	(274,791)
C1		157,995,178,011	155,822,205,650	2,172,972,361	(1,322,354,120)	540,196,585	(3,135,375)
C2		6,274,119,578	5,355,415,637	918,703,941	(486,129,050)	63,273,769	0
D		74,266,934,191	66,180,889,291	8,086,044,900	(6,301,519,575)	568,520,806	(322,820)
E		147,048,495,101	86,736,746,987	60,311,748,114	(52,234,267,760)	1,446,441,682	(32,516)
2		936,533,025	837,070,558	99,462,467	(9,158,476)	0	0
3		888,766,283	741,309,770	147,456,513	(40,570,677)	0	0
4		1,005,370,621	860,439,138	144,931,483	(76,767,937)	0	0
5		271,397,37	261,442,537	9,954,841	(8,275,601)	0	0
6		714,237,814	678,926,426	35,311,388	(38,706,020)	0	0
	¢	556,182,255,353	470,913,057,779	85,269,197,574	(62,024,753,891)	4,568,653,882	(5,651,522)
	¢	3,208,758,957,351	2,221,283,647,996	987,475,309,355	(75,104,238,604)	195,966,562,079	(83,735,073)

Loan Portfolio Aging of loan portfolio Direct generic allowance		Direct Loan Portfolio				Contingent Loan Portfolio	
		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2,506,416,180,222	1,651,624,817,818	854,791,362,404	(12,710,021,133)	191,387,731,771	(78,083,551)
Equal or less than 30 days		72,132,524,151	59,241,786,992	12,890,737,159	(366,924,528)	0	0
Equal or less than 60 days		496,782,192	355,468,371	141,313,821	(2,539,052)	0	0
		2,579,045,486,565,	1,711,222,073,181	867,823,413,384	(13,079,484,713)	191,387,731,771	(78,083,551)
Direct specific allowance							
Up to date		450,674,356,363	390,382,338,716	60,292,017,647	(13,792,689,368)	4,578,830,308	(5,651,522)
Equal or less than 30 days		24,891,984,121	19,430,613,946	5,461,370,175	(1,717,000,359)	0	0
Equal or less than 60 days		40,200,754,658	33,210,360,276	6,990,394,382	(1,911,645,431)	0	0
Equal or less than 90 days		15,651,834,855	12,288,552,483	3,363,282,372	(1,595,804,043)	0	0
Equal or less than 180 days		12,798,376,416	7,916,935,540	4,881,440,876	(4,438,477,102)	0	0
Over 180 days		85,496,164,373	46,832,773,854	38,663,390,519	(38,569,137,588)	0	0
	¢	629,713,470,786	510,061,574,815	119,651,895,971	(62,024,753,891)	4,578,830,308	(5,651,522)
	¢	3,208,758,957,351	2,221,283,647,996	987,475,309,355	(75,104,238,604)	195,966,562,079	(83,735,073)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

As of June 30, 2024		Loans receivable from clients Gross	Net
Risk category:			
1	¢	42,799,140,117	42,692,141,571
2		938,539,173	926,064,611
3		672,332,810	625,734,174
4		290,804,095	259,296,336
5		116,216,490	93,013,436
6		697,084,561	511,181,558
	¢	45,514,117,246	45,107,431,686

As of December 30, 2023		Loans receivable from clients Gross	Net
Risk category:			
1	¢	44,777,040,112	44,665,097,511
2		365,650,505	360,538,699
3		1,019,592,785	969,091,449
4		501,789,956	481,188,789
5		201,107,289	169,829,094
6		821,208,632	734,571,177
A1	¢	255,673,081	254,394,716
		47,942,062,360	47,634,711,435

As of June 30, 2023		Loans receivable from clients Gross	Net
Risk category:			
1	¢	44,020,081,030	43,910,030,828
2		915,179,334	906,127,626
3		488,956,933	451,663,722
4		763,861,822	703,239,115
5		271,397,378	263,121,777
6		618,914,532	580,685,129
A1	¢	420,484,105	418,381,685
		47,498,875,134	47,233,249,882

(Continues)

(36) Situation of the Development Credit Fund

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

DEVELOPMENT FINANCING FUND
STATEMENT OF FINANCIAL POSITION
For the period ended June 30, 2024
Financial Information
(In colones without cents)

