



**Banco de Costa Rica and Subsidiaries**

Unaudited Consolidated Financial Statements

September 30, 2022 and 2021

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**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
For the period ended September 30, 2022  
(In colones without cents)

	Note	September 2022	December 2021	September 2021
<b>ASSETS</b>				
<b>Availabilities</b>	<b>4</b>	<b>€ 1,009,505,753,000</b>	<b>960,508,938,412</b>	<b>845,624,214,064</b>
Cash		82,606,653,518	100,543,762,287	73,738,239,897
Central Bank of Costa Rica		663,713,767,274	578,197,960,222	623,358,943,667
Local financial entities		13,182,507	608,863,646	161,783,723
Foreign financial entities		167,445,725,994	185,996,786,978	128,441,255,748
Notes payable on demand		2,396,507,243	481,593,852	7,521,274,159
Restricted cash and cash equivalents		93,328,297,766	94,679,945,381	12,402,716,870
Accounts and interest receivable		1,618,698	26,046	0
<b>Investment in financial instruments</b>	<b>5</b>	<b>1,756,524,103,200</b>	<b>1,890,859,623,925</b>	<b>1,986,125,242,082</b>
At fair value through profit or loss		222,376,928,627	294,371,792,030	160,195,532,930
At fair value through other comprehensive income		1,442,643,205,568	1,529,772,010,039	1,608,001,297,006
At amortized cost		75,180,793,611	40,227,916,128	200,145,467,660
Interest receivable		16,323,175,394	26,487,905,728	17,783,947,867
(Allowance for impairment)		0	0	(1,003,381)
<b>Loan portfolio</b>	<b>6.b</b>	<b>3,995,458,104,631</b>	<b>3,951,163,611,912</b>	<b>3,766,487,647,375</b>
Current loans	<b>6.c</b>	3,847,972,657,106	3,810,847,915,386	3,605,527,464,466
Past due loans		255,992,026,138	258,953,338,028	257,042,287,654
Loans in legal collection	<b>6.c</b>	56,508,890,131	52,111,660,667	52,414,995,513
(Deferred income loan portfolio)		(19,166,091,072)	(19,009,378,028)	(18,742,051,059)
Interest receivable	<b>6.f</b>	25,068,405,556	19,478,709,205	24,484,101,468
(Allowance for impairment)	<b>6.g</b>	(170,917,783,228)	(171,218,633,346)	(154,239,150,667)
<b>Accounts and commissions receivable</b>		<b>41,014,784,468</b>	<b>21,927,975,909</b>	<b>21,759,216,456</b>
Commissions receivable		5,351,879,579	5,451,776,874	5,270,607,521
Accounts receivable from stock exchange operations		161,438,926	127,892,080	171,630,444
Accounts receivable for transactions with related parties		1,179,567,448	520,094,412	691,104,956
Deferred income tax and income tax receivable	<b>15</b>	29,608,523,003	11,032,526,401	10,253,849,577
Other accounts receivable		17,856,839,647	17,413,421,647	17,763,097,012
(Allowance for impairment)		(13,143,464,135)	(12,617,735,505)	(12,391,073,054)
<b>Foreclosed assets</b>	<b>7</b>	<b>54,693,109,751</b>	<b>63,075,876,073</b>	<b>65,892,181,418</b>
Assets and securities acquired as recovery of loans		120,630,642,367	137,465,784,701	144,928,830,477
Other foreclosed assets		3,497,427,861	3,368,683,758	3,303,196,333
(Allowance for impairment and per legal requirement)		(69,434,960,477)	(77,758,592,386)	(82,339,845,392)
<b>Interest in other companies' capital, net</b>	<b>8</b>	<b>321,611,224</b>	<b>65,417,188</b>	<b>65,417,188</b>
<b>Property, furniture and equipment, net</b>	<b>9</b>	<b>154,709,229,067</b>	<b>141,563,242,551</b>	<b>142,024,945,753</b>
<b>Property investments</b>		<b>6,831,625,000</b>	<b>6,441,924,521</b>	<b>6,441,924,521</b>
<b>Other assets</b>		<b>114,422,728,732</b>	<b>99,581,779,941</b>	<b>92,061,572,863</b>
Deferred charges	<b>10.a</b>	2,413,819,150	8,981,047,462	7,894,058,455
Intangible assets, net	<b>10.b</b>	22,218,388,975	17,180,489,597	16,544,551,860
Other assets	<b>10.c</b>	89,790,520,607	73,420,242,882	67,622,962,548
<b>TOTAL ASSETS</b>	<b>€</b>	<b>7,133,481,049,073</b>	<b>7,135,188,390,432</b>	<b>6,926,482,361,720</b>

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
For the period ended September 30, 2022  
(In colones without cents)

	Note	September 2022	December 2021	September 2021
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Obligations with the public</b>		€ 5,020,106,179,187	5,097,289,261,968	4,966,874,376,101
Demand obligations	11	3,084,773,391,253	3,371,923,199,180	3,148,936,747,043
Term obligations	12	1,908,090,501,722	1,691,856,375,240	1,793,166,323,284
Other obligations with the public	13	10,030,324,422	18,517,242,708	10,105,010,727
Financial charges payable		17,211,961,790	14,992,444,840	14,666,295,047
<b>Obligations with the Central Bank of Costa Rica</b>	14	<b>217,033,494,640</b>	<b>128,285,685,643</b>	<b>139,691,676,617</b>
Term obligations		215,749,270,823	127,689,025,829	139,320,785,417
Financial charges payable		1,284,223,817	596,659,814	370,891,200
<b>Obligations with entities</b>	14	<b>974,920,980,097</b>	<b>910,366,625,702</b>	<b>828,159,880,339</b>
Demand obligations	12	83,543,333,994	62,137,999,149	81,489,521,960
Term obligations	12	885,589,561,297	843,660,310,320	742,146,346,358
Financial charges payable		5,784,084,806	4,568,316,233	4,524,012,021
<b>Accounts payable and provisions</b>		<b>177,509,652,360</b>	<b>207,184,444,610</b>	<b>212,337,221,506</b>
Provisions	16	43,543,213,016	52,497,191,153	60,814,987,423
Accounts payable for stock transactions		72,492,619	563,841,051	337,469,861
Deferred income tax	15	32,425,442,851	38,955,917,658	37,473,440,402
Other sundry accounts payable	17	101,453,163,841	115,151,342,164	113,693,382,337
Financial charges payable		15,340,033	16,152,584	17,941,483
<b>Other liabilities</b>		<b>28,057,398,544</b>	<b>26,640,699,190</b>	<b>19,379,535,670</b>
Deferred income		668,893,182	1,148,961,206	1,179,761,561
Other liabilities		27,388,505,362	25,491,737,984	18,199,774,109
<b>Subordinated obligations</b>		<b>20,072,534,085</b>	0	0
Subordinated obligations		19,982,245,196	0	0
Financial charges payable		90,288,889	0	0
<b>TOTAL LIABILITIES</b>	€	<b>6,437,700,238,913</b>	<b>6,369,766,717,113</b>	<b>6,166,442,690,233</b>
<b>EQUITY</b>				
<b>Capital stock</b>	18.a	€ 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
<b>Adjustments to equity - Other comprehensive income</b>		<b>14,022,114,814</b>	<b>96,607,343,411</b>	<b>111,631,070,494</b>
<b>Equity reserves</b>		<b>325,313,265,088</b>	<b>296,709,547,031</b>	<b>296,709,547,031</b>
<b>Accrued earnings from previous periods</b>		<b>23,721,615,916</b>	<b>23,286,282,979</b>	<b>23,286,282,979</b>
<b>Profit of current period</b>		<b>34,468,785,007</b>	<b>54,434,355,511</b>	<b>36,268,980,180</b>
<b>Equity of the Development Financing Fund</b>		<b>40,476,721,777</b>	<b>36,212,011,410</b>	<b>36,212,011,410</b>
<b>Minority interest</b>	8	76,368,316,957	76,762,142,376	74,521,788,792
<b>TOTAL EQUITY</b>		<b>695,780,810,160</b>	<b>765,421,673,319</b>	<b>760,039,671,487</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	€	<b>7,133,481,049,073</b>	<b>7,135,188,390,432</b>	<b>6,926,482,361,720</b>
<b>DEBIT CONTINGENT ACCOUNTS</b>	19	€ 589,306,299,473	454,667,784,223	444,624,124,714
<b>TRUST ASSETS</b>	20	790,227,996,736	985,500,123,521	986,322,328,810
<b>TRUST LIABILITIES</b>		<b>273,839,146,059</b>	<b>362,909,505,260</b>	<b>356,451,529,182</b>
<b>TRUST EQUITY</b>		<b>516,388,850,677</b>	<b>622,590,618,261</b>	<b>629,870,799,629</b>
<b>OTHER DEBIT MEMORANDA ACCOUNTS</b>	21	€ 22,942,179,698,149	20,071,723,483,560	35,678,951,978,140
Own debit memoranda accounts		12,554,198,500,373	9,143,495,017,548	24,927,716,967,956
Third party debit memoranda accounts		2,606,483,199,901	2,835,154,836,649	2,569,711,928,493
Own debit memoranda accounts for custodial activities		822,922,411,561	1,017,428,771,091	1,175,314,482,861
Third party debit memoranda accounts for custodial activities		6,958,575,586,314	7,075,644,858,272	7,006,208,598,830

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

Rafael Mendoza.  
General Auditor

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended June 30, 2022  
(In colones without cents)

		September 2022	September 2021	Quarter from July 1 to September 30 2022	2021
<b>Financial income</b>					
For availabilities	¢	711,866,608	81,345,029	548,469,256	23,213,905
For investments in financial instruments	26	67,145,779,089	64,781,866,445	22,677,876,730	22,780,421,254
For loan portfolio	27	214,227,170,394	210,576,423,692	77,671,834,497	72,225,513,889
For financial leases	27	1,915,267,690	1,747,686,174	671,246,609	584,170,138
For gain on exchange differences and Development Units	1-d.iii	0	2,110,283,165	(2,359,157,699)	1,577,927,136
For profit from financial instruments at fair value through profit or loss		979,265,761	602,371,558	397,019,215	205,686,635
For profit from financial instruments at fair value through other comprehensive income		9,196,864,649	8,606,725,730	325,205,771	5,973,425,630
For profit in property investments		465,995,959	0	465,995,959	0
For other financial income		3,378,906,408	3,570,058,318	1,060,754,453	1,111,930,843
<b>Total financial income</b>		<b>298,021,116,558</b>	<b>292,076,760,111</b>	<b>101,459,244,791</b>	<b>104,482,289,430</b>
<b>Financial expenses</b>					
For obligations with the public	28	87,063,620,982	85,998,112,530	35,166,310,840	29,032,631,464
For obligations with the Central Bank of Costa Rica		1,944,055,575	380,070,052	1,214,847,172	248,500,900
For obligations with financial and non-financial entities		20,345,753,474	17,413,401,089	8,599,016,590	4,605,231,813
For Subordinated, Convertible and Preferred Obligations	s	573,873,229	0	483,533,290	0
For losses due to exchange differences and DU	1-d.ii	2,381,582,262	0	2,381,582,262	0
For loss from financial instruments at fair value through profit or loss		187,487,067	135,407,746	134,569	6,921,510
For loss from financial instruments at fair value through other comprehensive income		557,564,733	22,908,216	359,656,158	12,352,462
For other financial expenses		49,781,465	46,931,081	15,812,850	11,939,269
<b>Total financial expenses</b>		<b>113,103,718,787</b>	<b>103,996,830,714</b>	<b>48,220,893,731</b>	<b>33,917,577,418</b>
Allowance for impairment of assets	29	17,003,522,353	30,922,288,961	1,647,788,521	13,109,210,638
For assets recovery and decrease in allowance and provisions	30	9,614,464,291	13,172,508,212	4,334,424,752	4,835,438,510
<b>FINANCIAL INCOME</b>		<b>177,528,339,709</b>	<b>170,330,148,648</b>	<b>55,924,987,291</b>	<b>62,290,939,884</b>
<b>Other operating income</b>					
For service fees	31	85,431,402,458	77,847,588,344	28,216,104,309	26,469,949,800
For foreclosed assets		23,468,987,417	23,618,388,391	4,533,243,391	8,580,557,001
For profit on capital investments in other companies	32	4,969,892	4,048,114	0	(241,921,662)
For foreign currency exchange and arbitrations		19,118,935,899	15,984,436,818	6,613,922,641	5,256,206,034
For other income from related parties		678,350,655	15,988,977	514,233,956	(101,639,479)
For other operating income		15,625,750,093	13,771,533,793	5,310,370,797	4,238,639,590
<b>Total other operating income</b>		<b>144,328,396,414</b>	<b>131,241,984,437</b>	<b>45,187,875,094</b>	<b>44,201,791,284</b>
<b>Other operating expenses</b>					
For service fees		23,302,390,419	20,251,009,441	7,012,379,947	6,831,396,435
For foreclosed assets		27,922,317,601	28,721,645,955	7,472,914,120	10,029,800,913
For provisions		4,194,535,070	1,144,194,115	728,067,567	271,538,998
For exchange and arbitration, foreign currency		627,078,642	1,300,398,036	33,534,549	484,631,900
For other expenses with related parties		932,860	0	(266,365)	0
For other operating expenses		32,471,769,869	31,758,447,342	8,817,395,743	11,287,011,450
<b>Total other operating expenses</b>		<b>88,519,024,461</b>	<b>83,175,694,889</b>	<b>24,064,025,561</b>	<b>28,904,379,696</b>
<b>GROSS OPERATING INCOME</b>		<b>233,337,711,662</b>	<b>218,396,438,196</b>	<b>77,048,836,824</b>	<b>77,588,351,472</b>
<b>Administrative expenses</b>					
Personnel expenses		91,107,850,356	86,914,228,658	31,367,714,400	29,444,490,254
Other administrative expenses		65,018,778,480	55,917,193,909	22,467,099,838	19,082,092,556
<b>Total administrative expenses</b>	33	<b>156,126,628,836</b>	<b>142,831,422,567</b>	<b>53,834,814,238</b>	<b>48,526,582,810</b>
<b>OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS</b>		<b>77,211,082,826</b>	<b>75,565,015,629</b>	<b>23,214,022,586</b>	<b>29,061,768,662</b>
Income tax	15	17,310,864,281	21,810,208,967	5,617,355,938	8,212,302,080
Deferred income tax	15	12,324,604,167	635,738,716	2,757,629,465	124,791,923
Decrease in income tax	15	7,800,909,298	1,653,216,627	638,262,048	7,456,590
Legal profit allocation	34	19,451,260,578	17,748,381,349	5,881,560,740	6,906,641,055
<b>RESULT OF THE PERIOD</b>		<b>35,925,263,098</b>	<b>37,023,903,224</b>	<b>9,595,738,491</b>	<b>13,825,490,194</b>
Attributed to non-controlling interests		1,456,478,091	754,923,044	474,541,995	294,046,576
<b>RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>		<b>34,468,785,007</b>	<b>36,268,980,180</b>	<b>9,121,196,496</b>	<b>13,531,443,618</b>
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>					
<b>Surplus for revaluation of real estate</b>		9,340,541,028	0	9,340,541,028	0
Adjustment for valuation of investments at fair value through other comprehensive income		(56,682,240,077)	43,398,990,685	(16,258,550,530)	12,120,770,654
Reclassification of unrealized profit to the income statement		(6,047,509,941)	(6,008,672,260)	24,115,271	(4,172,751,218)
Adjustment for valuation of restricted financial instruments, net of income tax		(28,016,371,307)	16,414,413,982	(22,459,197,969)	9,103,533,775
Other		(3,029,951,810)	3,258,409,639	(14,479,694,377)	1,957,442,976
<b>OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX</b>	35	<b>(84,435,532,107)</b>	<b>57,063,142,046</b>	<b>(43,832,786,577)</b>	<b>19,008,996,187</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(48,510,269,009)</b>	<b>94,087,045,270</b>	<b>(34,237,048,086)</b>	<b>32,834,486,381</b>
Comprehensive income attributed to minority interest		(393,825,419)	2,145,367,548	(6,817,272,871)	1,178,662,441
<b>COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE</b>	¢	<b>(48,116,443,590)</b>	<b>91,941,677,722</b>	<b>(27,419,775,215)</b>	<b>31,655,823,940</b>

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

Rafael Mendoza.  
General Auditor

**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the period ended September 30, 2022  
(In colones without cents)

Adjustments to equity

Note	Adjustments to equity					Accrued earnings		Equity of the		Total equity	
	Capital Stock	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity	Equity reserves	from previous periods	Financing Fund	Minority interest		
	€	181,409,990,601	37,774,830,067	(2,718,583,704)	20,902,126,589	55,958,372,952	283,820,516,011	39,077,596,950	33,309,728,460	72,376,421,244	665,952,626,218
		0	0	0	0	0	12,889,031,020	(12,889,031,020)	0	0	0
		0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	0	(1)
		<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>(2,718,583,704)</b>	<b>20,902,126,589</b>	<b>55,958,372,952</b>	<b>296,709,547,031</b>	<b>23,286,282,979</b>	<b>36,212,011,410</b>	<b>72,376,421,244</b>	<b>665,952,626,217</b>
		0	0	54,010,908,626	1,661,788,916	55,672,697,542	0	36,268,980,180	0	2,145,367,548	94,087,045,270
		<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>51,292,324,922</b>	<b>22,563,915,505</b>	<b>111,631,070,494</b>	<b>296,709,547,031</b>	<b>59,555,263,159</b>	<b>36,212,011,410</b>	<b>74,521,788,792</b>	<b>760,039,671,487</b>
		0	0	0	0	0	0	0	0	74,521,788,792	74,521,788,792
		<b>181,409,990,601</b>	<b>37,774,830,067</b>	<b>51,292,324,922</b>	<b>22,563,915,505</b>	<b>111,631,070,494</b>	<b>296,709,547,031</b>	<b>59,555,263,159</b>	<b>36,212,011,410</b>	<b>0</b>	<b>685,517,882,695</b>
		181,409,990,601	31,744,671,803	40,339,757,529	24,522,914,079	96,607,343,411	296,709,547,031	77,720,638,490	36,212,011,410	76,762,142,376	765,421,673,319
		0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0	0
		0	0	0	0	0	0	(4,264,710,367)	4,264,710,367	0	0
		0	0	0	0	0	0	(21,130,594,150)	0	0	(21,130,594,150)
		<b>181,409,990,601</b>	<b>31,744,671,803</b>	<b>40,339,757,529</b>	<b>24,522,914,079</b>	<b>96,607,343,411</b>	<b>325,313,265,088</b>	<b>23,721,615,916</b>	<b>40,476,721,777</b>	<b>76,762,142,376</b>	<b>744,291,079,169</b>
		0	9,340,541,027	(90,380,494,202)	(1,545,275,423)	(82,585,228,598)	0	34,468,785,007	0	(393,825,419)	(48,510,269,010)
	18	<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(50,040,736,673)</b>	<b>22,977,638,656</b>	<b>14,022,114,814</b>	<b>325,313,265,088</b>	<b>58,190,400,923</b>	<b>40,476,721,777</b>	<b>76,368,316,957</b>	<b>695,780,810,159</b>
		0	0	0	0	0	0	0	0	76,368,316,957	76,368,316,957
		<b>181,409,990,601</b>	<b>41,085,212,831</b>	<b>(50,040,736,673)</b>	<b>22,977,638,656</b>	<b>14,022,114,814</b>	<b>325,313,265,088</b>	<b>58,190,400,923</b>	<b>40,476,721,777</b>	<b>0</b>	<b>619,412,493,203</b>

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes B.  
Accountant

Rafael Mendoza.  
General Auditor



**BANCO DE COSTA RICA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended September 30, 2022  
(In colones without cents)

	Note	September 2022	September 2021
<b>Cash flows from operating activities</b>			
Income of the period	€	34,468,785,007	36,268,980,180
<b>Items applied to results not requiring cash outlays</b>		<b>(89,874,792,954)</b>	<b>(80,379,168,860)</b>
<b>Increase or (decrease) for</b>			
Allowance for impairment or devaluation of financial instruments		343,281,819	2,022,615,605
Allowance for impairment of loan portfolio		14,199,274,803	26,389,226,825
Allowance for impairment and default of other accounts receivable		2,460,965,731	2,510,446,531
Allowance for impairment of assets in lieu of payment		13,959,179,854	14,388,741,696
Income from reversal of allowance for impairment or devaluation of investments		(1,618,119,729)	(713,281,031)
Income from reversal of allowance for impairment of loan portfolio		(1,373,653,319)	(2,378,091,815)
Income from reversal of allowance for impairment and default of accounts receivable		(1,764,181,919)	(778,304,822)
Income from reversal of allowance for impairment of assets in lieu of payment		(22,528,889,469)	(23,099,702,195)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		11,587,283,227	11,115,902,109
Interest in net profit of other companies		(4,969,892)	(4,048,114)
Depreciation		8,857,114,713	10,387,050,028
Amortization		12,975,987,561	12,226,336,767
Provision for social benefits		824,643,961	269,852,566
Provisions for pending lawsuits		3,369,891,109	874,341,549
Other provisions		4,844,444	4,185,278
Income from provisions		(1,438,366,200)	(372,871,121)
Income tax		17,310,864,281	21,810,208,967
Deferred income tax		12,324,604,167	635,738,716
Decrease in income tax		(7,081,369,520)	(1,497,931,964)
Decrease in income tax from previous periods		(719,539,778)	(155,284,663)
Profit sharing		19,451,260,578	17,748,381,349
Interest for obligations with the public		87,063,620,982	85,998,112,530
Interest for obligations with financial entities		22,863,682,278	17,793,471,141
Income from availabilities		(711,866,608)	(81,345,029)
Interest from investment in financial instruments		(67,145,779,089)	(64,781,866,445)
Income from loan portfolio		(214,227,170,394)	(210,576,423,692)
Net profit or loss from exchange differences and Development Units		1,231,410,787	(2,531,341,586)
Minority interest in net profit of subsidiaries		1,456,478,091	754,923,044
Adjustments for conversion of financial statements of the entity abroad		(1,545,275,423)	1,661,788,916
<b>Cash flows from operating activities</b>		<b>(80,562,845,863)</b>	<b>(204,380,035,964)</b>
<b>Net variation in assets increase or (decrease)</b>			
Increase in financial instruments - at fair value through profit or loss		(210,942,061,311)	(980,581,938,191)
Decrease in financial instruments - at fair value through profit or loss		284,288,058,104	948,345,805,325
Increase in financial instruments - at fair value through comprehensive income		(3,545,897,711,242)	(1,976,770,634,695)
Decrease in financial instruments - at fair value through comprehensive income		3,431,950,461,585	1,775,255,103,907
Loan portfolio		(98,409,363,710)	(57,177,733,305)
Accounts and commissions receivable		(1,790,928,639)	(8,702,092,100)
Available-for-sale assets		18,369,557,456	21,625,867,521
Interest receivable for financial instruments		26,487,905,728	17,964,479,288
Interest receivable for loan portfolio		15,408,577,177	42,076,447,779
Other assets		(27,341,011)	13,584,658,506
<b>Net variations in liabilities, increase or (decrease)</b>		<b>51,005,521,261</b>	<b>401,661,975,375</b>
Obligations with the public		(38,388,108,110)	495,250,464,404
Obligations with the Central Bank of Costa Rica and other entities		164,399,089,177	(44,642,443,509)
Obligations for accounts and commissions payable and provisions		(56,563,999,945)	(8,802,769,141)
Interest payable for obligations with the public		(14,992,444,840)	(16,483,570,471)
Interest payable for obligations with the BCCR and other entities		(5,164,976,047)	(4,599,061,201)
Interest payable for accounts and commissions payable and provisions		(16,152,584)	(23,432,722)
Other liabilities		1,732,113,610	(19,037,211,985)
Interests paid		(85,541,403,925)	(84,212,443,920)
Collected interest		244,763,367,169	230,196,805,167
Paid income tax		(13,340,985,474)	(9,364,527,697)
<b>Net cash flows provided by operating activities</b>		<b>60,917,645,221</b>	<b>289,791,584,280</b>
<b>Cash flows from investment activities</b>			
Increase in financial instruments at amortized cost		(3,511,535,009,402)	(14,257,940,119,493)
Decrease in financial instruments at amortized cost		3,476,582,131,919	14,174,217,420,069
Acquisition of property, furniture and equipment		(30,730,843,287)	(7,605,820,279)
Decrease for withdrawal and transfer of property, furniture and equipment		8,427,478,046	545,994,024
Acquisition of intangibles		(10,723,228,234)	(5,814,453,541)
Decrease for withdrawal and transfer of intangibles		(4,151,147,594)	(148,355,229)
Interest in other companies		(251,224,144)	540,412,624
<b>Cash flows (used for) provided by investment activities</b>		<b>(72,381,842,696)</b>	<b>(96,204,921,825)</b>
<b>Cash flows from financing activities</b>			
Subordinated obligations		19,982,245,196	0
<b>Cash flows provided by financing activities</b>		<b>19,982,245,196</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>8,518,047,721</b>	<b>193,586,662,455</b>
Cash and cash equivalents at the beginning of the year		1,088,379,896,650	940,600,959,363
Effect of changes in exchange rates on cash		(9,179,016,661)	7,899,783,324
Cash and cash equivalents at the end of the year	4 €	<b>1,087,718,927,710</b>	<b>1,142,087,405,142</b>

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

Douglas Soto L.  
General Manager

Ana Lorena Brenes  
Accountant

Rafael Mendoza.  
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(1) Summary of operations and significant accounting policies

(a) Operations

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

The Bank's website and its subsidiaries located in Costa Rica is [www.bancobcr.com](http://www.bancobcr.com)

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of September 2022, the Bank has a total 162 (162 and 166 for December and September 2021, respectively) branches distributed across the national territory, has in operation 576 (603 and 619 for December and September 2021, respectively) ATM's and has 3.916 (3.657 and 3.652 for December and September 2021, respectively) employees.

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of September 30, 2022, is of 70 (71 and 70 for December and September 2021, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

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## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

September 30, 2022

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of September 30, 2022, is of 105 (101 and 104 for December and September 2021, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members. The number of employees as of September 30, 2022, is of 106 (104 and 102 for December and September 2021, respectively) and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of September 30, 2022, is of 93 (89 and 88 for December and September 2021, respectively) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of September 30, 2022, the number of employees is 79 (89 and 85 for December and September 2021, respectively). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

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

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named 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. As of September 30, 2022, the number of employees is of 72 (73 and 66 for December and September 2021, respectively).

(Continue)

## BANCO DE COSTA RICA AND SUBSIDIARIES

### Notes to the consolidated financial statements

September 30, 2022

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

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50th floor, Avenida Balboa and Calle Aquilino de la Guardia, and its subsidiary in Miami, Florida, United States of America. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of September 30, 2022, is of 232 (246 and 250 for December and September 2021, respectively).

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

BICSA wholly owns subsidiaries Arrendadora Internacional, S.A. and BICSA Capital S.A., engaged in providing funding through financial leases and purchase of invoices and brokerage services, respectively.

The Branch in Miami has been operating since September 1, 1983, under an international banking license granted by the office of the State Comptroller and Banking Commissioner of the State of Florida, United States of America.

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

##### Miami Branch

The Branch is subject to regulations and periodic oversight by certain federal and state agencies. For such purposes, the Branch has an agreement with federal and state regulatory authorities, which requires the Branch to continually maintain and report certain minimum capital ratios and maturity parameters, e.g. the Branch must maintain a minimum ratio of eligible assets to third party liabilities of 110%, on a daily basis.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

Panama Branch

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

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

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

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

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

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

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

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

(c) Investment in other companies

Valuation of investments by the equity method

*i. Subsidiaries*

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

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

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

(d) Foreign currency

*i. Transactions in foreign currency*

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

*ii. Monetary unit and foreign exchange regulations*

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

- 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 September 30, 2022, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢632.72 (¢645.25 and ¢629.71 for December and September 2021, respectively) for US\$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended September 30, 2022, gave rise to foreign exchange losses of ¢1.136.832.124.753 (¢738.005.828.877 and ¢410.684.950.305 for December and September 2021, respectively), and gains of ¢1.134.450.542.491 (¢741.160.419.310 and ¢412.779.482.955 for December and September 2021, respectively), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are booked in "Other operating income" and "Other operating expenses", respectively. For the period ended September 30, 2022, valuation of other assets gave rise to losses of ¢661.387.959 (¢349.258.129 and ¢717.002.243 for December and September 2021, respectively) and valuation of other liabilities gave rise to losses of ¢706.410.573 (¢462.696.669 and ¢570.749.885 for December and September 2021, respectively).

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

- Assets and liabilities have been converted at the closing exchange rate.
- Income and expenses have been converted at the average exchange rates in effect during each year.
- The equity is measured in terms of historical cost and has been converted using the exchange rate on the transaction date.

As result of the conversions for the period ended on September 30, 2022, losses for exchange differences arise for ¢1.545.275.423 (¢3.620.787.490 and ¢1.661.788.916 for December and September 2021, respectively) shown in the equity section, within "Currency translation adjustment of the financial statements".

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

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

(f) Financial instruments

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(i) *Classification*

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

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

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

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

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

(ii) *Recognition*

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

*(iii) Measurement*

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

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

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

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

*(iv) Principles of measurement at fair value*

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

*(v) Profits and losses on subsequent measurement*

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

*(vi) De-recognition*

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

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

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

- If the objective of the model is to maintain a financial asset in order to collect contractual cash flows and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of principal plus interest, the asset will be valued at amortized cost.
- If the business model is aimed at both obtaining contractual cash flows and selling them to obtain liquidity and, according to the conditions of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest, the financial asset will be valued at its fair value through changes in other comprehensive income (equity). Interest, impairment, and exchange differences are recorded in results as in the amortized cost model. The rest of changes in fair value are recorded in equity items and may be recycled to profit and loss on their sale.
- Beside these scenarios, the rest of the assets will be valued at fair value through profit and loss. As indicated in the Financial Reporting Regulations, investment funds in open funds must be registered in this category. Due to their characteristics, open investment funds are those that do not present restrictions for their trading, therefore, within this category, mutual funds and money market type investment funds of international markets are included, which can be settled without restriction.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

(g) Cash and cash equivalents

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

(h) Investments in financial instruments

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

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

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

1. The conventional purchase or sale of financial assets should be recorded applying the accounting on the settlement date.
2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.
3. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity must classify its own investments or joint portfolios in financial assets according to the following valuation categories:
  - a. Amortized cost. If an entity, according to its business model and current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

- i. The fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement.
  - ii. The profit or loss that should have been recognized in the result for the period, for the financial statements indicated in the previous section.
- b. Fair value through other comprehensive income.
- c. Fair value through profit or loss: Participations in open investment funds must be recorded in this category.

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

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

- Main business model

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

- Secondary business model

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

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

Investments in securities of BICSA

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

(i) Loan portfolio

Banco de Costa Rica - Loan portfolio

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

BICSA -Loan portfolio

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

(j) Allowance for doubtful accounts

Banco de Costa Rica - Loan portfolio

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

Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ¢65.000.000 (Group 1 under SUGEF Directive 1-05) are classified by credit risk. From May 23, 2020, the amount of ¢100.000.000 or its equivalent in foreign currency according to the purchase rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. This classification considers following considerations:

- Creditworthiness, which includes an analysis of projected cash flows, an analysis of financial position, considers the experience in the line of business, quality of management, stress testing for critical variables, and an analysis of the creditworthiness of individuals, regulated financial intermediaries, and public institutions.
- Historical payment behavior, which is determined by the borrower's payment history over the previous 48 months, considering servicing of direct loans, both current and settled, in the National Financial System as a whole. SUGEF is responsible of calculating the historical payment behavior level for borrowers reported by entities during the previous month.

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

Risk categories are summarized as follows:

<b>Risk Category</b>	<b>Arrears</b>	<b>Historical Payment Behavior</b>	<b>Creditworthiness</b>
A1	30 days or less	Level 1	Level 1
A2	30 days or less	Level 2	Level 1
B1	60 days or less	Level 1	Level 1 or Level 2
B2	60 days or less	Level 2	Level 1 or Level 2
C1	90 days or less	Level 1	Level 1, Level 2 or Level 3
C2	90 days or less	Level 2	Level 1, Level 2 or Level 3
D	120 days or less	Level 1 or Level 2	Level 1, Level 2, Level 3 or Level 4

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

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

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

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

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

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

In the case of loans denominated in foreign currency debtors placed among borrowers that don't generate cash flows in foreign currency, an additional generic allowance of 1.5% must also be applied on the basis of calculation.

The indicated generic allowance will be applied cumulatively, so that in the case of borrowers that don't generate cash flows in foreign currency, with an indicator for service coverage greater than the reasonable indicator, the generic allowance applicable will be at least of 3% (0.5% + 1% + 1.5%).

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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September 30, 2022

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

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

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

<b>Delinquency at the end of the month</b>	<b>Specific allowance percentage on the uncovered portion of the loan</b>	<b>Specific allowance percentage on the covered portion of the loan</b>	<b>Creditworthiness (Borrowers Group 1)</b>	<b>Creditworthiness (Borrowers Group 2)</b>
Up to date	5%	0,5%	Level 1	Level 1
30 days or less	10%	0,5%	Level 1	Level 1
60 days or less	25%	0,5%	Level 1 o Level 2	Level 1 o Level 2
90 days or less	50%	0,5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4
Over 90 days	100%	0,5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

As of September 30, 2022, the total allowance of the loan portfolio reflected in the accounting records amounts to ₡156.279.625.084 (₡152.927.986.661 and ₡137.088.062.449 for December and September 2021, respectively)

As of September 30, 2022, increases in the allowance for loan impairment resulting from the minimum allowance are included in the accounting records in compliance with article 17 of SUGEF Directive 1-05 "Regulation for Rating Debtors", prior authorization from SUGEF in compliance with article 10 of IRNBS.

As of September 30, 2022, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

Accounts and interest receivable - Banco de Costa Rica

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

BICSA- Allowance for loan impairment

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

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

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

As of September 30, 2022, the allowance disclosed in the accounting records amounts to ¢170.917.783.228 (¢171.220.447.144 and ¢154.239.150.667 for December and September 2021, respectively).

BICSA -Accounts and interest receivable

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

(k) Securities sold under repurchase agreements

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

(l) Accounting for interest receivable

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

(m) Other receivables

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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(n) Held-for-sale assets

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

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) *Own assets*

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

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

(ii) *Leased assets*

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

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

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Notes to the consolidated financial statements

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

(iii) *Subsequent disbursements*

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

(iv) *Depreciation and amortization*

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

Useful lives of assets owned by the Bank and subsidiaries, except for BICSA:

Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
EDP equipment	5 years
Leasehold improvements	5 years

Useful lives of assets owned by BICSA:

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

(v) *Revaluation*

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

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

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

(q) Deferred charges

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

(r) Intangible assets

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

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

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

(s) Impairment of assets

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

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

(t) Obligations with the public

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

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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Employees' legal benefits (severance pay)

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

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

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

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

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

BICSA retirement savings plan

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of September 30, 2022, amounted to ¢336.064.166 (¢507.762.911 and ¢373.485.948 for December and September 2021, respectively), equivalent to US\$531.142 (US\$820.627 and US\$609.986 for December and September 2021, respectively).

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of September 30, 2022, the severance fund had a balance of ¢816.952.246 (¢876.727.630 and ¢792.236.208 for December and September 2021, respectively), equivalent to US\$1.291.175 (US\$1.358.741 and US\$1.258.351 for December and September 2021 respectively) which is disclosed in the consolidated financial statements as prepaid expenses.

(w) Legal reserve

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

(x) Revaluation surplus

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

(y) Use of estimates

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(z) Recognition of main types of income and expenses

(i) Interest

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

(ii) Income from fees and commissions

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

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

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

(iv) Expenses from operating lease

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

(aa) Income tax

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

(i) Current:

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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(ii) Deferred:

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

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

(bb) BICSA - Financial leases

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

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

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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(dd) Legal allocations

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

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

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

(ee) Development Financing Fund

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

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Notes to the consolidated financial statements

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(ff) Development Credit Fund

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

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

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

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

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

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Notes to the consolidated financial statements

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(gg) BICSA - Trusts

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

(hh) Fiscal year

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

(2) Collateralized or restricted assets

Collateralized or restricted assets are as follows:

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢ 746.747.500.299	642.689.158.709	599.851.256.334
Restricted cash and cash equivalents (see note 4)	121.569.366	160.295.897	206.364.475
<b>Total cash and cash equivalents</b>	<b><u>746.869.069.665</u></b>	<b><u>642.849.454.606</u></b>	<b><u>600.057.620.809</u></b>
Past due and restricted financial instruments (see note 5)	487.433.600.635	218.298.054.365	215.850.458.087
Other assets	971.164.459	975.397.970	933.557.039
	¢ <b><u>1.235.273.834.759</u></b>	<b><u>862.122.906.941</u></b>	<b><u>816.841.635.935</u></b>

(3) Balances and transactions with related parties

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>Assets:</b>			
Loan portfolio	¢ 1.072.498.219	1.055.499.867	1.142.881.206
Other accounts receivable	1.183.683.851	520.094.412	691.104.956
Interests in other entities	321.611.224	65.417.188	65.417.188
<b>Total assets</b>	¢ <b><u>2.577.793.294</u></b>	<b><u>1.641.011.467</u></b>	<b><u>1.899.403.350</u></b>
<b>Income:</b>			
Income from interest in entities	¢ 4.969.892	4.048.114	4.048.114
<b>Total income</b>	¢ <b><u>4.969.892</u></b>	<b><u>4.048.114</u></b>	<b><u>4.048.114</u></b>

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Short-term benefits	¢ 1.816.116.907	4.122.824.843	3.083.273.684
Long-term benefits	91.692.509	141.949.900	110.114.144
Directors' seating fees	191.073.954	304.758.916	246.870.946
	<b>¢ 2.098.883.370</b>	<b>4.569.533.659</b>	<b>3.440.258.774</b>

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

(4) Cash and cash equivalents

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Cash	¢ 82.606.653.518	100.543.762.287	73.738.239.897
Demand deposits in BCCR	663.713.767.274	578.197.960.222	623.358.943.667
Checking accounts and demand deposits in local financial entities	13.182.507	608.863.646	161.783.723
Checking accounts and demand deposits in foreign financial entities	167.445.725.994	185.996.786.978	128.441.255.748
Notes payable on demand	2.396.507.243	481.593.852	7.521.274.159
Restricted cash and cash equivalents	93.328.297.766	94.679.945.381	12.402.716.870
Interest receivable	1.618.698	26.046	0
<b>Total cash and cash equivalents</b>	<b>1.009.505.753.000</b>	<b>960.508.938.412</b>	<b>845.624.214.064</b>
Investments in short-term financial instruments	78.213.174.710	127.870.958.238	296.463.191.078
<b>Total cash and cash equivalents</b>	<b>¢ 1.087.718.927.710</b>	<b>1.088.379.896.650</b>	<b>1.142.087.405.142</b>

As of September 30, 2022, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢746.693.609.133 (¢642.658.686.723 and ¢599.821.042.371, for December and September 2021, respectively).

As of September 30, 2022, BCR Pension's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢6.683.145 (¢2.340.736 and ¢3.485.284.914 for December and

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BANCO DE COSTA RICA AND SUBSIDIARIES

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September 30, 2022

September 2021, respectively), for a total of ¢5.877.391.273, (¢3.533.534.292 and ¢3.489.326.815, for December and September 2021, respectively).

As of September 30, 2022, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢47.208.020, (¢28.131.250 and ¢26.172.063 for December and September 2021, respectively), for a total of ¢28.238.747.789, (¢30.392.950.645 and ¢37.030.580.779 for December and September 2021, respectively).

As of September 30, 2022, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢28.069.970.403, (¢30.204.523.499 and ¢36.798.044.241 for December and September 2021, respectively). (See note 2).

As of September 30, 2022, the Bank has a liability for outstanding checks in the amount of ¢1.606.558.381 (¢638.139.432 and ¢1.193.944.724 for December and September 2021, respectively), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

(5) Investments in financial instruments

Investments in financial instruments are as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
At fair value through profit or loss	222.376.928.627	294.371.792.030	160.195.532.930
At fair value through other comprehensive income	1.442.643.205.568	1.529.772.010.039	1.608.001.297.006
At amortized cost	75.180.793.611	40.227.916.128	200.145.467.660
Interest receivable for investments at fair value through profit or loss	3.383.339.111	4.116.027.554	2.672.675.038
Interest receivable for investments at fair value through other comprehensive income	12.765.065.731	22.322.335.234	15.017.344.657
Interest receivable for investments classified at amortized cost	174.770.552	49.542.940	93.928.173
Allowance for impairment of financial instruments	0	0	(1.003.382)
	<b>¢ 1.756.524.103.200</b>	<b>1.890.859.623.925</b>	<b>1.986.125.242.082</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	¢ 240.200.445	341.202.776	541.486.343
Other (Open Investment Funds)	26.946.155.693	177.486.293.537	111.699.479.192
	<b>27.186.356.138</b>	<b>177.827.496.313</b>	<b>112.240.965.535</b>
<u>Foreign issuers:</u>			
Government	0	38.278.164	0
Private Banks	0	116.145.000.000	47.228.250.000
Private issuers	195.154.485.306	361.017.553	726.317.395
Other	36.087.183	0	0
	<b>¢ 222.376.928.627</b>	<b>294.371.792.030</b>	<b>160.195.532.930</b>
	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>At fair value through other comprehensive income</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	¢ 1.217.536.196.629	1.349.321.635.536	1.402.088.852.210
State-owned Banks	128.576.496.909	134.182.051.761	151.863.303.900
Private Banks	8.278.068.413	8.746.861.036	27.338.904.274
Private issuers	17.105.244.647	11.817.373.282	11.315.951.272
Other	0	10.694.988.174	11.620.278.618
	<b>1.371.496.006.598</b>	<b>1.514.762.909.789</b>	<b>1.604.227.290.274</b>
<u>Foreign issuers:</u>			
Private issuers	13.017.490.266	15.009.100.250	3.774.006.732
Other	58.129.708.704	0	0
	<b>¢ 1.442.643.205.568</b>	<b>1.529.772.010.039</b>	<b>1.608.001.297.006</b>
	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>Financial instruments at amortized cost issued by entities</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	¢ 8.351.073.588	8.121.527.268	163.024.253.962
State-owned Banks	24.359.766.821	26.132.625.000	28.022.095.000
Private Banks	31.718.294.094	0	3.148.550.000
Private issuers	10.751.659.108	5.973.763.860	5.950.568.698
	<b>¢ 75.180.793.611</b>	<b>40.227.916.128</b>	<b>200.145.467.660</b>

(Continue)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, the investment portfolio amounts to ¢171.184.746.336 (¢166.232.001.552 and ¢161.915.591.401 for December and September 2021, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 40).