		June 2024	December 2023	June 2023
ASSETS				
Availabilities	¢	**709,444,140**	**795,892,500**	**1,721,714,348**
Central Bank of Costa Rica		709,444,140	795,892,500	1,721,714,348
Investment in financial instruments		**82,313,832,385**	**95,377,292,181**	**101,989,847,254**
At fair value through profit or loss		454,703,418	4,957,598,565	949,476,614
At fair value through other comprehensive income		80,853,817,943	86,755,969,894	91,707,713,726
At amortized cost		239,652,351	2,782,370,522	8,886,560,147
Interest receivable		765,658,673	881,353,200	446,096,767
Loan Portfolio		**50,099,703,176**	**38,248,570,855**	**30,003,955,135**
Current loans		48,826,897,688	37,877,348,151	29,582,337,329
Past due loans		1,346,051,997	648,807,590	485,674,542
Loans in legal collection		143,392,655	0	92,402,727
(Deferred income loan portfolio)		(304,179,449)	(307,590,574)	(173,929,586)
Interest receivable		177,408,874	119,619,530	108,714,927
(Allowance for impairment)		(89,868,589)	(89,613,842)	(91,244,804)
Accounts and commissions receivable		**125,869,856**	**231,188,813**	**222,953,716**
Tax and deferred income tax		125,869,856	231,188,813	222,953,716
Other assets		**1,045,126**	**83,192**	**6,026,230,988**
Other assets		1,045,126	83,192	6,026,230,988
TOTAL ASSETS	¢	**133,249,894,683**	**134,653,027,541**	**139,964,701,441**
LIABILITIES				
Obligations with entities	¢	**137,854,137,626**	**140,481,206,433**	**144,092,212,647**
Demand obligations		**137,850,179,784**	0	**0**
Term obligations		0	140,481,206,433	143,560,873,838
Accounts payable financial entities		0	0	531,338,805
Other obligations		3,957,842	0	0
Accounts payable and provisions		**103,076,453**	**42,148,639**	**24,908,821**
Accounts receivable		5,392,640	2,127,704	1,619,000
Deferred income tax		96,468,843	40,020,935	23,289,821
Other miscellaneous accounts payable		1,214,970	0	0
Other liabilities		**236,256,990**	**531,663**	**455,373,472**
Other liabilities		236,256,990	531,663	455,373,472
TOTAL LIABILITIES	¢	**138,193,471,069**	**140,523,886,735**	**144,572,494,940**
EQUITY				
Adjustments to equity – Other comprehensive income	¢	**(4,424,756)**	**(370,185,888)**	**(375,257,632)**
Results of the previous period	¢	**(5,500,673,306)**	0	0
Results of the current period		**561 521 676**	**(5,500,673,306)**	**(4,232,535,867)**
TOTAL EQUITY	¢	**(4,943,576,386)**	**(5,870,859,194)**	**(4,607,793,499)**
TOTAL LIABILITIES AND EQUITY	¢	**133,249,894,683**	**134,653,027,541**	**139,964,701,441**
OWN DEBIT MEMORANDA ACCOUNT				
Own debit memoranda account	¢	22,978,823,795	27,583,777,748	11,351,487,151
Interest receivable memoranda accounts	¢	20,912,844	9,096,849	14,873,317

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

DEVELOPMENT CREDIT FUND
INCOME STATEMENT
For the period ended June 30, 2024
Financial Information
(In colones without cents)

		June	June	Quarter from April 1 to June 30	
		2024	**2023**	**2024**	**2023**
Financial income					
For investments in financial instruments	¢	2,564,941,904	2,677,418,680	1,271,636,143	1,264,385,517
For loan portfolio		1,191,839,630	908,009,098	624,499,403	460,726,678
Other financial incomes		192,852,445	648,338,075	166,953,274	435,208,940
Total financial income		**3,949,633,979**	**4,233,765,853**	**2,063,088,820**	**2,160,321,135**
Financial expenses					
For obligations with the public		1,795,739,976	2,014,584,002	898,014,895	1,017,908,938
For losses in exchange differences		103,026,147	4,223,422,675	(135,084,320)	837,980,469
Other financial expenses		15,728,728	1,312,465,567	15,168,226	271,588,534
Total financial expenses		**1,914,494,851**	**7,550,472,244**	**778,098,801**	**2,127,477,941**
For allowance of asset impairment		(7,434,808)	(157,546,251)	(19,109,404)	(194,545,003)
Asset recovery and decrease in allowance		19,129,693	0	19,129,693	(170,011,690)
Financial result	¢	**2,046,834,013**	**(3,159,160,140)**	**1,323,229,116**	**57,376,507**
Other operating income					
For commission for services		228,369	15,093	228,369	8,253
For arbitrage and currency exchange		60,810,113	225,806,622	20,949,715	76,425,884
For other operating income		6,712,232	65,257,347	1,530,530	35,027,794
Total other operating income	¢	**67,750,714**	**291,079,062**	**22,708,614**	**111,461,931**
Other operating expenses					
For arbitrage and currency exchange		5,189,859	64,822,380	3,226,742	40,762,342
For other operating income		328,451,877	136,889,337	168,902,538	123,228,828
Total other operating income	¢	**333,641,736**	**201,711,717**	**172,129,280**	**163,991,170**
Gross operating income	¢	**1,780,942,991**	**(3,069,792,795)**	**1,173,808,450**	**4,847,268**
Profit transferred to the National Development Trust		1,219,421,315	1,162,743,072	390,211,138	648,621,267
RESULT FOR THE PERIOD	¢	**561,521,676**	**(4,232,535,867)**	**783,597,312**	**(643,773,999)**
TOTAL COMPREHENSIVE RESULTS OF THE PERIOD	¢	**561,521,676**	**(4,232,535,867)**	**783,597,312**	**(643,773,999)**
Profit allocation					
Profit transferred to the National Development Trust	¢	1,219,421,315	1,162,743,072	390,211,138	648,621,267
Commission for management of the Development Credit Fund, and the fund's own profits		561,521,676	(4,232,535,867)	745,378,504	(643,773,999)
	¢	**1,780,942,991**	**(3,069,792,795)**	**1,135,589,642**	**4,847,268**