Maturities for investments in financial instruments are from October 01, 2022, to November 24, 2027.

Purchased financial instruments earn annual yield rates as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Colones	0.51% to 18.06%	0.42500% to 11.50%	0.45000% to 11.50%
US dollars	0.010% to 9.96%	0.0124% to 9.20%	0.003062% to 9.20%

Investments have been pledged as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Securities in guarantee, liquidity ¢ market	455.083.161.009	50.089.013.557	37.362.150.000
Manager. Operadora de Pensiones Complementarias S.A.	5.870.708.126	5.066.214.653	3.485.284.914
Guarantee for obligations for securities repurchase agreements	26.479.731.500	28.558.734.330	35.189.986.873
BCR Valores. S.A. Puesto de Bolsa Guarantee for deferred term operations (MIL)	0	134.584.091.825	139.813.036.300
	<b>¢ 487.433.600.635</b>	<b>218.298.054.365</b>	<b>215.850.458.087</b>

In accordance with Article 37 of the Labor Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of September 30, 2022, amount to ¢5.870.708.126 (¢5.066.214.653 and ¢3.485.284.914 for December and September 2021, respectively).

As of September 30, 2022, BCR Valores holds restricted investments in securities in the amount of ¢28.069.970.403 (¢30.204.523.498 and ¢36.798.044.241 for December and September 2021, respectively).

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.

(Continue)



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, purchased financial instruments remain under resale agreements.

As of September 30, 2022

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	428.391.405	428.391.405	01/07/2022 to 30/09/2022	100.00%
	¢ <u>428.391.405</u>	<u>428.391.405</u>		

As of December 31, 2021

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Central Bank of Costa Rica	¢ 1.950.281.667	1.950.281.667	01/10/2021 to 03/01/2022	100.00%
Local Government	1.884.666.990	1.884.666.990	01/10/2021 to 03/01/2022	100.00%
Others	1.620.225.831	1.620.225.831	01/10/2021 to 28/06/2028	100.00%
	¢ <u>5.455.174.488</u>	<u>5.455.174.488</u>		

As of September 30, 2021

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local Government	¢ 16.106.094.009	16.106.094.009	01/10/2021 to 26/11/2021	100.00%
Others	¢ 39.069.781.287	49.318.186.128	01/10/2021 to 25/06/2021	100.00%
	¢ <u>55.175.875.295</u>	<u>65.424.280.136</u>		

(6) Loan portfolio

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

a) Loan portfolio by economic sector

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>Current loans</b>			
Personal loans	¢ 1.290.619.120.721	1.268.938.763.207	1.252.667.576.295
Loans Development Banking System	51.153.286.454	61.422.876.460	47.050.623.127
Business loans	221.020.032.101	198.550.432.871	190.201.139.199
Loans - Corporate	2.177.365.342.315	2.131.037.220.817	1.902.626.864.536
Loans - Public sector	53.291.930.252	68.346.748.999	120.083.590.866
Loans - Financial sector	54.522.945.263	82.551.873.032	92.897.670.442
	<u>3.847.972.657.106</u>	<u>3.810.847.915.386</u>	<u>3.605.527.464.465</u>
<b>Past due loans</b>			
Personal loans	141.071.337.514	138.706.195.554	119.025.299.472
Loans Development Banking System	3.748.519.722	3.044.541.896	2.490.567.990
Business loans	16.977.093.511	18.312.716.638	14.656.780.848
Loans - Corporate	94.195.075.391	98.889.883.940	120.869.639.345
	<u>255.992.026.138</u>	<u>258.953.338.028</u>	<u>257.042.287.655</u>
<b>Judicial Collection</b>			
Personal loans	30.341.103.286	29.835.518.345	30.682.327.307
Loans Development Banking System	243.874.060	53.376.648	53.376.648
Business loans	5.858.121.512	4.569.486.592	4.412.269.270
Loans - Corporate	20.065.791.273	17.653.279.082	17.267.022.288
	<u>56.508.890.131</u>	<u>52.111.660.667</u>	<u>52.414.995.513</u>
¢	<u>4.160.473.573.375</u>	<u>4.121.912.914.081</u>	<u>3.914.984.747.633</u>

(Continue)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

b) Loan portfolio by activity

<b>Activity</b>	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Agriculture, livestock, hunting and service activities	185.069.079.026	184.399.472.990	175.989.031.746
Public administration	17.249.503.061	285.486.409.880	238.914.272.312
Fishing and aquaculture	44.076.348	46.000.000	41.532.983
Manufacturing	390.204.816.736	455.640.113.110	454.612.695.368
Telecommunications and public services	234.921.281.581	163.842.838.285	104.154.976.472
Mining and quarrying	30.506.809	35.408.877	37.002.763
Retail	600.366.017.731	513.459.539.620	483.332.749.512
Services	873.387.903.106	681.309.198.989	650.921.112.020
Transportation	47.272.515.990	52.369.425.342	52.052.832.161
Financial activities and stock exchange	3.482.482.898	3.747.089.931	3.815.783.428
A Real estate, business, and leasing Activities	27.963.310.260	37.403.809.988	37.733.934.955
Construction, purchase, and repair of real estate	1.386.134.834.474	1.338.672.803.355	1.304.194.822.809
Consumer	269.595.149.978	287.633.267.439	293.036.407.473
Hospitality	123.434.987.535	116.341.025.761	114.621.806.011
Education	759.328.069	819.434.189	829.091.167
Other activities from the non-financial private sector	557.779.773	707.076.325	696.696.453
	<u>4.160.473.573.375</u>	<u>4.121.912.914.081</u>	<u>3.914.984.747.633</u>
Plus, interest receivable	25.068.405.556	19.478.709.205	24.484.101.468
Deferred income from loan portfolio	(19.166.091.072)	(19.009.378.028)	(18.742.051.059)
Less allowance for loan	(170.917.783.228)	(171.218.633.346)	(154.239.150.667)
	<u><u>¢ 3.995.458.104.631</u></u>	<u><u>3.951.163.611.912</u></u>	<u><u>3.766.487.647.375</u></u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

c) Current loans

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Personal	¢ 1.290.619.120.721	1.268.938.763.207	1.252.667.576.296
Development Banking System	51.153.286.454	61.422.876.460	47.050.623.127
Business	221.020.032.101	198.550.432.871	190.201.139.199
Corporate	2.177.365.342.315	2.131.037.220.817	1.902.626.864.536
Public sector	53.291.930.252	68.346.748.999	120.083.590.866
Financial sector	54.522.945.263	82.551.873.032	92.897.670.442
	<b>¢ 3.847.972.657.106</b>	<b>3.810.847.915.386</b>	<b>3.605.527.464.466</b>

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Past due</b>			
Personal	¢ 141.071.337.514	138.706.195.555	119.025.299.471
Development Banking System	3.748.519.722	3.044.541.896	2.490.567.990
Business	16.977.093.511	18.312.716.638	14.656.780.848
Corporate	94.195.075.391	98.889.883.939	120.869.639.345
	<b>¢ 255.992.026.138</b>	<b>258.953.338.028</b>	<b>257.042.287.654</b>

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Judicial collection</b>			
Personal	¢ 30.341.103.287	29.835.518.344	30.682.327.307
Development Banking System	243 874 060	53.376.648	53 376 648
Business	5.858.121.512	4.569.486.592	4.412.269.270
Corporate	20.065.791.272	17.653.279.083	17.267.022.288
	<b>¢ 56.508.890.131</b>	<b>52.111.660.667</b>	<b>52 414 995 513</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Total minimum payments	¢ 39.653.650.046	29.615.559.322	30.270.029.350
	<b>¢ 39.653.650.046</b>	<b>29.615.559.322</b>	<b>30.270.029.350</b>

The maturities of the financial leases are as follows:

	<b>September 2022</b>	<b>September 2021</b>	<b>September 2021</b>
Less than a year	¢ 1.161.073.469	1.324.044.612	1.420.805.227
From 1 to 5 years	38.492.576.577	28.291.514.710	28.849.224.123
	<b>¢ 39.653.650.046</b>	<b>29.615.559.322</b>	<b>30.270.029.350</b>

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Current	¢ 3.847.972.657.106	3.810.847.915.386	3.605.527.464.466
1 to 30 days	126.934.740.453	112.146.909.301	137.337.133.621
31 to 60 days	51.331.130.612	50.533.286.605	41.256.276.989
61 to 90 days	18.241.132.085	34.081.257.943	20.695.659.822
91 to 120 days	6.710.482.867	6.379.536.753	3.439.427.908
121 to 180 days	8.979.630.041	2.784.407.977	4.899.772.063
Over 181 days	100.303.800.211	105.139.600.116	101.829.012.765
	<b>¢ 4.160.473.573.375</b>	<b>4.121.912.914.081</b>	<b>3.914.984.747.634</b>

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

e) Past due loans

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

	<u>September 2022</u>	<u>December. 2021</u>	<u>September 2021</u>
Number of operations	1.815	1.605	2.803
Past due loans in non-accrual status	¢ <u>100.303.800.211</u>	<u>105.139.600.115</u>	<u>101.829.012.764</u>
Past due loans bearing interest	¢ 212.197.116.058	205.925.398.580	207.628.270.403
Total of unearned interest	¢ 16.823.717.338	15.524.346.083	16.706.039.894

Loans in legal collection as of September 30, 2022:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1.050	1.36%	¢ <u>56.508.890.131</u>

Loans in legal collection as of December 31, 2021:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
987	1.26%	¢ <u>52.111.660.667</u>

Loans in legal collection as of September 30, 2021:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1.143	1.33%	¢ <u>52.414.995.513</u>

As of September 30, 2022, the average annual interest rate earned on loans is 7.91% (7.47% and 8.15% for December and September 2021, respectively) in colones and 6.51% (6.98% and 6.40% for December and September 2021, respectively) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 6.54% (5.85% and 5.84% for December and September 2021, respectively).

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Personal	¢ 8.867.052.247	7.859.738.072	9.639.693.548
Development Banking System	215.620.889	142.948.325	149.737.891
Business	1.277.096.543	1.068.517.022	1.250.057.144
Corporate	13.888.844.927	9.812.527.272	12.372.457.110
Public sector	542.652.874	321.799.756	766.323.805
Financial sector	277.138.076	273.178.758	305.831.970
	<b>¢ 25.068.405.556</b>	<b>19.478.709.205</b>	<b>24.484.101.468</b>

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

<b>2022 Initial balance</b>	<b>¢ 171.218.633.346</b>
Currency translation effect	(472.961.100)
<b>Adjusted balance at the beginning of 2022</b>	<b>170.745.672.246</b>
Plus:	
Allowance charged through profit or loss (see note 29)	14.199.274.803
Adjustments for exchange differences	4.373.505.175
Less:	
Adjustments for exchange differences	(5.599.585.459)
Transfer to unpaid balances	(11.418.980.451)
Reversal of allowance against income (see note 30)	(1.373.652.911)
Transfer of balances	(8.450.175)
<b>Balance as of September 30, 2022</b>	<b>¢ 170.917.783.228</b>

December 2021

<b>2021 Initial balance</b>	<b>¢ 134.225.242.689</b>
Currency translation effect	898.919.932
<b>Adjusted balance at the beginning of 2021</b>	<b>135.124.162.621</b>
Plus:	
Allowance charged through profit or loss (see note 29)	44.208.237.658
Recoveries	50.696.002
Transfer of balances	35.102
Adjustments for exchange differences	2.460.005.646
Less:	
Adjustments for exchange differences	(97.104.735)
Transfer to unpaid balances	(8.148.999.774)
Reversal of allowance against income (see note 30)	(2.378.084.879)
Transfer of balances	(314.295)
<b>Balance as of December 31, 2021</b>	<b>¢ 171.218.633.346</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

<b>September 2021</b>	
<b>2021 Initial balance</b>	¢ <b>134.225.242.689</b>
Currency translation effect	402.758.813
<b>Adjusted balance at the beginning of 2021</b>	<b>134.628.001.502</b>
Plus:	
Allowance charged to profit and loss (See note 29)	26.389.226.826
Recoveries	46.245.902
Adjustments for exchange differences	1.093.204.736
Less:	
Adjustments for exchange differences	(97.104.735)
Transfer to unpaid balances	(5.442.366.849)
Reversal of allowance against income (see note 30)	(2.378.084.879)
<b>Balance as of September 30, 2021</b>	<b>¢ <u>154.239.150.667</u></b>

h) Syndicated loans

As of September 30, 2022, the syndicated loan portfolio is detailed as follows:

Banco de Costa Rica syndicated loan portfolio:

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

BICSA - Syndicated loans

	No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
1	4	GLOBAL BANK	¢ 77.682.845.905	8.278.025.082	¢ 85.960.870.987
2	1	Banco Agromercantil de Guatemala, S.A.	347.074.610.991	3.452.269.009	350.526.880.000
2	12	CREDICORP BANK	4.711.479.881	1.938.936.906	6.650.416.787
3	1	Credit Suisse AG	32.268.720.000	5.694.480.000	37.963.200.000
4	2	PRIVAL BANK	18.945.788.048	10.800.389.303	29.746.177.351
5	1	CITIBANK NEW YORK	43.013.893.094	3.346.948.969	46.360.842.063
6	1	Banistmo	42.152.399.259	6.980.504.912	49.132.904.171
7	1	The Bank of Nova Scotia (Scotiabank)	12.882.835.963	6.200.781.279	19.083.617.242
8	1	SCOTIABANK CR	250.557.120.000	6.327.200.000	256.884.320.000
9	3	BLADEX	144.996.473.347	19.510.726.653	164.507.200.000
10	1	Banco Centroamericano de Integración Económica	130.234.866.456	12.127.133.544	142.362.000.000
11	1	BANCOLOMBIA	217.022.960.000	3.163.600.000	220.186.560.000
12	2	Banco Aliado	43.522.845.470	8.992.914.530	52.515.760.000
13	1	MMG Bank Corporation	1.742.205.276	852.736.358	2.594.941.634
	<u>32</u>		<u>¢ 1.366.809.043.690</u>	<u>97.666.646.545</u>	<u>¢ 1.464.475.690.235</u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021

	No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
1	4	Global Bank	¢ 78.756.835.963	8.906.351.552	¢ 87.663.187.515
	5	Banco Agromercantil de Guatemala, S.A.	348.272.940.946	9.195.559.054	357.468.500.000
2	3	Bladex and Nomura Securities International	61.379.406.250	3.145.593.750	64.525.000.000
3	11	Credicorp Bank	4.858.145.968	1.923.971.607	6.782.117.575
4	2	Credit Suisse AG	69.622.475.000	1.355.025.000	70.977.500.000
5	1	Mmg Bank	22.992.139.694	882.110.306	23.874.250.000
6	5	Prival Bank	12.065.019.357	18.270.233.747	30.335.253.104
7	1	Citibank New York	42.999.749.072	4.279.195.405	47.278.944.477
8	1	Banistmo	44.392.516.035	5.713.386.128	50.105.902.163
	1	The Bank of Nova Scotia (Scotiabank)	13.048.003.531	6.413.533.998	19.461.537.529
10	1	Scotiabank CR	255.519.000.000	6.452.500.000	261.971.500.000
	<b>35</b>		¢ <b>953.906.231.816</b>	<b>66.537.460.547</b>	¢ <b>1.020.443.692.363</b>

As of September 30, 2021

	No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
1	4	GLOBAL BANK	¢ 76.614.752.902	8.937.181.429	¢ 85.551.934.331
2	5	Banco Agromercantil de Guatemala, S A.	339.814.846.787	9.044.493.213	348.859.340.000
2	1	BLADEX	88.299.195.620	1.749.334.380	90.048.530.000
3	3	Bladex and Nomura Securities International	59.507.595.000	3.463.405.000.	62.971.000.000
4	11	CREDICORP BANK	4.594.278.211	2.024.500.994	6.618.779.205
5	2	Credit Suisse AG	67.284.513.500	1.983.586.500	69.268.100.000
6	1	MMG BANK	22.438.404.378	860.865.622	23.299.270.000
7	6	PRIVAL BANK	10.880.715.660	18.723.952.597	29.604.668.257
8	1	CITIBANK NEW YORK	41.964.156.346	4.176.136.344	46.140.292.690
9	2	Banistmo	43.641.592.945	5.257.574.279	48.899.167.224
10	7	BICSA, BANPRO, ST GEORGES BANK, Inversiones del Lago	24.278.749.605	7.521.605.395	31.800.355.000
11	6	BICSA/BANPRO/ST GEORGES BANK	12.448.390.221	1.090.374.779	13.538.765.000
12	1	The Bank of Nova Scotia (Scotiabank)	12.663.990.073	6.328.841.805	18.992.831.878
13	1	Scotiabank CR	249.365.160.000	6.297.100.000	255.662.260.000
	<b>53</b>		¢ <b>1.053.796.341.248</b>	<b>77.458.952.337</b>	¢ <b>1.131.255.293.585</b>

(Continue)



BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(7) Held-for-sale assets, net

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Financial instruments	¢ 120.078.935.902	136.797.715.011	144.216.029.643
Other assets	551.706.464	668.069.690	712.800.834
Purchased-for-sale	1.413.684.795	1.386.351.974	1.113.954.044
Idle real property, furniture, and equipment	<u>2.083.743.067</u>	<u>1.982.331.784</u>	<u>2.189.242.289</u>
	<b><u>124.128.070.228</u></b>	<b><u>140.834.468.459</u></b>	<b><u>148.232.026.810</u></b>
Allowance for impairment and per legal requirement	<u>(69.434.960.477)</u>	<u>(77.758.592.386)</u>	<u>(82.339.845.392)</u>
	<b><u>¢ 54.693.109.751</u></b>	<b><u>63.075.876.073</u></b>	<b><u>65.892.181.418</u></b>

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>At the beginning of the year</b>	¢ <b>140.834.468.459</b>	<b>156.310.686.707</b>	<b>156.310.686.707</b>
Translation effect	<u>(356.722.278)</u>	<u>858.926.893</u>	<u>375.731.072</u>
<b>Adjusted balance</b>	<b><u>140.477.746.181</u></b>	<b><u>157.169.613.600</u></b>	<b><u>156.686.417.779</u></b>
Increase for awarded assets	13.004.364.746	32.550.186.352	24.904.232.227
Transfer to unused property, furniture, and equipment	1.049.759.786	573.500.629	331.256.354
Transfer of assets balances from Depósito Agrícola	3.250.795.991	0	0
Transfer of assets balances Insurance Agency	(31.385.265.725)	0	0
Increase goods acquired for sale	0	3.944.125.165	2.383.666.313
Sales of goods	(2.269.330.751)	(52.654.183.943)	(35.773.927.299)
Withdrawal of unused property, furniture, and equipment	0	<u>(748.773.344)</u>	<u>(299.618.564)</u>
<b>Balance at the end of the period</b>	<b><u>¢ 124.128.070.228</u></b>	<b><u>140.834.468.459</u></b>	<b><u>148.232.026.810</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Opening balance</b>	¢ 77.758.590.537	91.291.928.384	91.293.299.040
Currency conversion effect	(6.989.690)	403.738	179.262
<b>Adjusted Balance</b>	77.751.600.847	91.292.332.122	91.293.478.302
Increase in the allowance	13.959.179.854	19.500.570.248	14.388.741.696
Reversal in the allowance	(22.528.889.469)	(33.087.363.274)	(23.099.702.195)
Transfer of balances	257.522.102	53.053.290	(242.672.411)
Adjustment of the estimate for appraisal of assets	(4.452.857)	0	0
<b>Closing balance</b>	¢ <b>69.434.960.477</b>	<b>77.758.592.386</b>	<b>82.339.845.392</b>

(8) Interest in other companies' capital

Interest in other companies' capital is detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Capital interest in Bolsa Nacional de Valores, S.A.	¢ 29.057.201	29.057.201	29.057.201
Capital interest in Interclear Central de Valores, S.A.	36.359.987	36.359.987	36.359.987
Capital interest in Banprocesa. S. R. L.	256.194.036	0	0
	¢ <b>321.611.224</b>	<b>65.417.188</b>	<b>65.417.188</b>

As of September 30, 2022, the interest in Bolsa Nacional de Valores, S.A., is of 1.514.974 common shares with a par value of ¢19,18 each, recorded at cost since these shares are not subject to public offering.

As of September 30, 2022, the interest in Interclear Central de Valores, S.A. is of 24.545.455 common shares with a par value of ¢1.4813 each, recorded at cost since these shares are not subject to public offering.