(Continues)

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

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

		June 2024	December 2023	June 2023
At fair value through profit or loss	¢	454,703,418	4,957,598,565	949,476,614
At fair value through other comprehensive income		80,853,817,943	86,755,969,894	91,707,713,726
At amortized cost		239,652,351	2,782,370,522	8,886,560,147
Interest receivable for investments at fair value through comprehensive income		765,658,673	881,353,200	446,096,767
	¢	**82,313,832,385**	**95,377,292,181**	**101,989,847,254**

At fair value through profit or loss		**June 2024 Fair value**	**December 2023 Fair value**	**June 2023 Fair value**
Local issuers:				
State-owned Banks	¢	454,703,418	4,957,598,565	949,476,614
	¢	**454,703,418**	**4,957,598,565**	**949,476,614**

		June 2024 Fair value	**December 2023 Fair value**	**June 2023 Fair value**
At fair value through other comprehensive income				
Local issuers:				
Government		8,714,551,051	0	0
State-owned Banks		72,139,266,892	86,755,969,894	91,707,713,726
	¢	**80,853,817,943**	**86,755,969,894**	**91,707,713,726**

At amortized cost		**June 2024 Fair value**	**December 2023 Fair value**	**June 2023 Fair value**
Local issuers:				
State-owned Banks	¢	239,652,351	2,782,370,522	8,886,560,147
	¢	**239,652,351**	**2,782,370,522**	**8,886,560,147**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

Loan portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

		June 2024	December 2023	June 2023
Sector				
Artistic, entertainment and recreative activities	¢	24,657,208	0	0
Administrative and support activities		971,818,263	0	0
Professional, scientific and technical activities		74,491,223	0	0
Agriculture, livestock, hunting and related services		28,058,273,295	23,339,203,469	13,880,331,414
Manufacturing		1,399,191,291	3,892,042,294	11,380,682,203
Public administration		0	0	2,346,536,992
Trade		8,994,153,686	6,866,246,060	1,963,031,121
Services		9,727,643,556	3,264,743,870	269,427,861
Transportation		659,219,898	451,641,799	0
Real estate activities		103,000,000	0	116,467,240
Construction, purchase, and repair of property		233,410,243	170,934,267	203,937,767
Hotels and restaurants		70,483,677	541,343,982	0
		50,316,342,340	38,526,155,741	30,160,414,598
Plus: interest receivable		177,408,874	119,619,530	108,714,927
Less: deferred income loan portfolio		(304,179,449)	(307,590,574)	(173,929,586)
Allowance for impairment		(89,868,589)	(89,613,842)	(91,244,804)
	¢	**50,099,703,176**	**38,248,570,855**	**30,003,955,135**

b) Loan portfolio by arrears:

Loan portfolio by arrears is detailed as follows:

		June 2024	December 2023	June 2023
Up to date	¢	48,826,897,688	37,877,348,151	29,582,337,329
From 1 to 30 days		667,747,362	286,988,550	311,922,581
From 31 to 60 days		533,616,601	173,070,453	21,090,180
From 61 to 90 days		114,732,025	162,443,747	152,661,781
From 91 to 120 days		15,000,000	26,304,840	0
From 121 to 180 days		14,956,009	0	0
Judicial collection		143,392,655	0	92,402,727
	¢	**50,316,342,340**	**38,526,155,741**	**30,160,414,598**