Interest in the equity of the financial conglomerate:

As of September 30, 2022, the capital stock of BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., is represented by 1.279.450.000 common and registered shares, with a par value of ¢1 each, for a total of ¢1.279.450.000.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, the capital stock of BCR Sociedad Administradora de Fondos de Inversión, S.A. is represented by 96.784 common and registered shares, with a par value of ¢50.000 each, for a total of ¢4.839.200.000.

As of September 30, 2022, the capital stock of BCR Valores, S.A. - Puesto de Bolsa, S.A., is represented by 12.626 common and registered shares, subscribed, and paid in full, with a par value of ¢1.000.000 each, for a total of ¢12.626.000.000.

As of September 30, 2022, the capital stock of BCR Sociedad Corredora de Seguros, S.A., is represented by 45.000 common and registered shares, subscribed, and paid in full, and with a par value of ¢50.000 each, for a total of ¢2.250.000.000. At the extraordinary Shareholders' Meeting 04-19 of BCR Corredora de Seguros on December 4, 2019, an increase in the Company's share capital was authorized in the amount of 1,000,000,000, representing an increase of 20,000 shares with which the share capital reaches the amount of ¢2,250,000,000 comprised of 45,000 common and registered, authorized and issued shares with a par value of ¢50,000 each.

As of September 30, 2022, the capital stock of Depósito Agrícola de Cartago S. A., is represented by 972.647 common and registered shares, which are authorized and issued, with a par value of ¢314.44 each, for a total of ¢305.842.762.

As of September 30, 2022, the capital stock of Banprocesa, S.R.L., is represented by 100 common and registered shares, which are authorized and issued with a par value of ¢100,000, for a total of ¢10,000,000.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of September 30, 2022, ownership interest is represented by 6.772.137 common shares of US\$10 par value each. The remaining 49% of shares is owned by Banco Nacional de Costa Rica.

The Bank's income statement for the period ended September 30, 2022, includes the amounts of ¢1.515.928.167 (¢1.204.741.412 and ¢785.736.342 for December and September 2021, respectively), corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended September 30, 2022, includes an equity decrease of ¢1.545.275.423 (¢3.620.4787.490 and ¢1.661.788.816 for December and September 2021, respectively) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance sheet amounts to ¢76.368.316.957 (¢76.762.142.376 and ¢74.524.788.792 for December and September 2021, respectively) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢1.456.478.091 (¢1.157.496.759 and ¢754.923.044 for December and September 2021, respectively).

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

As of December 21, 2021, BCR grants Operadora de Planes de Pensiones Complementarias S.A. resources for ¢130,000,000, for the increase of the regulatory operating capital, approved in minutes 55-21.

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

	September 2022		December 2021		September 2021	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	<u>13.278.700</u>	<u>132.787.000</u>	<u>13.278.700</u>	<u>132.787.000</u>	<u>13.278.700</u>	<u>132.787.000</u>
<b>Balance at the end of the period</b>	<b><u>13.278.700</u></b>	<b><u>132.787.000</u></b>	<b><u>13.278.700</u></b>	<b><u>132.787.000</u></b>	<b><u>13.278.700</u></b>	<b><u>132.787.000</u></b>

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

As of September 30, 2022, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢776.345.562 (¢940.117.721, for December 2021, and for September 2021 no adjustment was made), corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(9) Property, furniture, and equipment

As of September 30, 2022, property, furniture, and equipment are detailed as follows:

						Assets for the right-of-use, buildings, and facilities	Total	
<u>Cost:</u>	Property	Buildings	Furniture and equipment	Computer hardware	Vehicles			
<b>Balance as of December 31, 2021</b>	€ 35.822.827.602	81.913.344.038	38.986.780.302	50.694.400.676	5.809.582.106	28.144.296.674	241.371.231.398	
Conversion effect	(9.809.737)	(156.143.428)	(21.470.948)	(39.766.286)	(1.202.254)	(41.411.774)	(269.804.427)	
<b>Adjusted balance</b>	35.813.017.865	81.757.200.610	38.965.309.354	50.654.634.390	5.808.379.852	28.102.884.900	241.101.426.971	
Additions	0	100.673.617	1.574.634.238	10.689.803.032	0	6.969.245.014	19.334.355.901	
Withdrawals	333.747.430	0	(20.480.104)	(326.471.728)	0	(281.411.919)	(294.616.321)	
Transfers	0	0	(941.924.726)	(8.251.494.956)	0	(524.316.215)	(9.717.735.897)	
Revaluation	(9.944.428)	20.019.490.453	25.476.753	0	0	0	20.035.022.778	
<b>Balance as of September 30, 2022</b>	<b>36.136.820.867</b>	<b>101.877.364.680</b>	<b>39.603.015.515</b>	<b>52.766.470.738</b>	<b>5.808.379.852</b>	<b>34.266.401.780</b>	<b>270.458.453.432</b>	
<b><u>Accumulated depreciation and impairment:</u></b>								
<b>Balance as of December 31, 2021</b>		0	27.522.164.868	24.489.329.401	36.343.486.976	4.399.535.599	7.053.472.004	99.807.988.848
Conversion effect		0	(31.940.362)	(21.521.297)	(39.313.703)	(1.185.689)	(28.118.401)	(122.079.452)
<b>Adjusted balance</b>		0	27.490.224.506	24.467.808.104	36.304.173.273	4.398.349.910	7.025.353.603	99.685.909.396
Depreciation expenses		0	1.542.925.171	2.027.928.196	2.573.695.154	222.369.280	2.490.196.912	8.857.114.713
Adjustment for previous periods		0	0	(1.193.674.276)	(827.563.760)	0	(688.718.620)	(2.709.956.656)
Withdrawals		0	0	888.490.439	353.601.559	0	183.254.498	1.425.346.496
Transfers		0	8.493.126.762	0	0	0	0	8.493.126.762
Reversion of accumulated depreciation		0	0	0	(2.316.346)	0	0	(2.316.346)
<b>Balance as of September 30, 2022</b>	€ 0	37.526.276.439	26.190.552.463	38.401.589.880	4.620.719.190	9.010.086.393	115.749.224.365	
<b>September 30, 2022</b>	€ 36.136.820.867	64.351.088.241	13.412.463.052	14.364.880.858	1.187.660.662	25.256.315.387	154.709.229.067	

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021, property, furniture, and equipment are detailed as follows:

						Assets for the right-of-use, buildings, and facilities	Total
<b>Cost:</b>			<b>Furniture and equipment</b>	<b>Computer hardware</b>	<b>Vehicles</b>		
<b>Balance as of December 31, 2020</b>	€ 35.574.974.547	80.508.103.008	36.223.723.801	48.365.138.743	5.623.133.404	27.032.342.385	233.327.415.888
Conversion effect	21.882.055	348.299.989	47.438.750	84.665.582	2.681.803	62.715.525	567.683.704
<b>Adjusted balance</b>	<b>35.596.856.602</b>	<b>80.856.402.997</b>	<b>36.271.162.551</b>	<b>48.449.804.325</b>	<b>5.625.815.207</b>	<b>27.095.057.910</b>	<b>233.895.099.592</b>
Additions	225.971.000	1.056.941.041	3.291.988.275	3.198.776.026	183.766.899	1.049.238.764	9.006.682.005
Withdrawals	0	0	(1.157.538.257)	(746.741.476)	0	0	(1.904.279.733)
Transfers	0	0	(344.870.248)	(166.888.753)	0	0	(511.759.001)
Revaluation	0	0	926.037.981	(40.549.446)	0	0	885.488.535
<b>Balance as of December 31, 2021</b>	<b>35.822.827.602</b>	<b>81.913.344.038</b>	<b>38.986.780.302</b>	<b>50.694.400.676</b>	<b>5.809.582.106</b>	<b>28.144.296.674</b>	<b>241.371.231.398</b>
<b><u>Accumulated depreciation and impairment:</u></b>							
<b>Balance as of December 31, 2020</b>	0	25.447.268.355	23.203.392.080	31.795.854.235	4.107.909.810	3.306.359.417	87.860.783.897
Conversion effect	0	60.912.259	44.926.989	80.711.739	2.633.401	21.711.629	210.896.017
<b>Adjusted balance</b>	<b>0</b>	<b>25.508.180.614</b>	<b>23.248.319.069</b>	<b>31.876.565.974</b>	<b>4.110.543.211</b>	<b>3.328.071.046</b>	<b>88.071.679.914</b>
Depreciation expenses	0	2.013.984.254	2.606.683.325	5.404.006.409	289.979.808	3.643.436.659	13.958.090.455
Adjustment for previous periods	0	0	0	(272.014)	(987.420)	0	(1.259.434)
Withdrawals	0	0	(1.389.949.953)	(793.918.747)	0	(179.460.802)	(2.363.329.502)
Transfers	0	0	24.276.960	(142.894.647)	0	261.425.101	142.807.414
<b>Balance as of December 31, 2021</b>	<b>€ 0</b>	<b>27.522.164.868</b>	<b>24.489.329.401</b>	<b>36.343.486.975</b>	<b>4.399.535.599</b>	<b>7.053.472.004</b>	<b>99.807.988.847</b>
<b>December 31, 2021</b>	<b>€ 35.822.827.602</b>	<b>54.391.179.170</b>	<b>14.497.450.901</b>	<b>14.350.913.701</b>	<b>1.410.046.507</b>	<b>21.090.824.670</b>	<b>141.563.242.551</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, property, furniture, and equipment are detailed as follows:

	Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Assets for the right-of-use, buildings, and facilities	Total
<b>Cost:</b>							
<b>Balance as of December 31, 2020</b>	¢ 35.574.974.547	80.508.103.008	36.223.723.801	48.365.138.743	5.623.133.405	27.032.342.383	233.327.415.887
Currency translation effect	9.715.789	154.648.030	21.063.141	37.592.124	1.190.740	27.846.143	252.055.967
<b>Adjusted balance</b>	35.584.690.336	80.662.751.038	36.244.786.942	48.402.730.867	5.624.324.144	27.060.188.528	233.579.471.855
Additions	0	1.040.416.206	3.820.027.880	1.290.929.609	13.047.787	1.374.310.611	7.538.732.093
Withdrawals	0	0	(701.145.308)	(77.148.466)	0	0	(778.293.774)
Transfers	0	0	(307.621.452)	(132.015.139)	0	0	(439.636.591)
Revaluation	0	0	(505.027)	(27.524.624)	0	0	(28.029.651)
Balance as of September 30, 2021	35.584.690.336	81.703.167.244	39.055.543.035	49.456.972.247	5.637.371.931	28.434.499.139	239.872.243.932
<b>Accumulated depreciation and impairment:</b>							
<b>Balance as of December 31, 2020</b>	0	25.447.268.355	23.203.392.080	31.795.854.236	4.107.909.810	3.306.359.417	87.860.783.898
Currency translation effect	0	27.368.912	20.046.481	36.100.730	1.187.519	9.640.190	94.343.832
<b>Adjusted balance</b>	0	25.474.637.267	23.223.438.561	31.831.954.965	4.109.097.329	3.315.999.607	87.955.127.729
Depreciation expenses	0	1.509.520.839	1.868.674.607	4.029.124.300	217.734.540	2.761.995.742	10.387.050.028
Adjustment for previous periods	0	0	0	(272.014)	(987.420)	63.853.734	62.594.300
Withdrawals	0	0	(445.432.080)	(103.007.501)	0	0	(548.439.581)
Transfers	0	0	(1.304.023)	(122.192.737)	0	0	(9.034.296)
Balance as of September 30, 2021	¢ 0	26.984.158.106	24.645.377.065	35.635.607.013	4.325.844.449	6.256.311.547	97.847.298.180
September 30, 2021	¢ 35.584.690.336	54.719.009.138	14.410.165.970	13.821.365.234	1.311.527.482	22.178.187.592	142.024.945.752

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Improvement of properties in operating lease	¢ 937.794.602	1.142.715.512	1.255.816.240
Pre-issuance cost of financial instruments	69.873.947	280.673.715	348.980.661
Other deferred charges	1.406.150.601	7.557.658.235	6.289.261.554
	<u>¢ 2.413.819.150</u>	<u>8.981.047.462</u>	<u>7.894.058.455</u>

(b) Intangible assets

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

*Cost:*

<b>Balance as of December 31, 2021</b>	<b>¢ 57.790.466.417</b>
Currency translation effect	(162.505.659)
<b>Adjusted balance</b>	<b>57.627.960.758</b>
Additions to computer systems	10.740.145.579
Transfers	10.948.159.031
Withdrawals	(1.675.447.455)
<b>Balance as of September 30, 2022</b>	<b>77.640.817.913</b>
<i>Accumulated depreciation and impairment:</i>	
<b>Balance as of December 31, 2021</b>	<b>40.609.976.820</b>
Currency translation effect	(145.587.655)
<b>Adjusted balance</b>	<b>40.464.389.165</b>
Amortization expense on computer systems	9.836.475.791
Transfers	6.202.133.571
Withdrawals	(1.080.569.589)
<b>Amortized balance and impairment as of September 30, 2022</b>	<b>55.422.428.938</b>
<b>Balance as of September 30, 2022</b>	<b>¢ 22.218.388.975</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 2021

*Cost:*

<b>Balance as of December 31, 2020</b>	¢	<b>47.895.898.524</b>
Currency translation effect		352.740.973
<b>Adjusted balance</b>		<b>48.248.639.497</b>
Additions to computer systems		9.572.096.685
Transfers		263.701.538
Withdrawals		(293.971.303)
<b>Balance as of December 31, 2021</b>		<b>57.790.466.417</b>
<i>Accumulated depreciation and impairment:</i>		
<b>Balance as of December 31, 2020</b>		<b>31.345.255.637</b>
Currency translation effect		263.166.040
<b>Adjusted balance</b>		<b>31.608.421.677</b>
Amortization expense on computer systems		8.387.140.727
Transfers		894.972.398
Withdrawals		(280.557.982)
<b>Amortized balance and impairment as of December 31, 2021</b>		<b>40.609.976.820</b>
<b>Balance as of December 31, 2021</b>	¢	<b>17.180.489.597</b>

As of September 2021

*Cost:*

<b>Balance as of December 31, 2020</b>	¢	<b>47.895.898.524</b>
Currency translation effect		156.619.515
<b>Adjusted balance</b>		<b>48.052.518.039</b>
Additions to computer systems		5.776.969.290
Index revaluation		148.355.229
Withdrawals		(86.491.181)
<b>Balance as of September 30, 2021</b>		<b>53.891.351.377</b>
<i>Accumulated depreciation and impairment:</i>		
<b>Balance as of December 31, 2020</b>		<b>31.345.255.637</b>
Currency translation effect		119.135.878
<b>Adjusted balance</b>		<b>31.464.391.515</b>
Amortization expense on computer systems		5.968.899.184
Withdrawals		(86.491.181)
<b>Amortized balance and impairment as of September 30, 2021</b>		<b>37.346.799.518</b>
<b>September 30, 2021</b>	¢	<b>16.544.551.859</b>

(Continue)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(c) Other assets

Other assets are detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Prepaid taxes	25.147.123.763	21.910.818.741	17.227.383.887
Other prepaid taxes	589.263.160	263.012.326	446.640.379
Prepaid leases	78.383	78.383	78.383
Prepaid insurance policy	298.221.273	265.096.029	353.708.357
Other prepaid expenses	749.433.973	751.131.642	900.728.624
<b>Prepaid expenses</b>	<b>26.784.120.552</b>	<b>23.190.137.121</b>	<b>18.928.539.630</b>
Stationery, supplies and other materials	158.362.040	168.756.224	176.115.006
Library and works of art	38.769.789	39.496.776	38.595.076
Construction in process	5.935.546.139	5.266.177.614	4.433.226.625
Automated applications under development	4.061.562.795	4.942.070.410	4.009.188.185
Membership in social and professional institutions	36.633.800	36.633.800	36.633.800
Other miscellaneous goods	24.927.493.309	19.324.460.907	19.152.691.237
<b>Miscellaneous goods</b>	<b>35.158.367.872</b>	<b>29.777.595.731</b>	<b>27.846.449.929</b>
Missing cash	56.871.048	46.699.731	38.825.597
Transactions to be settled	26.415.567.428	19.067.613.241	19.543.356.768
Other operations pending allocation	182.830.650	138.719.810	111.856.612
<b>Operations pending allocation</b>	<b>26.655.269.126</b>	<b>19.253.032.782</b>	<b>19.694.038.977</b>
Guarantee deposits	1.192.763.057	1.199.477.248	1.153.934.012
<b>Restricted assets</b>	<b>1.192.763.057</b>	<b>1.199.477.248</b>	<b>1.153.934.012</b>
	<b>¢ 89.790.520.607</b>	<b>73.420.242.882</b>	<b>67.622.962.548</b>

As of September 2022, the net appraisal record is reflected in Buildings for ¢11.447.128.295 and property for ¢456.051.531.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(11) Demand obligations with the public

Demand obligations with the public are as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Checking accounts	¢ 2.064.155.814.992	2.352.095.313.148	2.234.265.345.469
Cashier's checks	495.128.560	124.395.904	897.661.754
Demand savings deposits	1.008.154.165.138	1.008.406.093.095	886.813.262.641
Overdue term borrowings	2.511.348.373	2.504.906.622	2.847.123.935
Overnight deposits	4.017.772.000	3.197.213.750	4.993.600.300
Other demand borrowings	0	1.483.602.032	1.565.317.375
Other demand obligations with the public	5.439.162.190	4.111.674.629	17.554.435.569
	<b>¢ 3.084.773.391.253</b>	<b>3.371.923.199.180</b>	<b>3.148.936.747.043</b>

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

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<u>Obligations with the public</u>	<b>Demand</b>	<b>Demand</b>	<b>Demand</b>
Deposits from the public	¢ 3.079.334.229.063	3.367.811.524.550	3.131.382.311.474
Other obligations with the public	5.439.162.190	4.111.674.630	17.554.435.569
(See note 11)	<b>3.084.773.391.253</b>	<b>3.371.923.199.180</b>	<b>3.148.936.747.043</b>
<u>Obligations with entities</u>			
Deposits from state-owned entities	7.660.239.294	3.556.678.202	7.607.503.434
Deposits from other Banks	4.813.297.999	7.632.836.260	8.172.274.695
Other obligations with entities	71.073.796.701	50.948.484.687	65.709.743.831
	<b>83.547.333.994</b>	<b>62.137.999.149</b>	<b>81.489.521.960</b>
	<b>¢ 3.168.320.725.247</b>	<b>3.434.061.198.329</b>	<b>3.230.426.269.003</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
	<b>Term</b>	<b>Term</b>	<b>Term</b>
<u>Obligations with the public</u>			
Deposits from the public	¢ 1.908.079.376.857	1.691.845.165.742	1.793.155.694.669
Other obligations with the public	11.124.865	11.209.498	10.628.615
	<b><u>1.908.090.501.722</u></b>	<b><u>1.691.856.375.240</u></b>	<b><u>1.793.166.323.284</u></b>
<u>Obligations with entities</u>			
Deposits from state-owned entities	42.160.936.772	82.772.160.448	81.775.859.874
Deposits from other Banks	10.470.952.213	10.511.690.020	10.483.043.794
Other obligations with entities	832.957.672.312	750.376.459.852	649.887.442.690
	<b><u>885.589.561.297</u></b>	<b><u>843.660.310.320</u></b>	<b><u>742.146.346.358</u></b>
	<b><u>¢ 2.793.680.063.019</u></b>	<b><u>2.535.516.685.560</u></b>	<b><u>2.535.312.669.642</u></b>

As of September 30, 2022, demand deposits with the public include court-ordered deposits for ¢252.304.799.624 (¢247.766.946.452 and ¢236.748.341.340 for December and September 2021, respectively), which are restricted because of their nature.

As of September 30, 2022, the Bank has a total of de 1.728.575 (1.765.641 and 1.732.275 for December and September 2021, respectively) employees with demand deposits and with term deposits 36.429 (34.887 and 35.999 for December and September 2021, respectively). The subsidiary BICSA has a total of 875 customers (911 and 986 for December and September 2021, respectively) with demand deposits and 1.151 (1.203 and 1.159 for December and September 2021, respectively).