(Continues)

c) Delinquent and past due loans

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

		June 2024	December 2023	June 2023
Number of operations		1	0	1
Delinquent and past due loans in interest accumulation	¢	143,392,655	0	92,402,727
Delinquent and past due loans with interest recognition	¢	1,346,051,997	648,807,590	485,674,542
Total of not received interest	¢	20,912,844	9,096,849	14,873,317

d) Interest receivable for loan portfolio

Interest receivables are detailed as follows:

		June 2024	December 2023	June 2023
Current loans	¢	164,746,958	113,957,144	100,244,298
Past due loans		9,062,388	5,662,386	5,550,075
Loans in legal collection		3,599,528	0	2,920,554
	¢	**177,408,874**	**119,619,530**	**108,714,927**

e) Allowance for bad loans

Balance at the beginning of 2024	¢	**89,613,842**
Plus:		
Allowance charged to results		**(14,869,615)**
Adjustment for exchange differences		**16,587,899**
Less:		
Adjustment for exchange differences		**(1,463,537)**
Balance as of June 30, 2023	¢	**89,868,589**
Balance at the beginning of 2023	¢	**95,034,266**
Plus:		
Adjustment for exchange differences		254,748
Less:		
Adjustment for exchange differences		(5,675,172)
Balance as of December 31, 2023	¢	**89,613,842**
Balance at the beginning of 2023	¢	**95,034,266**
Less:		
Adjustment for exchange differences		(4,044,210)
Balance as of June 30, 2023	¢	**91,244,804**

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

		June 2024	December 2023	June 2023
Guarantee				
Fiduciary	¢	683,953,767	188,119,186	214,374,269
Mortgage		17,539,252,215	11,193,376,745	4,546,457,458
Chattel		1,326,808,825	900,171,724	597,464,755
Other		30,766,327,533	26,244,488,086	24,802,118,116
	¢	**50,316,342,340**	**38,526,155,741**	**30,160,414,598**

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

			Direct Loan Portfolio	
		June 2024	December 2023	June 2023
Principal	¢	50,316,342,340	38,526,155,741	30,160,414,598
Interest receivable		177,408,874	119,619,530	108,714,927
		50,493,751,214	38,645,775,271	30,269,129,525
Allowance for bad loans		(89,868,589)	(89,613,842)	(91,244,804)
Carrying amount	¢	50,403,882,625	38,556,161,429	30,177,884,721
Loan portfolio				
Total, balances:				
1	¢	49,578,613,694	35,242,018,234	29,511,134,404
2		598,289,008	146,851,917	21,353,689
3		114,696,761	3,146,667,348	399,809,351
4		0	83,317,906	241,508,800
5		0	26,919,866	0
		50,493,751,214	38,645,775,271	30,269,129,525
Minimum allowance		(148,820,215)	(164,297,072)	(94,213,059)
Carrying amount, net	¢	50,344,930,999	38,481,478,199	30,174,916,466
Carrying amount		50,493,751,214	38,645,775,271	30,269,129,525
Allowance for bad loans		(148,820,215)	(164,297,072)	(94,213,059)
(Surplus) inadequacy of allowance		58,951,626	74,683,230	2,968,255
Carrying amount, net 6a	¢	50,403,882,625	38,556,161,429	30,177,884,721

(Continues)

The assessed loan portfolio including allowance is detailed as follows:

As of June 30, 2024

Loan portfolio		Direct Loan Portfolio			
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
1		49,578,613,694	0	0	(123,946,536)
2		598,289,008	0	0	(3,774,857)
3		114,696,761	0	0	(856,923)
4		202,151,751	0	0	(20,241,899)
	¢	50,493,751,214	0	0	(148,820,215)

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
Up to date		48,991,644,646	0	0	(127,617,355)
Equal or less than 30 days		670,195,494	0	0	(1,675,489)
Equal or less than 60 days		538,552,835	0	0	(5,515,756)
Equal or less than 90 days		116,196,914	0	0	(1,619,611)
Equal or less than 180 days		15,213,133	0	0	(2,343,273)
More than 180		161,948,192	0	0	(10,048,731)
	¢	50,493,751,214	0	0	(148,820,215)

As of December 31, 2023

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
		35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
Direct specific allowance					
2		146,851,917	118,680,821	28,171,096	(2,001,959)
3		3,146,667,348	2,946,924,926	199,742,422	(64,670,230)
4		83,317,906	83,317,906	0	(416,590)
5		26,919,866	14,660,007	12,259,859	(8,655,201)
		3,403,757,037	3,163,583,660	240,173,377	(75,743,980)
	¢	38,645,775,271	18,374,249,768	20,271,525,503	(164,297,072)

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	37,991,305,295	17,812,796,932	20,178,508,363	(88,057,226)
Equal or less than 30 days		288,282,303	235,696,118	52,586,185	(495,866)
Equal or less than 60 days		174,740,501	146,569,405	28,171,096	0
Equal or less than 90 days		164,527,307	164,527,307	0	0
Equal or less than 180 days		26,919,866	14,660,007	12,259,859	0
		38,645,775,272	18,374,249,769	20,271,525,503	(88,553,092)
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
Up to date		37,991,305,295	17,812,796,932	20,178,508,363	(63,675,061)
Equal or less than 30 days		288,282,303	235,696,118	52,586,185	(449,679)
Equal or less than 60 days		174,740,501	146,569,405	28,171,096	(2,141,402)
Equal or less than 90 days		164,527,307	164,527,307	0	(822,637)
Equal or less than 180 days		26,919,865	14,660,006	12,259,859	(8,655,201)
		38,645,775,271	18,374,249,768	20,271,525,503	(75,743,980)
	¢	77,291,550,543	36,748,499,537	40,543,051,006	(164,297,072)

(Continues)

As of June 30, 2023

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	29,511,134,404	10,366,700,795	19,144,433,609	(74,206,977)
		29,511,134,404	10,366,700,795	19,144,433,609	(74,206,977)
Direct specific allowance					
2		21,353,689	21,353,689	0	(106,768)
3		399,809,351	394,591,309	5,218,042	(3,277,467)
4		241,508,800	211,331,655	30,177,145	(16,145,230)
6		95,323,281	95,323,281	0	(476,617)
		757,995,121	722,599,934	35,395,187	(20,006,082)
	¢	30,269,129,525	11,089,300,729	19,179,828,796	(94,213,059)

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	29,682,581,628	10,507,448,174	19,175,133,454	(73,751,810)
Equal or less than 30 days		0	0	0	(455,167)
		29,933,050,558	10,757,917,104	19,175,133,454	(74,206,977)
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
Equal or less than 30 days		314,725,278	310,029,936	4,695,342	(18,646,969)
Equal or less than 60 days		21,353,689	21,353,689	0	(106,768)
Equal or less than 180 days		0	0	0	(775,728)
More than 180		0	0	0	(476,617)
		336,078,967	331,383,625	4,695,342	(20,006,082)
	¢	30,269,129,525	11,089,300,729	19,179,828,796	(94,213,059)

		Loans receivable from clients	
As of June 30, 2024		Gross	Net
Risk category:			
1	¢	49,578,613,694	49,454,667,159
2		598,289,008	594,514,151
3		114,696,761	113,839,838
6		202,151,751	181,909,851
	¢	50,493,751,214	50,344,930,999

(Continues)

As of December 31, 2023		Loans receivable from clients Gross	Net
Risk category:			
1	¢	35,242,018,234	35,153,465,142
2		146,851,917	144,849,958
3		3,146,667,348	3,081,997,118
4		83,317,906	82,901,316
5		26,919,866	18,264,665
	¢	38,645,775,271	38,481,478,199

As of June 30, 2023		Loans receivable from clients Gross	Net
Risk category			
1	¢	29,511,134,404	29,436,927,427
2		21,353,689	21,246,921
3		399,809,351	396,531,884
4		241,508,800	225,363,569
5		0	0
	¢	30,269,129,525	30,174,916,466

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

As of June 30, 2024, transfers of resources have been made from the Development Credit Fund.

		June 2024	**December 2023**	**June 2023**
Banco Scotiabank	¢	3,143,050,000	3,437,000,000	0
Banco Promerica	¢	2,039,800,930	4,302,366,182	723,697,173
	¢	**5,182,850,930**	**7,739,366,182**	**723,697,173**

(Continues)

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

c) IAS 7: Statement of Cash Flows

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

(Continues)

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

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

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

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

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

e) IAS 12: Income tax

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

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

In the presentation of the SUGEF chart of accounts, each deferred income tax account must be presented separately.
In the case of a dispute regarding a specific tax treatment by the Tax Authority, which begins with the notification of a transfer of charges, the entity must:

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

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

(Continues)

f) IAS 16: Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

(Continues)

h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Regulated entities must present their separate financial statements.

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

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

(Continues)

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

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

l) IAS 38: Intangible Assets

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

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

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

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

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

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

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

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

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

(Continues)

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business Combinations

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

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

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

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

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

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

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

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

(Continues)

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

p) IFRS 9: Financial Instruments

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

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

a. At amortized cost. If an entity, in accordance with its business model and the current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:

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

   ii. the gain or loss that should have been recognized in profit or loss for the financial statements indicated in the previous section.

b. At fair value through other comprehensive income.