(13) Other obligations with the public

Other obligations with the public are as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Obligations for confirmed letters of credit	¢ 3.397.105.917	11.267.239.574	8.640.574.940
Obligations for security tripartite agreements forward buyer	6.633.218.505	7.250.003.134	1.464.435.787
	<b><u>¢ 10.030.324.422</u></b>	<b><u>18.517.242.708</u></b>	<b><u>10.105.010.727</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

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Repurchase agreements:

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

As of September 30, 2022, the Bank's repurchase agreements are as follows:

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase date</b>
Investments	¢ <u>28.995.169.492</u>	<u>7.558.417.594</u>	01/09/2022 al 31/12/2022	100%

As of December 31, 2021, the Bank's repurchase agreements are as follows:

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase date</b>
Investments	¢ <u>30.204.523.499</u>	<u>7.250.003.134</u>	01/10/2021 to 31/12/2021	100%

As of September 30, 2021, the Bank's repurchase agreements are as follows:

	<b>Fair value of the assets</b>	<b>Liability balance</b>	<b>Repurchase date</b>	<b>Repurchase price</b>
Investments	¢ <u>33.946.349.595</u>	<u>1.464.435.787</u>	08/10/2021 al 31/10/2021	100%

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Term obligations with the Central Bank of Costa Rica	¢ 215.749.270.823	127.689.025.829	139.320.785.417
Charges payable for obligations with the Central Bank of Costa Rica	1.284.223.817	596.659.814	370.891.200
	<u>217.033.494.640</u>	<u>128.285.685.643</u>	<u>139.691.676.617</u>
Checking accounts of local financial entities	21.711.569.086	31.450.987.320	35.457.631.605
Checking accounts of foreign financial entities	1.227.559.054	4.315.260.364	3.677.888.634
Overdrafts on demand checking accounts of foreign financial entities	9.293.266.113	5.938.790.633	13.060.438.909
Obligations for check deposits	1.606.558.381	638.139.432	1.193.944.724
Overnight deposits	49.708.381.360	19.794.821.401	28.099.618.088
Term deposits from local financial entities	63.639.679.786	121.297.089.218	119.750.783.818
Term deposits from financial entities abroad	28.484.539.366	45.730.422.553	28.885.434.967
Loan from foreign financial entities (See note 14-a)	324.120.638.195	328.149.334.117	271.619.142.306
Obligations for resources taken from the liquidity market	28.517.207.928	24.673.097.335	25.243.245.087
Obligations for resources taken from the liquidity market	20.402.450.478	19.835.551.998	31.511.521.768
Obligations with resources from the Development Credit Fund (DCF)	185.784.185.490	186.862.695.178	170.033.443.939
Charges payable for obligations with financial and non-financial entities	5.784.084.809	4.568.316.235	4.524.012.024
	<u>740.280.120.046</u>	<u>793.254.505.784</u>	<u>733.057.105.869</u>
Loans from local financial entities (See note 14-a)	79.415.218.077	89.809.121.247	89.174.492.517
Obligations for deferred liquidity operations (See note 14-a)	155.225.641.974	27.302.998.671	5.928.281.953
	<u>974.920.980.097</u>	<u>910.366.625.702</u>	<u>828.159.880.339</u>
Subordinated obligations	19.982.245.196	0	0
Charges payable for subordinated obligations	90.288.889	0	0
	<u>20.072.534.085</u>	<u>0</u>	<u>0</u>
¢	<u><b>1.212.027.008.822</b></u>	<u><b>1.038.652.311.345</b></u>	<u><b>967.851.556.956</b></u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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The maturities of the term obligations with entities are from October 1, 2022, to December 23, 2026.

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Colones	0,01 % to 6,25%	0,1999 % to 2,00%	0,3571 % to 1,50%
US dollars	0,01% to 7,68%	0,009% to 3,50%	0,009% to 0,42%

As of September 30, 2022, December and June 2021, there are no term obligations with foreign financial entities for the international issuance.

a) Maturity of loans payable

As of September 30, 2022, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 123.919.939.444	0	0	12.216.176.489	136.136.115.933
From one to two years	117.212.739.184	0	0	0	117.212.739.184
From three to five years	0	0	0	3.599.700.000	3.599.700.000
<b>Total</b>	<b>¢ 241.132.678.628</b>	<b>0</b>	<b>0</b>	<b>15.815.876.489</b>	<b>256.948.555.117</b>

As of December 31, 2021, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 37.304.109.720	97.121.661.248	194.348.782.350	22.773.529.427	351.548.082.745
From one to two years	0	9.369.029.997	48.479.480.750	0	57.848.510.747
From three to five years	117.687.914.780	3.153.982.000	30.612.985.808	0	151.454.882.588
Over five years	0	0	28.579.255.782	3.355.300.000	31.934.555.782
<b>Total</b>	<b>¢ 154.992.024.500</b>	<b>109.644.673.245</b>	<b>302.020.504.690</b>	<b>26.128.829.427</b>	<b>592.786.031.862</b>

As of September 30, 2021, the maturities of loans payable are detailed as follows:

	<b>Central Bank of Costa Rica</b>	<b>Local financial entities</b>	<b>Foreign financial entities</b>	<b>International organizations</b>	<b>Total</b>
Less than one year	¢ 18.850.785.417	109.409.167.608	132.402.949.143	6.297.100.000	266.960.002.168
From one to two years	0	8.198.824.200	51.716.228.360	27.781.323.543	87.696.376.103
From three to five years	120.470.000.000	3.078.022.480	25.544.893.418	0	149.092.915.898
Over five years	0	0	27.876.647.842	0	27.876.647.842
<b>Total</b>	<b>¢ 139.320.785.417</b>	<b>120.686.014.288</b>	<b>237.540.718.763</b>	<b>34.078.423.543</b>	<b>531.625.942.011</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

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b) Lease obligations

As of September 30, 2022, there are obligations for the right of use – leased assets received.

	<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Amortization</u>
Less than one year	¢ 5.009.246.411	1.687.677.523	0	3.321.568.888
From one to five years	33.671.990.370	5.558.824.513	0	28.113.165.857
	<u>¢ 38.681.236.781</u>	<u>7.246.502.036</u>	<u>0</u>	<u>31.434.734.745</u>

As of December 31, 2021, there are obligations for the right of use – leased assets received.

	<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Amortization</u>
Less than one year	¢ 4.044.898.868	1.445.443.139	0	2.599.455.729
From one to five years	27.611.269.570	5.537.627.964	0	22.073.641.606
	<u>¢ 31.656.168.438</u>	<u>6.983.071.103</u>	<u>0</u>	<u>24.673.097.335</u>

As of September 30, 2021, there are obligations for the right of use – leased assets received.

	<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Amortization</u>
Less than one year	¢ 3.880.561.095	1.439.806.138	0	2.440.754.957
From one to five years	28.193.996.335	5.672.028.731	0	22.521.967.604
	<u>¢ 32.074.557.430</u>	<u>7.111.834.869</u>	<u>0</u>	<u>24.962.722.561</u>

As of September 30, 2022, the allowance for future lease payments is as follows:

	<u>Colones</u>	<u>US\$ converted to colones</u>
1 year	731.251.274	3.001.083.825
2 years	822.213.418	3.231.727.672
3 years	936.480.955	3.454.789.140
4 years	907.380.065	3.316.667.488
5 years	910.709.896	3.285.901.461
Over 5 years	2.382.168.828	8.454.360.723
	<u>¢ 6.690.204.437</u>	<u>24.744.530.308</u>

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As of December 31, 2021, the allowance for future lease payments is as follows:

	<b>Colones</b>	<b>US\$ converted to colones</b>
1 year	¢ 373.598.175	2.854.828.742
2 years	399.045.717	3.153.861.569
3 years	396.248.726	2.959.721.202
4 years	358.694.767	3.076.426.715
5 years	322.198.063	2.871.264.699
Over 5 years	1.143.349.468	9.983.489.199
	<b>¢ 2.993.134.916</b>	<b>24.899.592.126</b>

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

	<b>Colones</b>	<b>US\$ converted to colones</b>
1 year	¢ 272.589.416	2.658.026.308
2 years	384.162.126	3.328.243.788
3 years	386.474.767	3.048.553.047
4 years	456.604.765	3.335.142.944
5 years	374.863.656	2.840.167.706
Over 5 years	1.198.582.804	10.283.572.333
	<b>¢ 3.073.277.534</b>	<b>25.493.706.126</b>

As of September 30, 2022, future payments of the lease liability are presented as follows:

<b>Year</b>	<b>Payments</b>	<b>Present value</b>	<b>Amortization</b>	<b>Interest</b>	<b>Balance of the agreement</b>
1 30/6/2022	5.413.217.649	3.507.041.646	1.694.235.370	1.892.435.953	27.911.741.526
2 30/6/2023	5.480.514.351	4.127.919.127	2.596.828.944	1.502.678.852	23.927.791.825
3 30/6/2024	6.089.566.961	4.689.816.703	3.335.818.159	1.410.312.490	19.246.763.499
4 30/6/2025	5.391.123.613	4.345.189.467	3.318.445.518	1.046.660.930	14.902.298.985
5 30/6/2026	5.016.145.590	4.238.430.770	3.460.715.949	777.714.820	10.663.868.215
6 30/6/2027	4.690.403.491	4.200.869.118	3.711.334.745	489.534.373	6.325.467.915
7 30/6/2028	5.341.887.689	5.083.986.040	4.826.084.390	257.901.649	1.241.481.875
8 30/6/2029	1.254.036.397	1.241.481.875	1.228.927.353	12.554.522	0
9	0	0	0	0	0
10	0	0	0	0	0
	<b>¢ 38.676.895.741</b>	<b>31.434.734.745</b>	<b>24.172.390.426</b>	<b>7.389.793.591</b>	

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As of December 31, 2021, future payments of the lease liability are presented as follows:

	<b>Year</b>	<b>Payments</b>	<b>Present value</b>	<b>Amortization</b>	<b>Interest</b>	<b>Balance of the agreement</b>
1	31/12/2021	4.821.374.812	3.133.144.657	1.532.785.088	1.734.211.758	24.759.674.766
2	31/12/2022	4.821.158.265	3.568.069.160	2.161.097.039	1.395.198.173	21.191.380.439
3	31/12/2023	4.791.674.093	3.621.492.012	2.506.894.404	1.180.371.231	17.569.532.842
4	31/12/2024	4.385.064.591	3.432.001.130	2.491.416.402	959.284.374	14.138.019.796
5	31/12/2025	3.979.834.637	3.226.797.418	2.473.760.199	753.037.219	10.911.222.379
6	31/12/2026	3.979.834.637	3.423.775.139	2.867.715.642	556.059.498	7.487.447.239
7	31/12/2027	3.979.834.637	3.632.808.861	3.285.783.085	347.025.776	3.854.638.379
8	31/12/2028	3.979.834.637	3.854.638.665	3.729.442.120	125.196.258	0
		<b>¢ 34.738.610.309</b>	<b>27.892.727.042</b>	<b>21.048.893.979</b>	<b>7.050.384.287</b>	<b>0</b>

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

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

(15) Income tax

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

As of September 30, 2022, the consolidated balance of income tax payable amounts to ¢13.695.136.053 (¢25.131.041.969 and ¢21.981.618.787 for December and September 2021, respectively) (see note 17) and the income tax advance payments amounted to ¢25.147.123.763 (¢21.910.818.741 and ¢17.227.383.887 for December and September 2021, respectively) (see note 10.c), recorded as other assets.

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Income tax expenses are detailed below:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Current income tax	¢ 17.310.864.281	27.628.619.493	21.810.208.967
Decrease in income tax	(3.615.728.228)	0	0
Increase in income tax	0	621.846.510	171.409.820
Advances of settled income taxes	0	(3.119.424.034)	0
	<b><u>13.695.136.053</u></b>	<b><u>25.131.041.969</u></b>	<b><u>21.981.618.787</u></b>
<b><u>Expenses for income taxes:</u></b>			
Expense for current income tax of the period	17.310.864.281	27.628.619.493	21.810.208.967
Expense for deferred income tax	12.324.604.167	714.832.424	635.738.716
	<b><u>29.635.468.448</u></b>	<b><u>28.343.451.917</u></b>	<b><u>22.445.947.683</u></b>
<b><u>Income for income taxes:</u></b>			
Decrease of income taxes for the period	(3.587.974.505)	0	0
Income for deferred income tax	(3.477.100.907)	(1.782.028.885)	(1.497.931.964)
Decrease in the deferred income tax	(735.833.886)	(155.284.663)	(155.284.663)
Income tax	¢ <b><u>21.834.559.150</u></b>	<b><u>26.406.138.369</u></b>	<b><u>20.792.731.056</u></b>
<b>Realization of deferred income tax</b>	¢ <b><u>(8.847.503.260)</u></b>	<b><u>1.067.196.461</u></b>	<b><u>862.193.248</u></b>

BICSA is subject to tax legislation in the following jurisdictions.

Panamá

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

Miami

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

Deferred tax assets and liabilities are attributed to the following:

As of September 30, 2022:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 18.744.053.438	(1.031.569.691)	17.712.483.747
Revaluation of assets	242.823.928	(14.348.225.735)	(14.105.401.807)
Provisions	19.180.659	0	19.180.659
Financial leases	9.384.794.844	(8.197.595.372)	1.187.199.472
Deferred taxes for exchange differences	0	(8.848.052.053)	(8.848.052.053)
Losses and unused tax credits	156.605.928	0	156.605.928
Allowance for doubtful accounts	98.481.444	0	98.481.444
	<u>¢ 28.645.940.241</u>	<u>(32.425.442.851)</u>	<u>(3.779.502.610)</u>

As of December 31, 2021:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 828.103.059	(21.133.934.113)	(20.305.831.054)
Revaluation of assets	0	(4.971.062.819)	(4.971.062.819)
Provisions	88.723.645	0	88.723.645
Financial leases	8.106.176.127	(12.850.920.726)	(4.744.744.599)
Losses and unused tax credits	169.620.741	0	169.620.741
Allowance for doubtful accounts	190.037.212	0	190.037.212
	<u>¢ 9.382.660.784</u>	<u>(38.955.917.658)</u>	<u>(29.573.256.874)</u>

As of September 30, 2021:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 414.092.272	(25.469.204.736)	(25.055.112.464)
Revaluation of assets	0	(5.007.781.462)	(5.007.781.462)
Provisions	93.714.223	0	93.714.223
Financial leases	7.603.464.044	(6.996.454.204)	607.009.840
Losses and unused tax credits	734.685.676	0	734.685.676
Allowance for doubtful accounts	295.424.952	0	295.424.952
	<u>¢ 9.141.381.167</u>	<u>(37.473.440.402)</u>	<u>(28.332.059.235)</u>

(Continue)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

The movement of temporary differences is as follows:

As of September 30, 2022:

	<u>December 31, 2021</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>September 30, 2022</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (20.960.716.763)	0	19.929.147.072	(1.031.569.691)
Revaluation of assets	(4.971.062.820)	85.030.531	(3.698.475.786)	(8.584.508.075)
Revaluation of land	(6.077.988.389)	0	314.270.729	(5.763.717.660)
Financial leases	(6.864.537.103)	(1.333.058.269)	0	(8.197.595.372)
For exchange differences	(81.612.581)	(8.766.439.472)	0	(8.848.052.053)
<b>On assets account</b>				
Valuation of investments	640.297.065	0	18.103.756.373	18.744.053.438
Financial leases	8.435.688.786	949.106.058	0	9.384.794.844
Income tax for asset revaluation	0	242.823.928		242.823.928
Losses and unused tax credits	169.620.742	(9.060.753)	(3.954.061)	156.605.928
Provisions	16.781.892	2.398.767	0	19.180.659
Allowance for doubtful accounts	116.785.493	(18.304.050)	0	98.481.443
	<u>¢ (29.576.743.678)</u>	<u>(8.847.503.260)</u>	<u>34.644.744.327</u>	<u>(3.779.502.611)</u>

As of December 31, 2021:

	<u>December 31, 2020</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>December 31, 2021</u>
<b>On liabilities account</b>				
Valuation of investments	¢ (3.137.167.246)	(97.516.203)	(17.899.250.664)	(21.133.934.113)
Revaluation of assets	(5.124.654.741)	154.967.197	(1.375.275)	(4.971.062.819)
Financial leases	0	(6.772.932.337)	(6.077.988.389)	(12.850.920.726)
<b>On assets account</b>				
Valuation of investments	902.379.610	145.748.667	(220.025.218)	828.103.059
Financial leases	3.954.486	8.102.689.319	(467.678)	8.106.176.127
Losses and unused tax credits	764.086.532	(680.249.938)	85.784.148	169.620.742
Provisions	6.519.491	82.204.154	0	88.723.645
Allowance for doubtful accounts	57.751.610	132.285.602	0	190.037.212
	<u>¢ (6.527.130.258)</u>	<u>1.067.196.461</u>	<u>(24.113.323.076)</u>	<u>(29.573.256.873)</u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021:

	<b>December 31, 2020</b>	<b>Effects on income statement</b>	<b>Effects on equity</b>	<b>September 30, 2021</b>
<b>On liabilities account</b>				
Valuation of investments	¢ (3.137.280.827)	(229.670.961)	(22.102.252.948)	(25.469.204.736)
Revaluation of assets	(5.124.654.741)	116.873.279	0	(5.007.781.462)
Financial leases	0	(6.996.454.204)	0	(6.996.454.204)
<b>On assets account</b>				
Valuation of investments	902.379.610	184.431.146	(672.718.484)	414.092.272
Financial leases	0	7.603.464.044	0	7.603.464.044
Losses and unused tax credits	764.086.532	(42.817.692)	13.416.836	734.685.676
Provisions	6.519.491	87.194.732	0	93.714.223
Allowance for doubtful accounts	57.751.610	139.172.904	98.500.438	295.424.952
	<b>¢ (6.531.198.325)</b>	<b>862.193.248</b>	<b>(22.663.054.158)</b>	<b>(28.332.059.235)</b>

As of September 30, 2022, the consolidated group presents a balance for income tax receivable of ¢119.938.735 (¢86.243.731 and ¢498.866.228 for December and September 2021, respectively), in addition to supported value added tax for ¢801.721.934 (¢1.528.338.723 and ¢578.240.302 for December and September 2022, respectively) and deductible value added tax for ¢40.922.093 (¢35.283.163 and ¢35.361.880 for December and September 2021, respectively).

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Banco de Costa Rica	¢ 14.158.984.457	25.267.408.936	33.701.659.826
BCR Valores, S. A.- Puesto de Bolsa	635.236.468	635.236.469	900.141.980
BCR Sociedad Administradora de Fondos de inversión, S.A.	233.984.908	233.984.908	270.420.281
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	249.398.960	249.398.960	249.398.960
BCR Corredora de Seguros, S.A.	187.286.522	187.286.522	241.600.214
	<b>¢ 15.464.891.314</b>	<b>¢ 26.573.315.795</b>	<b>¢ 35.363.221.260</b>

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.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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 September 30, 2022, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢8.848.052.053.

(16) Provisions

The movement in provisions is detailed as follows:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2021</b>	<b>9.764.254.097</b>	<b>16.159.621.261</b>	<b>26.573.315.795</b>	<b>52.497.191.153</b>
Currency conversion effect	(60.963.828)	(1.616.471)	0	(62.580.299)
<b>Adjusted balance</b>	<b>9.703.290.269</b>	<b>16.158.004.790</b>	<b>26.573.315.795</b>	<b>52.434.610.854</b>
Provision made	1.390.936.636	3.410.419.860	776.349.380	5.577.705.876
Provision used	(1.150.116.622)	(157.409.240)	(11.884.773.861)	(13.192.299.723)
Adjustment for exchange rate differences	0	(38.208.442)	0	(38.208.442)
Provisions reversed	0	(1.238.595.549)	0	(1.238.595.549)
<b>Balance as of September 30, 2022</b>	<b>¢ 9.944.110.283</b>	<b>18.134.211.419</b>	<b>15.464.891.314</b>	<b>43.543.213.016</b>

As of December 31, 2021:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2020</b>	<b>¢ 9.569.600.725</b>	<b>15.745.248.767</b>	<b>35.039.224.342</b>	<b>60.354.073.834</b>
Currency conversion effect	54.058.396	0	0	54.058.396
<b>Adjusted balance</b>	<b>9.623.659.121</b>	<b>15.745.248.767</b>	<b>35.039.224.342</b>	<b>60.408.132.230</b>
Provision made	592.407.653	1.117.370.741	607.011.617	2.316.790.011
Provision used	(451.812.677)	(699.969.817)	(8.717.265.589)	(9.869.048.083)
Adjustment for exchange rate differences	0	16.053.597	0	16.053.597
Provisions reversed	0	(19.082.027)	(355.654.575)	(374.736.602)
<b>Balance as of December 31, 2021</b>	<b>¢ 9.764.254.097</b>	<b>16.159.621.261</b>	<b>26.573.315.795</b>	<b>52.497.191.153</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
<b>Balance as of December 31, 2020</b>	<b>9.569.600.725</b>	<b>15.745.248.767</b>	<b>35.039.224.342</b>	<b>60.354.073.834</b>
Currency conversion effect	25.974.415	0	0	25.974.415
<b>Adjusted balance</b>	<b>9.595.575.140</b>	<b>15.745.248.767</b>	<b>35.039.224.342</b>	<b>60.380.048.249</b>
Provision made	463.443.022	874.341.549	323.996.918	1.661.781.489
Provision used	(377.394.659)	(697.113.116)	0	(1.074.507.775)
Adjustment for exchange rate differences	0	(8.489.173)	0	(8.489.173)
Provisions reversed	0	(143.845.367)	0	(143.845.367)
<b>Balance as of September 31, 2021</b>	<b>¢ 9.681.623.503</b>	<b>15.770.142.660</b>	<b>35.363.221.260</b>	<b>60.814.987.423</b>

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

- Ordinary suits against the Bank have been estimated for ¢23.881.682.835 and US\$373.872.285 for which the Bank has provisions recorded in the amounts of ¢1.574.987.887 and US\$95.513, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢1.968.803.039 and US\$5.857, for which the Bank has recorded a provision in the amount of ¢267.903.559.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5.440.126.674 and US\$825.001, for which the Bank has provisions recorded in the amount of ¢2.181.714.717, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢14.016.914.657 and US\$2.000, for which ¢14.001.818.234.
- A provision in the amount of ¢232.577.907 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of September 30, 2022, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of September 30, 2022, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, there is a process against BCR Valores S.A., processed under file 08-001181-1027-CA of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. Given de sentence, the plaintiff filed an appeal, which was awaiting resolution. On March 15, 2021, the First Chamber of the Supreme Court of Justice, through vote number 169-F-S1-2021, states: “The appeal is declared inadmissible...its costs are responsibility of the interposing person”. Consequently, the ruling by the executing judge in sentence number 402-2019, exonerating BCR Valores S.A., remains firm. For this litigation, there was a provision of ¢125.148.933 (US\$202.736), which was reversed in April 2021.

As of September 30, 2022, there is a process against BCR Valores S.A. in the amount of US\$465.000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On September 22, 2021, the Court issued a ruling in favor of BCR Valores. On October 11, 2021, the losing plaintiff in the process filed an appeal before the First Chamber of the Supreme Court of Justice, which has not yet been resolved.

As of September 30, 2022, BICSA there are no provision for litigation.

As of December 31, 2021, following provisions have been recorded:

- Ordinary suits against the Bank have been estimated for ¢24.091.229.184 and US\$71.714.326 for which the Bank has provisions recorded in the amounts of de ¢1.810.526.748 and US\$1.395.500, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢1.965.668.874 and US\$5.857, for which the Bank has recorded a provision in the amount of ¢286.918.445.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢5.143.391.270 and \$825.001, for which the Bank has provisions recorded in the amount of ¢2.126.188.640, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢11.042.195.510 and US\$2.000, for which ¢11.027.099.088, have been provisioned.
- In compliance with Law 9605 “Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica” the amount of ¢801.701.887 was transferred for pending proceedings.
- A provision corresponding to the Deposit Guarantee Fund is created, recorded in “Others”, in the amount of ¢376.774.370.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of December 31, 2021, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of December 31, 2021, there is a process against BCR Valores in the amount of US\$175,000, which is being processed under file 16-000207-1027-CA-8 of the Contentious-Administrative and Civil Tax Court of the II Judicial Circuit of San José. To date and according to the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of December 31, 2021, BCR Valores Puesto de Bolsa, S.A., has an established legal process of labor nature, established by a former official, processed under file number 17-002581-1178-LA; there is still no estimate of the eventual outcome.

As of December 31, 2021, BICSA there are no provision for litigation.

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

Ordinary suits against the Bank have been estimated for ₡22.502.398.279 and US\$69.291.542 for which the Bank has provisions recorded in the amounts of ₡1.810.526.748 and US\$1.395.500, respectively.

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

For their nature, labor suits are difficult to estimate, however they are estimated in ₡5.107.220.016 and \$825.001, for which the Bank has provisions recorded in the amount of ₡2.104.610.180, in the cases in which there is no firm condemnatory.

There are administrative proceedings in different stages, estimated for ₡11.852.517 and US\$34.200, for which ₡10.816.004.251 have been provisioned.

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

A provision for ₡323,996,918 corresponding to the Deposit Guarantee Fund is created, recorded in “Others”.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, there are no provisions for litigation at BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.

As of September 30, 2021, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

Judgment No. 402-2019 was issued on October 21, 2019, for a process presented by a client against BCR Valores S.A file number 08-001181-1027-CA, where the Administrative Court and Civil Treasury of the Second Judicial Circuit of San José, ordered to declare inadmissible in all its extremes the execution of the sentence formulated by the client, against BCR Valores Banco de Costa Rica. The plaintiff filed an appeal, waiting to be resolved. There is a provision of US\$202,736 for this litigation.

On January 25, 2021, the First Chamber of the Supreme Court of Justice by vote number 169-f-S1-2021 states: "The appeal is declared inadmissible ... its costs charged to who interposed the appeal." Consequently, the decision of the executing judge in judgment number 402-2019, exonerating BCR Valores S.A., is final.

There is a process of labor nature against BCR Valores Puesto de Bolsa, S.A., file No. 17-002581-1178-LA, for which ¢8.441.966 were provisioned.

As of September 30, 2021, BICSA there are no provision for litigation.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Fees payable	83.382.744	306.947.141	304.562.643
Due for goods and services	684.974.447	773.489.566	656.700.630
Current income tax	13.695.136.053	24.628.076.047	21.981.618.787
Tax on DU propts	5.688.318	365.237.441	346.423.816
Value added tax	383.904.697	307.713.776	299.945.837
Other payable taxes	0	22.135.517	21.128.122
Employer contributions	4.266.289.637	9.271.303.832	9.563.236.351
Court-ordered withholdings	897.863.440	886.348.929	925.354.242
Tax withholdings payable	3.088.218.482	2.219.906.454	3.034.251.720
Withheld employer contributions payable	1.334.723.805	1.257.135.880	1.342.699.106
Other third-party withholdings payable	15.867.048.239	11.921.302.103	12.472.289.731
Compensations and salaries payable	6.007.217.717	7.691.312.943	5.876.550.914
Interests (distributions) payable on results of the period (see note 33)	19.451.260.578	22.949.610.795	17.748.381.350
Obligations payable on loans with related parties	880.655	144.573	11.780.579
Accrued vacations	7.750.541.486	6.720.731.531	7.341.479.938
Accrued statutory Christmas bonus	5.365.608.983	1.185.588.092	5.291.218.957
Commissions payable from insurance placement	125.811.936	56.068.977	57.777.605
Commissions payable with related parties	0	6.796.785	2.001.746
Contribution to the Superintendence budget	24.299.739	5.178.786	40.817.595
Miscellaneous creditors	22.420.312.885	24.576.312.996	26.375.162.669
	<b>¢ 101.453.163.841</b>	<b>115.151.342.164</b>	<b>113.693.382.338</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(18) Equity

a) Capital Stock

The Bank's capital stock is as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Capital under Law No. 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 per Law No. 7107	118.737.742.219	118.737.742.219	118.737.742.219
Capital increase per Law No. 8703	27.619.000.002	27.619.000.002	27.619.000.002
Capital increase per Law No. 9605	18.907.432.694	18.907.432.694	18.907.432.694
Increase for revaluation of assets	14.130.125.230	14.130.125.230	14.130.125.230
Other	697.630.970	697.630.970	697.630.970
	<b>¢ 181.409.990.601</b>	<b>181.409.990.601</b>	<b>181.409.990.601</b>

On December 23, 2008, the Executive Branch of the Costa Rican Government authorized a capital contribution funded under Law No. 8703 "Amendment to the Law on Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)." Such law grants funds to capitalize three State owned banks, including Banco de Costa Rica, in order to stimulate productive sectors and particularly small and medium sized enterprises. For such purposes, the Bank received four securities for a total of US\$50.000.000 equivalent to ¢27.619.000.002.

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

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

As of September 30, 2022, the revaluation surplus amounts to ¢41.085.212.831 (¢31.744.671.803 and ¢37.774.830.067 for December and September 2021, respectively).

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

As of September 30, 2022, the balance of the adjustment for valuation of investments at fair value with changes through other comprehensive income corresponds to unrealized net losses in the amount of ¢50.040.736.673 (¢40.339.757.529 and ¢34.882.477.019 for December and September 2021, respectively).

d) Adjustments for valuations of interest in other companies

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

As of September 30, 2022, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢22.977.638.656 (¢24.522.914.079 and ¢ 22.563.915.505 for December and September 2021, respectively).

e) Equity of the Development Financing Fund (FOFIDE)

As of September 30, 2022, the amount for the constitution of the equity of the Development Financing Fund is of ¢40.476.721.777 (¢36.212.011.410 and ¢36.212.011.410 as of December and September 2021, 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) Special reserves of retained earnings from BICSA

As of September 30, 2022, from Banco de Costa Rica's retained earnings resulting from the investment in other companies, it should be considered for any purpose, that there are amounts related to special reserves applied to equity accounts of BICSA for US\$32.721.338 (51% for US\$64.159.486) (US\$34.859.224 equivalent to 51% for US\$68.351.419 and US\$36.392.991 equivalent to 51% for US\$71.358.805 for December and September 2021, respectively) due to changes made to policies concerning the subsidiary.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

The General Board of Directors resolution SBP-GJD-003-2013 dated July 9, 2013 establishes the accounting for the differences that may arise between the regulations issued by the Superintendence of Banks and the IFRS, so that: 1) the accounting records and the financial statements are prepared in accordance with IFRS as required by agreement No.006-2012 dated December 18, 2012; 2) according to standards applicable to banks and presenting additional specific accounting aspects than those required by IFRS, in the event that an estimate of provision or reserve is greater than the correspondent calculation under IFRS, the excess of provision or reserve will be recognized in the equity. This general resolution came into effect for the accounting periods ending on or after December 31, 2014. Subject to prior authorization of the Superintendence of Banks, banks can reverse the established provision, partially or totally, based on justification duly evidenced and presented to the Superintendence of Banks.

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

Regulatory capital

As of September 30, 2022, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items	Non-transferable items
<b>Companies of the Financial Conglomerate</b>					
<b>Parent Company</b>					
Banco de Costa Rica	¢ 508.737.140.527	443.626.617.670	65.110.522.857	0	65.110.522.857
	<b>508.737.140.527</b>	<b>443.626.617.670</b>	<b>65.110.522.857</b>	<b>0</b>	<b>65.110.522.857</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S. A and subsidiary	155.854.121.280	110.042.662.400	45.811.458.880	22.447.614.851	23.363.844.029
BCR Valores, S. A.- Puesto de Bolsa	16.116.090.270	5.827.369.236	10.288.721.034	0	10.288.721.034
BCR Sociedad Administradora de Fondos de inversión, S.A.	5.480.653.670	3.064.233.090	2.416.420.580	0	2.416.420.580
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4.000.408.141	3.278.854.523	721.553.618	0	721.553.618
BCR Comercializadora de Seguros, S.A. insurance issuing company	3.880.977.610	1.664.340.340	2.216.637.270		2.216.637.270
	¢ <b>185.332.250.971</b>	<b>123.877.459.588</b>	<b>61.454.791.382</b>	<b>22.447.614.851</b>	<b>39.007.176.531</b>
<b>Non-regulated entities</b>					
Banprocesa R.L.	1.369.237.700	388.927.400	980.310.300	0	980.310.300
Depósito Agrícola de Cartago S.A. and subsidiary	684.061.600	257.142.200	426.919.400	0	426.919.400
	¢ <b>2.053.299.300</b>	<b>646.069.600</b>	<b>1.407.229.700</b>	<b>0</b>	<b>1.407.229.700</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <b>105.524.929.088</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

<b>Companies of the Financial Conglomerate</b>	<b>Capital base</b>	<b>Minimum individual capital requirement</b>	<b>Individual surplus or deficit</b>	<b>Non-transferable items</b>	<b>Transferable surplus and individual deficit</b>
<b>Parent Company</b>					
Banco de Costa Rica	¢ 502.507.621.065	417.519.457.245	84.988.163.820	0	¢ 84.988.163.820
	<b>502.507.621.065</b>	<b>417.519.457.245</b>	<b>84.988.163.820</b>	<b>0</b>	<b>84.988.163.820</b>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S.A and subsidiary	156.655.730.750	112.587.736.750	44.067.994.000	21.593.317.060	22.474.676.940
BCR Valores, S. A.- Puesto de Bolsa	21.275.965.170	5.033.900.980	16.242.064.190	0	16.242.064.190
BCR Sociedad Administradora de Fondos de Inversión, S.A.	7.539.108.540	3.097.602.330	4.441.506.210	0	4.441.506.210
BCR Pensión Operadora de Planes Pensiones Complementarias, S.A.	3.642.408.141	3.531.193.556	111.214.585	0	111.214.585
BCR Corredora de Seguros, S.A.	4.752.714.090	1.921.607.140	2.831.106.950	0	2.831.106.950
	<b>193.865.926.691</b>	<b>126.172.040.756</b>	<b>67.693.885.935</b>	<b>21.593.317.060</b>	<b>46.100.568.875</b>
<b>Non-regulated entities</b>					
Financial leasing company	1.132.711.700	396.222.900	736.488.800	0	736.488.800
Factoring and invoice discounting company	680.346.900	249.348.600	430.998.300	0	430.998.300
	¢ <b>1.813.058.600</b>	<b>645.571.500</b>	<b>1.167.487.100</b>	<b>0</b>	¢ <b>1.167.487.100</b>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <b>132.256.219.795</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

	<u>Capital base</u>	<u>Requerimiento individual mínimo de capital</u>	<u>Superávit o déficit individual</u>	<u>Rubros no transferibles</u>	<u>Superávit transferible y déficit individual</u>
<b>Companies of the Financial Conglomerate</b>					
<b>Parent Company</b>					
Banco de Costa Rica	¢ 490.869.106.898	426.066.095.784	64.803.011.114	0	64.803.011.114
	<u>490.869.106.898</u>	<u>426.066.095.784</u>	<u>64.803.011.114</u>	<u>0</u>	<u>64.803.011.114</u>
<b>Regulated entities</b>					
Banco Internacional de Costa Rica, S.A and subsidiary	152.087.559.200	106.112.432.100	45.975.127.100	22.527.812.279	23.447.314.821
BCR Valores, S. A.- Puesto de Bolsa	21.486.260.830	5.410.219.374	16.076.041.456	0	16.076.041.456
BCR Sociedad Administradora de Fondos de Inversión, S.A.	6.376.479.320	3.339.140.340	3.037.338.980	0	3.037.338.980
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	3.512.408.141	3.485.284.914	27.123.226	0	27.123.226
	¢ <u>183.462.707.491</u>	<u>118.347.076.728</u>	<u>65.115.630.762</u>	<u>22.527.812.279</u>	<u>42.587.818.483</u>
<b>Non-regulated entities</b>					
BCR Corredora de Seguros, S.A.	4.115.446.550	1.877.800.960	2.237.645.590	0	2.237.645.590
Depósito Agrícola de Cartago S.A. and subsidiary	680.346.900	245.608.600	434.738.300	0	434.738.300
	<u>4.796.745.053</u>	<u>2.123.769.309</u>	<u>2.672.975.744</u>	<u>0</u>	<u>2.672.975.744</u>
<b>Global surplus or deficit of the Financial Conglomerate</b>					¢ <u><u>110.063.805.341</u></u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(19) Contingent accounts

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

Off balance financial instruments with risk are as follows:

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Guarantees granted:			
Performance bonds	¢ 108.974.417.606	138.850.204.989	134.708.942.684
Bid bonds	679.734.808	630.432.213	900.839.335
Other guarantees	83.269.129.519	114.980.562.493	112.515.054.494
Issued non-negotiated letters of credit	14.902.383.251	11.350.285.308	9.545.001.696
Confirmed non-negotiated letters of credit	11.404.219.308	6.511.192.263	9.833.873.658
Credit lines to be used automatically	105.644.082.011	109.255.132.604	108.246.684.836
Other contingencies	264.304.107.812	72.902.375.785	68.685.509.717
Credits pending disbursement	128.225.158	187.598.568	188.218.294
	<b>¢ 589.306.299.473</b>	<b>454.667.784.223</b>	<b>444.624.124.714</b>

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
With prior deposit	¢ 6.001.262.192	8.639.339.884	5.099.696.616
Without prior deposit	319.000.929.469	373.126.068.554	370.838.918.381
Pending lawsuits and claims	264.304.107.812	72.902.375.785	68.685.509.717
	<b>¢ 589.306.299.473</b>	<b>454.667.784.223</b>	<b>444.624.124.714</b>

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

As of September 30, 2022, letters of credit are backed 100% by guarantee deposits or credit facilities.

As of September 30, 2022, floating guarantees in custody are for ¢186.389.917.823 (¢208.389.633.972 and ¢207.088.264.815 for December and September 2021, respectively).

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

Other contingencies

As of September 30, 2022, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡22.306.694.948 and US\$373.776.772. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ₡3.258.411.957 and US\$825.001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡1.700.899.480 and US\$5.857
- Administrative proceedings against the Bank have been estimated in the amounts of ₡15.096.422 and US\$2.000.

As of September 30, 2022, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of September 30, 2022, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2022, there is a process against BCR Valores in the amount of US\$175.000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. To date and in accordance with the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of September 30, 2022, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA, which has been estimated in an amount of ₡8.441.966.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021, the Bank's Legal Division reported the following contingencies and commitments:

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡20.280.702.436 and US\$70.318.826. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ₡3.017.202.630 and US\$825.001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡1.678.750.429 and US\$5.857.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡15.096.422 and US\$2.200.

As of December 31, 2021, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of December 31, 2021, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡20.691.871.531 and US\$67.896.042. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ₡3.002.609.836 and US\$825.001.
- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡1.678.750.429 and US\$5.857.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡11.466.517 and US\$36.200.

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of September 30, 2021, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2021, there is a process against BCR Valores in the amount of US\$175,000, processed under file 16-000207-1027-CA 8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. To date and in accordance with the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of September 22, 2021, the Court issued judgment in favor of BCR Valores regarding the process under file 16-000208-1027-CA-2 of the Administrative and Civil Litigation Court of Finance of the II Judicial Circuit of San José, in the amount of US\$465,000.

(20) Trusts

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

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

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Cash and due from banks	¢ 37.664.257.704	66.318.923.462	67.386.278.797
Investments in financial instruments	78.713.881.460	109.424.977.266	101.992.059.849
Loan portfolio	49.929.767.299	51.108.715.255	50.386.238.237
Allowance for doubtful accounts	(8.036.251.748)	(8.430.654.646)	(8.541.535.637)
Realizable assets	73.683.261.987	67.815.354.875	53.861.020.587
Investments in other companies	951.478.643	51.961.502.918	42.833.785.778
Other accounts receivable	53.652.893.633	56.833.488.672	74.825.389.261
Property, furniture, and equipment	144.270.846.430	355.462.578.061	391.292.595.301
Other assets	359.321.181.328	234.928.557.658	212.209.816.637
Buildings	76.680.000	76.680.000	76.680.000
	¢ <b><u>790.227.996.736</u></b>	<b><u>985.500.123.521</u></b>	<b><u>986.322.328.810</u></b>

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Banco de Costa Rica	¢ 733.558.718.457	927.719.265.553	929.906.970.735
Banco Internacional de Costa Rica, S.A.	56.669.278.279	57.780.857.968	56.415.358.075
	¢ <b><u>790.227.996.736</u></b>	<b><u>985.500.123.521</u></b>	<b><u>986.322.328.810</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(21) Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Own assets and securities held in			
Custody	7.936.212.834	8.498.847.017	7.767.485.741
Guarantees received and held in custody	6.713.582.891.355	6.473.512.386.428	5.770.522.595.645
Guarantees received and held by third parties	2.032.472.936	2.413.061.267	2.544.205.571
Granted and unused credit lines	578.188.404.161	563.448.264.572	428.804.896.101
Write-offs	255.324.259.254	247.563.087.434	243.962.991.304
Suspense interest receivable	25.838.770.654	24.527.955.166	26.154.992.817
Backup documentation	58.711.000	58.711.000	58.711.000
Other memoranda accounts	4.971.236.778.181	1.823.472.704.665	18.447.901.089.775
Assets and securities held in custody for third parties	116.715.853.759	143.805.933.340	91.386.079.327
Managed funds assets	2.213.783.211.078	2.403.504.549.907	2.343.298.692.064
Management of individual portfolios by the stock market	275.984.135.064	287.844.353.402	135.027.157.101
Held-for-trading securities received as guarantee (guarantee trust)	0	0	49.056.856.585
Own held-for-trading securities	822.922.411.561	1.017.428.771.091	1.126.257.626.276
Cash and accounts receivable for custodial activities	142.905.782.091	187.425.927.624	189.154.669.296
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)	74.472.033.511	28.744.051.278	24.630.805.146
Held-for-trading securities pending receipt	7.748.057.111	2.480.093.782	2.283.936.949
Confirmed spot agreements pending Settlement	15.307.309.432	3.545.219.401	0
Futures pending settlement	48.419.995.967	46.057.517.880	45.250.969.113
Third parties held-for-trading securities	6.669.722.408.200	6.807.392.048.306	6.744.888.218.329
	<b>¢ 22.942.179.698.149</b>	<b>20.071.723.483.560</b>	<b>35.678.951.978.140</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

Other memoranda accounts by subsidiaries are detailed as follows:

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
Banco de Costa Rica	¢ 18.392.098.742.035	15.234.563.101.378	31.071.518.265.903
Banco Internacional de Costa Rica, S.A.	1.421.600.181.233	1.524.770.586.279	1.561.042.739.415
BCR Valores, S.A.- Puesto de Bolsa (see note 22)	901.758.356.449	895.434.022.840	689.879.250.012
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)	760.352.292.970	805.087.071.485	765.693.369.619
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)	1.461.440.745.398	1.606.980.067.052	1.585.440.571.200
Deposito Agrícola de Cartago S. A.	4.929.380.064	4.888.634.526	5.377.781.991
	<u>¢ 22.942.179.698.149</u>	<u>20.071.723.483.560</u>	<u>35.678.951.978.140</u>