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

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

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

q) IFRS 13: Fair Value Measurement

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

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

r) International Financial Reporting Standard (IFRS) focused on Sustainability

On June 26, 2023, the International Sustainability Standards Board (ISSB) approved two International Financial Reporting Standards (IFRS) focused on Sustainability. These new standards are IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures.

In accordance with Circular No. 33-2023, Adoption of International Sustainability Financial Reporting Standards issued by the College of Public Accountants of Costa Rica and published in La Gaceta No. 3 of January 10, 2024, IFRS Standards S1 and S2 are adopted by the College of Public Accountants of Costa Rica as of January 1, 2024. Its application will be voluntary as of January 1, 2024, and mandatory for Companies and Entities supervised and regulated by CONASSIF that will report in 2026 the information of the fiscal year ending as of December 31, 2025. An entity is not required to disclose comparative information in the first annual reporting period in which such standards apply.

(38) Figures for 2024

As of June 30, 2024, financial statement figures have not been reclassified for comparison with those of 2024, per modifications to the Chart of Accounts and SUGEF Directive 6-18: "Financial Information Regulations" approved by the National Supervisory Board of the Finance System.

(39) Relevant and subsequent events

As of June 30, 2024, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

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

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

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

As of December 31, 2022, an adjustment for reversal of the IFRIC 23 provision corresponding to 2017 is carried out for ¢11,124,931,039, (¢1,734.981,794, for December 2020, corresponding to 2015 and ¢8,717,265,589 as of December 2021 corresponding to 2016).

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

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

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

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

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

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

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

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

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

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

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

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

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

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

Financial Information Regulation

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

The CONASSIF approved

a. Extend to September 30, 2021, the option to renegotiate the agreed conditions of the loans up to twice in a 24-month period, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC).

b. This measure covers loans of more than ¢100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.

c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending September 30, 2021, without qualifying as a special operation, and

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

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

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

g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities - Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity as "type 2 irregularity", when the institution presents losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a sanitation plan to counter the situation. It is important to note that SUGEF must amend the parameters for determining liquidity indicators. This measure will be in force for 12-months period.

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

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

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

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

General Superintendence of Financial Entities

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

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

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

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

Central Bank of Costa Rica

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

a. In article 6 of the minutes of session 6082-2022, held on September 14, 2022; an increase the level of the Monetary Policy Rate by 100 basis points has been approved, to place it at 8.50% per year.

b. In addition, it agreed to set the gross interest rate on overnight electronic deposits (DON) to 6.38% annually.

c. The changes previously included are effective as of September 15, 2022.

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

(Continues)

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

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

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

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

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

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

Measures were issued in three areas:

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

   The unpaid interest will be charged through a new credit that will take effect at the end of the grace period.
   For this new operation, the interest rate will be, in colones TBP + 1 and PRIME in US dollars, depending on the currency, and for the remaining term of the main operation.

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

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

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

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

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

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

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

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

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

June 2024

Activity		**Loans – Colonized balances Colones**	**Colonized US Dollars**
Agriculture		6,711,853,565,	18,856,949,701
Trade		46,738,311,865	22,068,727,827
Construction		4,856,550,390	3,124,433,104
Consumer goods		48,026,163,523	894,530,402
Cattle raising		2,300,672,426	0
Industry		24,546,256,752	1,686,924,944
Services		20,514,843,570	6,566,647,510
Transportation		14,476,349,278	0
Tourism		4,726,899,382	32,749,193,681
Housing		155,692,318,261	32,409,554,378
Total by currency in ¢	**¢**	**328,590,219,012**	**118,356,961,547**
		446,947,180,559	

(Continues)

Activity	Colons	Amount in US Dollars	Total
Agriculture	248	34	282
Trade	483	36	519
Construction	16	9	25
Consumer goods	5,888	147	6,035
Cattle raising	47	0	47
Industry	60	1	61
Services	310	15	325
Transportation	105	0	105
Tourism	34	22	56
Housing	7,315	899	8,214
Total	**14,506**	**1,163**	**15,669**

December 2023

Activity		Loans – Colonized balances Colones	Colonized US Dollars
Agriculture		1,586,034,594	17,709,765,259
Trade		50,067,144,541	22,809,378,485
Construction		5,087,905,404	5,238,731,448
Consumer goods		52,809,343,502	1,173,198,722
Cattle raising		2,464,920,387	0
Industry		27,384,406,858	1,731,379,009
Services		22,573,412,503	6,732,713,182
Transportation		16,203,835,083	0
Tourism		5,224,164,678	33,774,824,930
Housing		162,029,778,536	34,339,518,048
Total by currency in ¢	**¢**	**345,430,946,086**	**123,509,509,083**
Total	**¢**	**468,940,455,169**	