(22) Current and term brokerage operations and portfolio management operations

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b><u>Other own memoranda accounts</u></b>			
Other memoranda accounts	¢ 8.163.935.718	8.226.506.773	8.778.510.590
<b>Total other own memoranda accounts</b>	<u>8.163.935.718</u>	<u>8.226.506.773</u>	<u>8.778.510.590</u>
<b><u>Memoranda accounts for third parties</u></b>			
Portfolio management	275.984.135.065	287.844.353.402	135.027.157.101
Cash and accounts receivable by custodial activity	1.529.084.428	776.932.064	729.526.961
Held-for-trading pending receipt	7.748.057.111	2.480.093.782	2.283.936.949
Purchased securities receivable			
Purchased marketable securities pending receipt	8.022.935.111	5.391.468.173	7.194.867.614
Held-for-trading received s guarantee	15.307.309.432	3.545.219.401	0
Futures pending settlement-forward buyer (See note 22-a)	42.165.133.977	41.008.544.330	37.948.170.180
Futures pending settlement-forward seller (See note 22-a)	6.254.861.990	5.048.973.550	7.302.798.933
Central de Valores private (local custody)	137.520.856.333	131.742.202.598	139.405.940.427
Central de Valores private (international custody)	60.268.910.199	32.181.833.039	32.385.974.525
Central de Valores public (BCCR)	338.793.137.086	377.100.395.728	318.734.866.731
Vault	0	87.500.000	87.500.000
<b>Total memoranda accounts for third parties</b>	<u>893.594.420.731</u>	<u>887.207.516.067</u>	<u>681.100.739.421</u>
<b>Total memoranda accounts (see note 21)</b>	<u>901.758.356.449</u>	<u>895.434.022.840</u>	<u>689.879.250.011</u>
<b>Total memoranda accounts and trusts</b>	<u>¢ 901.758.356.449</u>	<u>895.434.022.840</u>	<u>689.879.250.011</u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

a) Repurchase

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

As of September 30, 2022, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 2.741.830.405	29.987.533.147	32.729.363.552	1.255.453.490	2.971.679.548	4.227.133.038
31 to 60 days	799.911.288	8.179.148.346	8.979.059.633	688.126.879	1.339.602.073	2.027.728.952
61 to 90 days		456.710.792	456.710.792	0	0	0
<b>Third parties total</b>	¢ <b>3.541.741.692</b>	<b>38.623.392.285</b>	<b>42.165.133.977</b>	<b>1.943.580.369</b>	<b>4.311.281.621</b>	<b>6.254.861.990</b>
<b>Total</b>	¢ <b>3.541.741.692</b>	<b>38.623.392.285</b>	<b>42.165.133.977</b>	<b>1.943.580.369</b>	<b>4.311.281.621</b>	<b>6.254.861.990</b>

As of December 31, 2021, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 7.733.634.349	30.899.124.568	38.632.758.917	1.436.662.261	2.832.493.814	4.269.156.075
31 to 60 days	0	2.375.785.413	2.375.785.413	0	779.817.475	779.817.475
<b>Third parties total</b>	¢ <b>7.733.634.349</b>	<b>33.274.909.981</b>	<b>41.008.544.330</b>	<b>1.436.662.261</b>	<b>3.612.311.289</b>	<b>5.048.973.550</b>
<b>Total</b>	¢ <b>7.733.634.349</b>	<b>33.274.909.981</b>	<b>41.008.544.330</b>	<b>1.436.662.261</b>	<b>3.612.311.289</b>	<b>5.048.973.550</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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As of September 30, 2021, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dólares	Total
<b>Third parties</b>						
1 to 30 days	¢ 4.525.053.865	23.178.251.186	27.703.305.051	2.200.871.565	2.492.116.191	4.692.987.755
31 to 60 days	1.449.170.400	8.684.526.702	10.133.697.102	984.926.895	1.513.716.255	2.498.643.151
61 to 90 days	0	65.743.059	65.743.059	0	65.743.059	65.743.059
Over 91 days	0	45.424.968	45.424.968	0	45.424.968	45.424.968
<b>Third parties total</b>	<b>¢ 5.974.224.265</b>	<b>31.973.945.915</b>	<b>37.948.170.180</b>	<b>3.185.798.460</b>	<b>4.117.000.473</b>	<b>7.302.798.933</b>
<b>Total</b>	<b>¢ 5.974.224.265</b>	<b>31.973.945.915</b>	<b>37.948.170.180</b>	<b>3.185.798.460</b>	<b>4.117.000.473</b>	<b>7.302.798.933</b>

b) Guarantees granted

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

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of September 30, 2022, the Brokerage House had made contributions for a total of ¢110.569.366 (¢150.295.897 and ¢196.361.275 for December and September 2021, respectively). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

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

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

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

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d) Customer securities and own securities in custody

As of September 30, 2022, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 230.480.236.622
Local	Repurchase operations	16.651.803.913
		¢ <u>247.132.040.535</u>
<i>US dollars</i>		
Local	Custody free	¢ 258.622.194.976
Local	Repurchase operations	43.921.570.633
Foreign custodians	Shares at purchase value	10.553.153.370
		¢ <u>313.096.918.979</u>
<b>Total own custody, colones, US dollars and other currencies</b>		¢ <u><b>560.228.959.514</b></u>
Total custody, third parties, <b>US Dollars and others</b>		¢ <u><b>560.228.959.514</b></u>

As of December 31, 2021, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 229.431.647.258
Local	Repurchase operations	12.397.471.745
		¢ <u><b>241.829.119.003</b></u>
<i>US dollars</i>		
Local	Custody free	¢ 224.003.499.800
Local	Repurchase operations	43.097.479.523
Foreign custodians	Available at face value	30.632.613.560
Foreign custodians	Shares at purchase value	1.379.726.783
		¢ <u><b>299.113.319.666</b></u>
<i>Canadian dollars</i>		
Internacional	Custody free	¢ 169.492.696
<b>Total own custody, colones, US dollars and other currencies</b>		¢ <u><b>541.111.931.365</b></u>
Total custody, third parties <b>US Dollars and others</b>		¢ <u><b>541.111.931.365</b></u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 176.250.875.949
Local	Repurchase operations	10.784.921.250
		¢ <u>187.035.797.199</u>
<i>US Dollars</i>		
Local	Custody free	¢ 230.232.156.459
Local	Repurchase operations	40.960.353.488
Foreign custodians	Available at face value	30.789.383.875
Foreign custodians	Shares at purchase value	1.431.414.267
		¢ <u>303.413.308.089</u>
<i>Canadian Dollars</i>		
International	Custody free	¢ <u>165.176.396</u>
<b>Total custody of own colones, US dollars and other currencies</b>		¢ <u><b>490.614.281.683</b></u>
<b>US Dollars and others</b>		¢ <u><b>490.614.281.683</b></u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

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(23) Investment fund management agreements

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

<u>Investment Fund</u>		<u>Type of fund</u>		<u>September</u>	<u>December</u>	<u>September</u>
				<u>2022</u>	<u>2021</u>	<u>2021</u>
<i><b>In Colones</b></i>						
BCR Short-term undiversified	colones,	Financial, open	¢	37.144.148.278	57.824.691.772	53.436.831.995
BCR Short-term undiversified	colones,	Financial, open, medium-term		856.550.168	921.724.006	930.742.977
BCR mixed undiversified	colones,	Open, medium-term		34.865.073.796	59.102.365.341	36.204.084.698
BCR Portfolio Fund	colones	Open, medium-term		62.306.908.864	41.430.461.932	56.770.396.294
BCR Real Estate, colones		Closed, non-financial		16.705.272.925	16.747.304.271	17.035.179.515
			¢	<u>151.877.954.031</u>	<u>176.026.547.322</u>	<u>164.377.235.479</u>
<i><b>In US dollars</b></i>						
Investment Funds in US Dollars, equivalent in colones (See note 21)				608.474.338.939	629.060.524.163	601.316.134.140
			¢	<u>760.352.292.970</u>	<u>805.087.071.485</u>	<u>765.693.369.619</u>
<i><b>Investment Funds in US dollars</b></i>						
BCR Liquidity undiversified	Dollars,	Open	US\$	157.157.371	198.267.938	136.340.005
BCR Real Estate undiversified	Dollars,	Real estate, closed, long-term		278.842.561	286.210.916	283.542.554
BCR Real Estate Trade and Industry, undiversified		Real estate, closed, long-term		199.748.083	200.736.439	208.996.561
BCR Liquidity Fund international, undiversified	Dollars,	Open, money market		129.758.907	154.889.679	155.832.362
BCR Portfolio Fund, US dollars		Open, medium-term		30.439.938	28.958.830	61.742.959
BCR Evolution		Open, medium-term		529.667	1.269.731	1.537.756
BCR Real Estate Progress Fund, undiversified		Real estate, closed		84.182.912	85.177.086	86.853.108
PEL Development Investment Fund		Real estate, closed		81.020.828	19.399.145	20.064.311
			US\$	<u>961.680.267</u>	<u>974.909.764</u>	<u>954.909.616</u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(24) Pension fund management agreements

The value of assets for each investment fund managed by BCR Pensi3n Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Manager) is as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Own assets and securities ¢ held in custody	7.936.212.834	8.498.847.017	7.767.485.741
Assets and securities held in custody by third parties	73.614.456	63.741.613	67.763.014
Mandatory pension fund	1.217.712.363.787	1.310.701.779.628	1.294.254.094.135
Voluntary pension fund	37.585.670.988	38.255.459.760	36.714.041.404
Labor capitalization fund	56.243.774.286	63.520.182.909	63.145.830.226
Supplementary pension funds created by special laws (see note 21)	141.889.109.047	185.940.056.125	183.491.356.680
	<b>¢ 1.461.440.745.398</b>	<b>1.606.980.067.052</b>	<b>1.585.440.571.200</b>

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

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

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Voluntary Pension Fund (colones)</b>	<b>¢</b>	<b><u>28.207.894.649</u></b>	<b><u>29.745.337.337</u></b>	<b><u>28.988.682.310</u></b>
<b>At fair value through other comprehensive income</b>		<b>27.824.200.174</b>	<b>29.221.672.386</b>	<b>28.539.328.128</b>
<b>Entities from the public sector of the country</b>		<b>17.964.676.101</b>	<b>18.559.874.341</b>	<b>18.616.468.204</b>
Treasury		11.865.685.821	13.286.570.819	13.402.635.503
Banco Central de Costa Rica		1.864.674.818	1.420.190.905	1.424.987.207
Other issuers from the public sector		4.234.315.462	3.853.112.617	3.788.845.494
<b>Entities from the private sector of the country</b>		<b>9.859.524.073</b>	<b>10.661.798.045</b>	<b>9.922.859.924</b>
Financial		7.830.093.224	8.218.473.819	7.482.474.114
Non-financial		2.029.430.849	2.443.324.226	2.440.385.810
<b>At fair value with changes through profit or loss</b>		<b>383.694.475</b>	<b>523.664.951</b>	<b>449.354.182</b>
<b>Entities from the private sector of the country</b>		<b>383.694.475</b>	<b>523.664.951</b>	<b>449.354.182</b>
Financial		383.694.475	523.664.951	449.354.182
<b>Voluntary Pension Fund (US\$)</b>	<b>US\$</b>	<b><u>8.182.377.597</u></b>	<b><u>7.070.314.112</u></b>	<b><u>4.275.558.089</u></b>
<b>At fair value through other comprehensive income</b>		<b>8.139.730.567</b>	<b>6.991.934.969</b>	<b>4.155.663.637</b>
<b>Entities from the public sector of the country</b>		<b>5.045.602.198</b>	<b>3.825.576.461</b>	<b>2.435.498.857</b>
Treasury		4.209.227.194	3.130.089.412	1.912.778.853
Other issuers from the public sector		836.375.004	695.487.049	522.720.004
<b>Entities from the private sector of the country</b>		<b>3.094.128.369</b>	<b>3.166.358.508</b>	<b>1.720.164.780</b>
Financial		3.094.128.369	2.761.477.812	1.471.202.288
Non-financial		0	404.880.696	248.962.492
<b>At fair value through profit or loss</b>		<b>42.647.030</b>	<b>78.379.143</b>	<b>119.894.452</b>
<b>Entities from the private sector of the country</b>		<b>42.647.030</b>	<b>78.379.143</b>	<b>119.894.452</b>
Financial		42.647.030	78.379.143	119.894.452

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	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>Mandatory Regime of Supplementary Pensions (colones)</b>	<b>€ 1.340.423.078.174</b>	<b>1.279.990.288.161</b>	<b>2.479.285.003</b>
<b>At fair value through other comprehensive income</b>	<b>1.092.920.345.293</b>	<b>1.069.168.853.529</b>	<b>2.420.613.199</b>
<b>Entities from the public sector of the country</b>	<b>854.544.865.651</b>	<b>855.602.278.890</b>	<b>1.511.000.102</b>
Treasury	739.501.580.316	747.956.670.061	1.265.878.123
Banco Central de Costa Rica	23.900.541.036	24.574.961.736	0
Other issuers from the public sector	91.142.744.299	83.070.647.093	245.121.979
<b>Entities from the private sector of the country</b>	<b>238.375.479.642</b>	<b>213.566.574.639</b>	<b>909.613.097</b>
Financial	211.653.222.401	192.081.974.456	810.292.954
Non-financial	26.722.257.241	21.484.600.183	99.320.143
<b>At fair value through profit or loss</b>	<b>247.502.732.881</b>	<b>210.821.434.632</b>	<b>58.671.804</b>
<b>Entities from the private sector of the country</b>	<b>68.396.725.327</b>	<b>210.821.434.632</b>	<b>58.671.804</b>
Financial	58.066.817.369	40.813.320.049	58.671.804
Entities from the foreign the public sector	10.329.907.958	170.008.114.583	0
<b>Entities from the public sector of the country</b>	<b>179.106.007.554</b>	<b>0</b>	<b>0</b>
Financial	179.106.007.554	0	0
<b>Labor Capitalization Fund (colones)</b>	<b>€ 59.903.814.623</b>	<b>140.416.697.364</b>	<b>61.219.964.520</b>
<b>At fair value through other comprehensive income</b>	<b>58.191.151.296</b>	<b>139.213.467.422</b>	<b>60.123.187.486</b>
<b>Entities from the public sector of the country</b>	<b>40.595.857.989</b>	<b>91.575.939.547</b>	<b>43.924.388.860</b>
Treasury	30.378.382.781	77.745.766.728	35.801.535.453
Banco Central de Costa Rica	3.977.830.465	5.040.386.216	4.407.820.715
Other issuers from the public sector	6.239.644.743	8.789.786.603	3.715.032.692
<b>Entities from the private sector of the country</b>	<b>17.595.293.307</b>	<b>47.637.527.875</b>	<b>16.198.798.626</b>
Financial	16.709.841.210	43.699.973.563	15.103.731.865
Non-financial	885.452.097	3.937.554.312	1.095.066.761
<b>At fair value through profit or loss</b>	<b>1.712.663.327</b>	<b>1.203.229.942</b>	<b>1.096.777.034</b>
<b>Entities from the private sector of the country</b>	<b>1.712.663.327</b>	<b>1.203.229.942</b>	<b>1.096.777.034</b>
Financial	1.712.663.327	1.203.229.942	1.096.777.034

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

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

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

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

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

(25) Contract for custody and storage of goods and merchandise

As of September 30, 2022, December and September 2021, Depósito Agrícola de Cartago and its subsidiary have current contracts that are detailed below:

- a) Logistics services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), management of the General and Auxiliary Warehouses, transportation and distributions of goods.
- b) Banking services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), for collection of sales in the shops by human cashiers.

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(26) Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

	September 2022	September 2021	Quarter from July 1 to September 30	
			2022	2021
Interest for investments in financial instruments at fair value through profit or loss	10.909.996	3.770.734	6.804.849	3.583.024
Interests for investments in financial instruments at fair value through comprehensive income	64.119.260.269	60.770.184.696	21.536.368.284	21.411.874.788
Interests for investments at amortized cost	1.514.511.955	1.680.826.389	591.298.333	593.116.906
Income from investments in due and restricted financial instruments	1.501.096.869	2.327.084.626	543.405.264	771.846.536
	<u>¢ 67.145.779.089</u>	<u>64.781.866.445</u>	<u>22.677.876.730</u>	<u>22.780.421.254</u>

(Continue)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

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

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

	<b>September 2022</b>	<b>September 2021</b>	<b>Quarter from July 1 to September 30</b>	
			<b>2022</b>	<b>2021</b>
Personal	¢ 89.396.500.499	84.949.134.480	32.655.249.546	31.628.742.515
Development Banking System	1.837.883.003	1.640.815.888	669.423.580	539.780.377
Business	12.465.902.518	11.912.527.756	4.612.833.423	3.972.226.720
Corporate	101.130.176.548	97.359.327.578	36.695.960.958	31.320.363.510
Public sector	2.968.123.307	6.439.850.230	953.487.588	2.095.778.081
Financial sector	3.801.840.615	6.305.070.244	1.250.533.827	1.828.636.484
Amortization of the net commission of the incremental direct costs associated with loans	3.552.244.492	2.720.735.874	1.169.689.603	1.016.060.033
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts	989.767.102	996.647.816	335.902.581	408.096.307
	<b>¢ 216.142.438.084</b>	<b>212.324.109.866</b>	<b>78.343.081.106</b>	<b>72.809.684.027</b>

(28) Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

	<b>September 2022</b>	<b>September 2021</b>	<b>Quarter from July 1 to September 30</b>	
			<b>2022</b>	<b>2021</b>
Expenses from demand deposits	¢ 33.459.062.814	31.756.635.453	15.457.395.748	11.052.904.353
Expenses from term deposits	53.411.758.451	54.187.370.530	19.611.705.915	17.972.688.165
Expenses from securities in repurchase agreements	192.799.717	54.106.547	97.209.177	7.038.946
	<b>¢ 87.063.620.982</b>	<b>85.998.112.530</b>	<b>35.166.310.840</b>	<b>29.032.631.464</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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

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

	<u>September 2022</u>	<u>September 2021</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2022</u>	<u>2021</u>
Decrease in specific allowance for loan portfolio (See note 6-f)	¢ 14.193.561.547	26.307.390.991	1.009.555.896	11.434.312.644
Expense for allowance for impairment and bad debts from other accounts receivable	2.460.965.732	2.510.446.531	545.550.489	624.223.594
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	5.713.256	81.395.835	800.437	21.745.986
Decrease in generic allowance and counter cycle for contingent loans	0	440.000	0	220.000
Expenses for allowance for impairment of investments at fair value through other comprehensive income	259.259.071	1.948.362.283	14.684.344	1.026.849.772
Expenses for allowance for impairment of financial instruments at amortized cost	0	2.903.392	0	935.594
Expenses for allowance for impairment of expired and restricted financial instruments	7.727.267	71.349.929	901.875	923.048
Expenses for impairment of investment properties	76.295.480	0	0	0
	<u>¢ 17.003.522.353</u>	<u>30.922.288.961</u>	<u>1.571.493.041</u>	<u>13.109.210.638</u>

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

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

	<u>September 2022</u>	<u>September 2021</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2022</u>	<u>2021</u>
Recovery of written-down loans	¢ 4.858.509.325	9.302.830.544	1.911.573.635	4.552.902.796
Decrease in specific allowance for the loan portfolio (See note 6-f)	1.128.698.844	2.307.828.997	808.851.297	4.214
Decrease in allowance for other bad receivables	1.764.181.919	778.304.822	940.983.348	136.311.416
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	244.954.067	70.255.882	121.955	2.542.031
Decrease in generic allowance and counter cycle for contingent loans	408	6.936	0	6.936
Decrease in allowance for bad investment securities	1.618.119.728	713.281.031	672.894.517	143.671.117
	<u>¢ 9.614.464.291</u>	<u>13.172.508.212</u>	<u>4.334.424.752</u>	<u>4.835.438.510</u>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(31) Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

	September 2022	September 2021	Quarter from July 1 to September 30	
			2022	2021
Drafts and transfers	¢ 2.317.722.247	2.024.225.828	750.141.937	676.221.668
Foreign trade	626.796.795	566.043.087	239.378.876	209.135.422
Certified checks	3.286.754	3.375.585	1.099.321	1.016.449
Trust management	3.218.633.014	3.125.113.236	1.055.274.401	1.083.972.954
Custodial services	236.899.140	258.810.043	77.398.235	80.854.401
For mandates	450.471	659.464	95.545	166.970
Collections	410.887.842	393.680.014	117.669.569	113.828.408
Credit Cards	31.077.506.515	27.244.373.657	9.928.661.567	8.998.207.354
Commissions for stock operations (Subscription of Emissions)	30.630.248	0	30.630.248	0
Investment Fund management	5.347.526.738	6.008.341.341	1.876.734.000	1.966.507.375
Pension Fund management	5.086.213.901	5.095.938.208	1.688.470.560	1.782.725.212
Insurance underwriting	5.041.869.190	4.733.462.845	1.692.176.564	1.506.981.652
Brokerage fees (by third parties in local market)	807.956.696	1.425.898.940	277.089.503	435.828.081
Brokerage fees (by third parties in other markets)	213.637.634	122.569.521	96.425.352	54.870.891
Individual portfolio management fee	459.866.128	1.062.274.224	109.736.473	507.278.461
Commissions from operations with related parties	370.129.927	521.118.505	100.914.361	258.355.153
Commission from custodial services of authorized securities	611.697.060	503.736.336	232.281.095	198.382.299
Other commissions	29.569.692.158	24.757.967.510	9.941.926.702	8.595.617.050
	¢ <b><u>85.431.402.458</u></b>	<b><u>77.847.588.344</u></b>	<b><u>28.216.104.309</u></b>	<b><u>26.469.949.800</u></b>

(32) Income from interests in other companies

	September 2022	September 2021	Quarter from July 1 to September 30	
			2022	2021
<u>Local entities:</u>				
Interest in Bolsa Nacional de Valores, S.A.	¢ 23.102.922	4.048.114	18.133.030	0
	¢ <b><u>23.102.922</u></b>	<b><u>4.048.114</u></b>	<b><u>18.133.030</u></b>	<b><u>0</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2022, there are participation expenses in the National Stock Exchange for ¢18,133,030 (In December and September 2021, there are no amounts).