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

(Continues)

June 30, 2023

Activity		Loans – Colonized balances Colons	Colonized US dollars
Agriculture		1,727,067,351	18,727,085,427
Trade		54,744,628,911	25,721,609,049
Construction		5,305,205,615	6,476,507,183
Consumer goods		58,375,410,729	1,650,595,879
Cattle raising		2,713,313,034	0
Industry		28,815,016,305	1,860,806,745
Services		25,984,815,754	9,408,981,261
Transportation		17,748,426,014	41,831,467
Tourism		5,719,892,481	38,801,840,986
Housing		168,495,932,326	38,720,698,115
Total by currency in ¢	**¢**	**369,629,708,520**	**141,409,956,112**
Total	**¢**	**511,039,664,632**	

Activity	Colons	Amount in US dollars	Total
Agriculture	77	4	81
Trade	624	46	670
Construction	19	11	30
Consumer goods	6,724	270	6,994
Cattle raising	61	0	61
Industry	79	1	80
Services	378	22	400
Transportation	132	2	134
Tourism	37	35	72
Housing	7,799	1,004	8,803
Total	**15,930**	**1,395**	**17,325**

Effects of the implementation of the Financial Information Regulation

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

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

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

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

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

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

Gradual increase of the Minimum Legal Requirement

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

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

Maximum annual interest rates for credits and microcredits

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

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

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

For the purposes of this law, microcredit is understood to be any credit that does not exceed a maximum amount of 1.5 times the base salary of clerk 1 of the Judiciary, according to Law 7337, of May 5, 1993. Credit cards are excluded from microcredits.

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

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

CONASSIF Agreement 14-21, Regulation on calculation of credit estimates

Currently, according to SUGEF Agreement 1-05, debtors are individually classified in one of eight risk categories (A1, A2, B1, B2, C1, C2, D and E), A1 being the lowest risk and E being the higher credit risk.

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

Approved by CONASSIF through articles 8 and 9, of the minutes of sessions 1699-2021 and 1700-2021, held on November 11 and 15, 2021, respectively, into effect as of January 1, 2024, published in Scope 241 of the official paper La Gaceta 229 on Friday, November 26, 2021.

Through article 7, of the minutes of session 540-2005, held on November 24, 2005, the CONASSIF approved the Regulation for the Classification of Debtors, SUGEF Agreement 1-05, establishing the methodological framework for the classification of debtors and the corresponding estimates. Such Regulation covers the entities supervised by SUGEF.

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In accordance with articles 6 and 5 of the minutes of sessions 1442-2018 and 1443-2018, both held on September 11, 2018, the Financial Reporting Regulations, CONASSIF Agreement 06-18, (hereinafter: RIF) were approved, effective as of January 1, 2020, and published in Scope 188 of the official paper La Gaceta 196 of October 24, 2018. The RIF is a regulation with scope to all entities supervised by the four financial superintendencies of the country. With the approval of the RIF, the regulatory accounting base was updated with the purpose of moving towards the adoption in the National Financial System (SFN) of the International Financial Reporting Standards (IFRS) with its most recent amendments, issued by the International Standards Board of Accounting (IASB), to promote comparability and the reading of financial information for both national and foreign users. In Consideration XXXIV of such Regulation, it was established that until IFRS 9, Financial Instruments, for the loan portfolio of financial intermediaries is implemented in Costa Rica, the provisions established in the Regulation for the classification of debtors of SUGEF Agreement 1-05 will remain in force and the entities will continue to calculate the estimates according to the methodology provided in such Regulation. Likewise, through Transitory III of the RIF it was established that for the application of IFRS 9, specifically for the measurement of expected credit losses, the prudential regulation issued by CONASSIF for the portfolio of loans and contingent credits granted will continue, until this rule is modified.

The proposed regulation is an advance with respect to the current regulation in at least the following aspects: i) It recognizes the existence of different lines of credit business, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line. ii) It establishes segments according to the type of credit that allow to distinguish between an operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a debtor approach, for business and corporate portfolios. iii) It improves the calculation of estimates for each relevant line using prospective elements consistent with expected credit loss approaches. These approaches identify three essential components of credit losses: a) the probability of default, b) the severity of loss given default, and c) the exposure given default. In all cases, relevant historical information from each line of business is used to calibrate the corresponding risk factors. In the particular case of the probability of default, the usual practice contemplates the calculation of historical default rates and their subsequent transformation into default probabilities, using a forecast function that includes scenarios for the relevant environmental conditions over a 12-month horizon. Through this forecast, the default metric is given its prospective value. This Regulation establishes a standard methodology developed by SUGEF. The methodology incorporates several of the concepts indicated in the previous points, however, the standard model is not pure IFRS 9 and contains prudential aspects. This implies that it is up to SUGEF to design the model and update the parameters of the standard model that entities will use to calculate regulatory credit estimates. However, the Regulation allows entities to develop and use internal IFRS 9 methodologies for regulatory segments, which may be used in the internal calculation of their credit estimates.

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It adjusts the credit mitigation value, transforming the "acceptance percentage" included in the current regulation, by an adjustment factor calculated with loss severity criteria in case of default (one minus recovery percentage), likewise, it comprehensively reviews the admissible guarantees and collateral to limit their use in the standard methodology to those that have demonstrated recovery effectiveness under stress scenarios.

The regulation segments the credit portfolio into several risk categories that can be associated with the three stages identified by IFRS 9. Supervised entities may calculate the corresponding probabilities of default for 12 months and for the life of the credit according to the provisions of IFRS 9 and complement the calculation of regulatory estimates. These three segments are defined in the regulation as follows:

a) Stage 1: Operations at Normal Risk. Includes transactions without evidence of a significant increase in credit risk since their initial recognition.
b) Stage 2: Special Surveillance Operations. Included are operations that present a significant increase in credit risk with respect to the risk assessment carried out in the initial recognition of the operation, without becoming doubtful or failed operations. To evaluate whether there is a significant increase in credit risk, the entity will use qualitative and quantitative indicators (relative variation in the Probability of Default with respect to that estimated at the time the operation originated). Likewise, the automatic criteria that define a debtor with a special operation will be applied. In this case, classification to Stage 2 will be made for the total amount of the credit.
c) Stage 3: Operations of Doubtful Recovery. Included are operations that present objective evidence of impairment, which occurs when a non-compliance event has occurred, or it is considered that there is a high probability that it will occur.

The concept of Special Operations is adjusted as provided in the current regulation, to give rise to the concept of Debtor with Special Operation, located in Stage 2 (Operations under Special Surveillance) or in Stage 3 (Operations of doubtful recovery). The classification in these stages is consistent with healthy risk management, by identifying credit operations whose payment conditions have been modified or that have special payment conditions such as extension, readjustment, or refinancing. Currently, the regulation refers to special operations in individual terms and in this case, the impact of the operations will be considered at the debtor´s level. Therefore, the debtor's rating must be maintained for a reasonable period before improving its rating to evaluate the debtor's payment behavior under the modified terms or maintain the debtor's rating while it has at least one loan with special payment conditions.

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Financial institutions may use internal methodologies based on expected credit losses to calculate credit estimates. However, the recorded amount of these estimates may not be less than the amount resulting from using the standard approach if such methodologies have not obtained no objection from the SUGEF and a prudential period of up to a maximum of 24 months has elapsed and that SUGEF will determine in the same act. During this period, both results will be calculated and reported in parallel and the amount in excess of that minimum must be recorded in accounting in a reserve account duly identified in assets.

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

The guarantee that supports more than one credit operation must be considered according to the percentage of responsibility established in the credit contract for the calculation of the adjusted value of the guarantee corresponding to each credit operation. If the percentage of liability is not established, the guaranteed coverage is calculated in proportion to the total balances owed from the guaranteed credit operations. For the purposes of this calculation, the total balance owed on contingent operations must be multiplied by the respective credit equivalence factor.

The application of the mitigating effect of guarantees in the calculation of credit estimates will be conditional on compliance with each of the following aspects, which will be considered a minimum to provide legal certainty on the collectability of guarantees: a) For the assets that require registration in a public registry, that the guarantee is duly registered; b) That the legal mechanism for delivery, transfer, appropriation, adjudication and settlement of the collateral asset corresponds to its nature, and; c) That it is legally enforceable unconditionally in the event of non-compliance with credit obligations. It is the responsibility of the financial institution to verify compliance with each of the above aspects, before applying the mitigation effect of the guarantees.

The loss in case of default to be used in the calculation of the specific estimates will be determined according to the following methodology:

a) In the case of real collateral, such as real estate or personal property, the regulatory LGD (Loss Given Default) is calculated using the following formula:

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

Where:

LGD min:	Minimum LGD value of 10%
LGD average:	Percentage of EAD value lost after default.
LGD regulatory ($LryGD_R$):	Loss given default to be used in the calculation of specific estimates.
EAD_R:	Exposure in the event of non-compliance, regulatory.

b) In the case of financial collateral and other collection rights, the regulatory LGD is calculated using the following formula:

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

Where:

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

(40) Authorization date for issuance of financial statements

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