As of September 30, 2022, there are participation expenses in Banprocesa SRL for ¢510.151.526, (¢ 241.921.662, for September 2021, and for December 2021 there were no expenses).

(33) Administrative expenses

Administrative expenses are detailed as follows:

	September 2022	September 2021	July 1 to September 30 2022	July 1 to September 30 2021
Salaries and bonuses, permanent staff	¢ 50.399.315.633	46.945.774.387	17.570.820.928	15.621.854.137
Salaries and bonuses, contractors	875.150.512	2.009.212.386	226.940.859	632.800.433
Compensation for directors and auditors	153.647.794	212.097.994	44.438.380	70.471.446
Overtime	576.666.977	457.346.084	214.586.115	189.520.530
Per diem	327.904.881	213.464.018	117.502.179	81.500.679
Statutory Christmas Bonus	4.382.969.710	4.326.478.947	1.561.188.790	1.459.453.239
Vacation	4.931.901.033	4.757.470.649	1.561.535.814	1.737.358.555
Incentives	4.844.444	4.185.278	1.554.583	1.464.861
Fixed representation expenses	759.987.885	701.322.907	247.891.098	236.482.660
Other compensation	1.693.244.731	1.560.089.621	556.920.430	694.961.772
Contribution to severance payment	2.150.178.040	2.102.638.423	751.417.615	706.097.097
Social security charges	17.518.819.483	16.685.547.190	6.180.689.677	5.666.252.904
Refreshments	27.253.524	12.751.907	12.262.712	4.376.006
Uniforms	795.600	7.063.795	0	6.105.106
Training	383.874.798	242.142.704	119.536.961	120.371.859
Employee insurance	477.356.041	421.905.826	63.617.833	127.032.697
Assets for personal use	357.362	154.462	139.759	136.246
School bonus	4.450.519.846	4.204.690.241	1.552.921.643	1.420.283.679
Labor Capitalization Fund	1.317.400.815	1.389.073.308	368.889.093	471.609.433
Other personnel expenses	675.661.248	660.818.533	214.859.933	196.356.917
Outsourcing expenses	19.345.883.603	13.997.843.056	6.495.463.288	4.935.752.803
Transportation and communication expenses	2.187.905.944	2.847.480.979	717.985.375	858.029.778
Property insurance	108.173.997	183.721.211	38.453.600	22.121.042
Property maintenance and repair	4.089.023.703	3.952.590.342	1.197.524.031	1.118.359.144
Public utilities	1.690.003.140	1.671.285.939	544.531.770	553.312.044
By right of use-properties	2.526.396.516	1.991.901.182	996.928.639	602.849.403
By right of use-furniture, equipment, and other assets	1.270.274.863	545.060.880	409.181.215	44.549.202
Depreciation of property, plant and equipment, except vehicles	7.578.899.207	7.992.878.225	2.536.381.824	2.614.676.369
Amortization of leasehold property	363.207.622	386.106.247	121.652.283	140.239.887
Impairment loss	1.187.186.752	0	1.187.186.752	0
Other infrastructure expenses	2.556.229.101	2.873.698.709	683.270.923	945.575.919
Overhead	22.115.594.031	19.474.627.137	7.538.540.136	7.246.626.963
	¢ <b><u>156.126.628.836</u></b>	<b><u>142.831.422.567</u></b>	<b><u>53.834.814.238</u></b>	<b><u>48.526.582.810</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

(34) Legal profit allocation

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

	<b>September 2022</b>	<b>September 2021</b>	<b>Quarter from July 1 to September 30</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Allocation for CONAPE	¢ 3.165.824.053	2.959.933.533	986.175.070	1.161.836.875
Allocation for Instituto Nacional de Fomento Cooperativo	3.916.012.363	2.879.452.745	1.075.582.571	1.130.151.579
Allocation for National Emergency Commission	2.212.642.758	2.195.262.409	660.258.834	849.611.122
Allocation for Public Pension Fund Operators	659.309.246	833.932.068	201.019.055	279.530.855
Allocation for Invalidity. Old Age and Death Regime	<u>9.497.472.158</u>	<u>8.879.800.594</u>	<u>2.958.525.210</u>	<u>3.485.510.624</u>
	<b>¢ <u>19.451.260.578</u></b>	<b><u>17.748.381.349</u></b>	<b><u>5.881.560.740</u></b>	<b><u>6.906.641.055</u></b>

As of September 30, 2022, December and September 2021 there are no decreases in the legal allocations of the period's profits.

(35) Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

	<b>September 2022</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Surplus from revaluation of buildings	9.340.541.027	0	9.340.541.027
Adjustment for valuation of investments at fair value through other comprehensive income.	¢ (127.581.797.434)	38.028.949.385	(89.552.848.049)
Impairment – Investments at fair value through other comprehensive income	(1.193.273.275)	0	(1.193.273.275)
Exchange differences from conversion of financial statements of foreign entities	<u>(3.029.951.810)</u>	<u>0</u>	<u>(3.029.951.810)</u>
	<b>¢ <u>(122.464.481.492)</u></b>	<b><u>38.028.949.385</u></b>	<b><u>(84.435.532.107)</u></b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

	<b>September 2021</b>		
	<b>Amount before taxes</b>	<b>Tax benefit (expense)</b>	<b>Net taxes</b>
Adjustment for valuation of investments at fair value through other comprehensive income.	¢ 75.120.620.684	(22.663.054.158)	52.457.566.526
Impairment – Investments at fair value through other comprehensive income.	1.347.165.881	0	1.347.165.881
Exchange differences from conversion of financial statements of foreign entities.	3.258.409.639	0	3.258.409.639
	<b>¢ 79.726.196.204</b>	<b>(22.663.054.158)</b>	<b>57.063.142.046</b>

(36) Operating leases

Lessee

Non-cancellable operating leases are payable as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Less than one year	¢ 0	91.189.908	212.426.983
	<b>¢ 0</b>	<b>91.189.908</b>	<b>212.426.983</b>

These leases correspond to furniture and equipment.

As of September 30, 2022, there are no amounts in these accounts.

(37) Fair value of financial instruments

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

	<b>September 2022</b>		<b>December 2021</b>		<b>September 2021</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Cash and due from banks	¢ 1.009.505.752.999	1.009.505.752.999	960.508.938.412	960.508.938.412	845.624.214.065	845.624.214.065
Investments	1.756.524.103.200	1.740.200.927.806	1.890.859.623.925	1.864.371.718.197	1.986.126.245.463	1.968.342.297.596
Loan portfolio	4.166.375.887.859	3.273.280.160.009	4.122.382.245.258	3.198.566.472.304	3.920.726.798.042	3.862.069.366.390
	<b>6.932.405.744.058</b>	<b>6.022.986.840.814</b>	<b>6.973.750.807.595</b>	<b>6.023.447.128.913</b>	<b>6.752.477.257.570</b>	<b>6.676.035.878.051</b>
Demand deposits	3.112.015.677.464	3.112.015.677.464	3.405.432.886.728	3.405.432.886.728	3.173.708.052.817	3.173.708.052.817
Term deposits	1.908.090.501.722	1.914.095.274.831	1.691.856.375.240	1.685.247.259.043	1.793.166.323.284	1.783.881.802.473
Financial obligations	1.212.042.348.853	1.204.308.445.679	1.038.668.463.929	1.014.828.526.882	967.869.498.438	944.518.651.734
	<b>¢ 6.232.148.528.039</b>	<b>6.230.419.397.975</b>	<b>6.135.957.725.897</b>	<b>6.105.508.672.653</b>	<b>5.934.743.874.539</b>	<b>5.902.108.507.024</b>

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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As of September 30, 2022, the financial obligations for subordinated obligations are for ¢20,072,534,085, (for December and September 2021, there are no amounts for this concept).

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

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

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

- b) Investments in financial instruments

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

- c) Securities sold under repurchase agreements

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

- d) Loan portfolio

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

- e) Term deposits and loans payable

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

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

(38) Segments

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

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola de Cartago	Banprocesa	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 985.728.135.604	157.103.154	659.285.414	1.846.400.449	56.138.968.441	497.456.256	23.545.208	15.839.125	1.045.066.733.651	(35.560.980.651)	1.009.505.753.000
Investment in financial instruments	1.599.119.550.711	6.805.524.598	6.649.374.308	43.771.805.987	93.832.801.187	7.379.472.803	806.916.083	732.517.852	1.759.097.963.529	(2.573.860.329)	1.756.524.103.200
Loan portfolio	3.041.420.584.619	0	0	0	954.037.520.013	0	0	0	3.995.458.104.632	(1)	3.995.458.104.631
Accounts and fees receivable	32.702.205.631	711.459.462	874.689.153	1.178.395.159	6.909.644.702	820.489.006	113.245.750	993.547.536	44.303.676.399	(3.288.891.931)	41.014.784.468
Foreclosed assets	35.898.288.023	0	0	0	18.794.821.689	0	39	0	54.693.109.751	0	54.693.109.751
Interest in other companies (net)	120.386.294.664	0	0	65.417.188	0	0	0	0	120.451.711.852	(120.130.100.628)	321.611.224
Property, furniture and equipment, net	145.728.127.171	259.127.681	336.449.624	233.327.430	7.729.644.127	239.511.939	227.315.451	27.961.527	154.781.464.950	(72.235.883)	154.709.229.067
Properties investments	6.831.625.000	0	0	0	0	0	0	0	6.831.625.000	0	6.831.625.000
Other assets	82.908.895.451	1.277.831.894	804.831.995	1.123.246.210	28.831.132.626	903.794.089	114.688.591	174.771.158	116.139.192.014	(1.716.463.282)	114.422.728.732
<b>Total assets</b>	<b>€ 6.050.723.706.874</b>	<b>9.211.046.789</b>	<b>9.324.630.494</b>	<b>48.218.592.423</b>	<b>1.166.274.532.785</b>	<b>9.840.724.093</b>	<b>1.285.711.122</b>	<b>1.944.637.198</b>	<b>7.296.823.581.778</b>	<b>(163.342.532.705)</b>	<b>7.133.481.049.073</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4.529.778.292.660	0	0	6.633.218.505	489.676.208.135	11.124.865	0	0	5.026.098.844.165	(5.992.664.978)	5.020.106.179.187
Obligations with the Central Bank of Costa Rica	217.033.494.640	0	0	0	0	0	0	0	217.033.494.640	0	217.033.494.640
Obligations with entities	475.993.415.481	291.179.571	406.463.776	20.727.257.208	512.097.799.213	285.300.538	152.704.436	26.562.691	1.009.980.682.914	(35.059.702.817)	974.920.980.097
Accounts payable and provisions	162.813.811.791	2.442.618.060	1.610.600.015	2.221.605.245	6.268.360.836	2.187.845.532	160.321.309	548.090.568	178.253.253.356	(743.600.996)	177.509.652.360
Other liabilities	25.619.665.014	0	0	0	2.378.450.158	56.412.774	2.124.326	746.272	28.057.398.544	0	28.057.398.544
<b>Total liabilities</b>	<b>€ 5.431.311.213.671</b>	<b>2.733.797.631</b>	<b>2.017.063.791</b>	<b>29.582.080.958</b>	<b>1.010.420.818.342</b>	<b>2.540.683.709</b>	<b>315.150.071</b>	<b>575.399.531</b>	<b>6.479.496.207.704</b>	<b>(41.795.968.791)</b>	<b>6.437.700.238.913</b>
<b>Equity</b>											
Capital	181.409.990.601	4.558.304.523	4.839.200.000	12.626.000.000	38.609.421.071	2.250.000.000	305.842.762	710.000.000	245.308.758.957	(63.898.768.356)	181.409.990.601
Unfunded capital contributions	0	721.553.618	0	0	0	0	0	0	721.553.618	(721.553.618)	0
Equity adjustments	14.022.114.814	(152.277.577)	(187.435.524)	(1.277.689.272)	60.059.341.914	(189.860.687)	1.047	0	72.274.194.715	(58.252.079.901)	14.022.114.814
Capital reserves	325.313.265.088	255.890.000	967.840.001	1.650.142.126	30.112.199.397	450.000.000	36.187.964	35.725.887	358.821.250.463	(33.507.985.375)	325.313.265.088
Prior periods retained earnings	23.721.615.916	434.469.348	374.170.167	4.105.323.295	24.100.345.803	2.530.056.788	584.070.492	86.985.797	55.937.037.606	(32.215.421.690)	23.721.615.916
Profit for the period	34.468.785.007	659.309.246	1.313.792.059	1.532.735.316	2.972.406.258	2.259.844.283	44.458.786	536.525.983	43.787.856.938	(9.319.071.931)	34.468.785.007
Development financing fund	40.476.721.777	0	0	0	0	0	0	0	40.476.721.777	0	40.476.721.777
Minority interest	0	0	0	0	0	0	0	0	0	76.368.316.957	76.368.316.957
<b>Total equity</b>	<b>619.412.493.203</b>	<b>6.477.249.158</b>	<b>7.307.566.703</b>	<b>18.636.511.465</b>	<b>155.853.714.443</b>	<b>7.300.040.384</b>	<b>970.561.051</b>	<b>1.369.237.667</b>	<b>817.327.374.074</b>	<b>(121.546.563.914)</b>	<b>695.780.810.160</b>
<b>Total liabilities and equity</b>	<b>€ 6.050.723.706.874</b>	<b>9.211.046.789</b>	<b>9.324.630.494</b>	<b>48.218.592.423</b>	<b>1.166.274.532.785</b>	<b>9.840.724.093</b>	<b>1.285.711.122</b>	<b>1.944.637.198</b>	<b>7.296.823.581.778</b>	<b>(163.342.532.705)</b>	<b>7.133.481.049.073</b>
<b>Debit contingent accounts</b>	€ 482.934.868.298	0	0	0	106.371.431.176	0	0	0	589.306.299.474	(1)	589.306.299.473
<b>Trust assets</b>	€ 733.558.718.456	0	0	0	56.669.278.280	0	0	0	790.227.996.736	0	790.227.996.736
<b>Trust liabilities</b>	€ 273.839.146.059	0	0	0	0	0	0	0	273.839.146.059	0	273.839.146.059
<b>Trust equity</b>	€ 459.719.572.397	0	0	0	56.669.278.280	0	0	0	516.388.850.677	0	516.388.850.677
<b>Other debit memoranda accounts</b>	€ 18.392.098.742.036	1.461.440.745.398	760.352.292.970	901.758.356.449	1.421.600.181.231	0	4.929.380.064	0	22.942.179.698.148	1	22.942.179.698.149

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola de Cartago	Banprocesa	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 864.405.461.582	382.656.329	1.404.199.503	1.000.438.445	127.984.618.692	693.473.756	18.366.766	6.339.715	995.895.554.788	(35.386.616.376)	960.508.938.412
Investment in financial instruments	1.754.312.982.756	7.654.325.798	7.746.780.489	51.975.576.071	61.577.071.489	8.262.675.302	735.544.922	1.078.757.506	1.893.343.714.333	(2.484.090.408)	1.890.859.623.925
Loan portfolio	3.038.196.017.416	0	0	0	912.967.594.496	0	0	0	3.951.163.611.912	0	3.951.163.611.912
Accounts and fees receivable	15.609.952.548	715.482.266	844.009.362	366.521.918	6.864.732.158	663.743.283	104.127.065	518.009.765	25.686.578.365	(3.758.602.456)	21.927.975.909
Foreclosed assets	42.352.819.263	0	0	0	20.723.056.771	0	39	0	63.075.876.073	0	63.075.876.073
Interest in other companies (net)	128.725.242.930	0	0	65.417.188	0	0	0	0	128.790.660.118	(128.725.242.930)	65.417.188
Property, furniture and equipment, Net	131.640.777.150	329.308.054	429.483.720	293.799.720	8.101.649.308	305.692.446	270.760.400	270.865.981	141.642.336.779	(79.094.228)	141.563.242.551
Properties investments	6.441.924.521	0	0	0	0	0	0	0	6.441.924.521	0	6.441.924.521
Other assets	73.915.922.394	675.490.420	289.427.055	1.720.965.010	23.365.213.566	329.736.815	118.000.879	107.141.521	100.521.897.660	(940.117.719)	99.581.779.941
<b>Total assets</b>	<b>€ 6.055.601.100.560</b>	<b>9.757.262.867</b>	<b>10.713.900.129</b>	<b>55.422.718.352</b>	<b>1.161.583.936.480</b>	<b>10.255.321.602</b>	<b>1.246.800.071</b>	<b>1.981.114.488</b>	<b>7.306.562.154.549</b>	<b>(171.373.764.117)</b>	<b>7.135.188.390.432</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4.615.047.205.486	0	0	7.250.003.134	481.194.782.283	11.209.498	0	0	5.103.503.200.401	(6.213.938.433)	5.097.289.261.968
Obligations with the Central Bank of Costa Rica	128.285.685.643	0	0	0	0	0	0	0	128.285.685.643	0	128.285.685.643
Obligations with entities	422.222.882.801	369.801.852	516.214.305	20.170.452.199	501.130.190.767	362.140.404	184.205.189	287.136.241	945.243.023.758	(34.876.398.056)	910.366.625.702
Accounts payable and provisions	185.153.781.877	2.562.289.081	1.328.670.880	4.348.598.690	12.231.194.461	1.482.431.381	135.015.957	560.529.259	207.802.511.586	(618.066.976)	207.184.444.610
Other liabilities	16.232.013.810	0	0	0	10.370.334.756	36.337.914	1.275.408	737.302	26.640.699.190	(1)	26.640.699.189
<b>Total liabilities</b>	<b>€ 5.366.941.569.617</b>	<b>2.932.090.933</b>	<b>1.844.885.185</b>	<b>31.769.054.023</b>	<b>1.004.926.502.267</b>	<b>1.892.119.197</b>	<b>320.496.554</b>	<b>848.402.802</b>	<b>6.411.475.120.578</b>	<b>(41.708.403.466)</b>	<b>6.369.766.717.112</b>
<b>Equity</b>											
Capital	181.409.990.601	5.310.643.556	4.839.200.000	12.626.000.000	38.609.421.071	2.250.000.000	305.842.762	710.000.000	246.061.097.990	(64.651.107.389)	181.409.990.601
Unfunded capital contributions	0	111.214.585	0	0	0	0	0	0	111.214.585	(111.214.585)	0
Equity adjustments	96.607.343.411	54.954.446	(12.195.223)	2.272.198.910	63.473.713.212	33.145.617	202.300	0	162.429.362.673	(65.822.019.262)	96.607.343.411
Capital reserves	296.709.547.031	255.889.999	967.840.000	1.467.308.772	31.691.609.057	450.000.000	34.330.620	5.908.530	331.582.434.009	(34.872.886.977)	296.709.547.032
Prior periods retained earnings	23,286,282,979	0	539,757,627	3,631,489,587	20,520,452,702	2,535,848,001	548,780,963	(179,544,020)	50,883,067,839	(27,596,784,860)	23,286,282,979
Profit for the period	54.434.355.511	1.092.469.348	2.534.412.540	3.656.667.060	2.362.238.171	3.094.208.787	37.146.872	596.347.176	67.807.845.465	(13.373.489.954)	54.434.355.511
Development financing fund	36.212.011.410	0	0	0	0	0	0	0	36.212.011.410	0	36.212.011.410
Minority interest	0	0	0	0	0	0	0	0	0	76.762.142.376	76.762.142.376
<b>Total equity</b>	<b>688.659.530.943</b>	<b>6.825.171.934</b>	<b>8.869.014.944</b>	<b>23.653.664.329</b>	<b>156.657.434.213</b>	<b>8.363.202.405</b>	<b>926.303.517</b>	<b>1.132.711.686</b>	<b>895.087.033.971</b>	<b>(129.665.360.651)</b>	<b>765.421.673.320</b>
<b>Total liabilities and equity</b>	<b>€ 6.055.601.100.560</b>	<b>9.757.262.867</b>	<b>10.713.900.129</b>	<b>55.422.718.352</b>	<b>1.161.583.936.480</b>	<b>10.255.321.602</b>	<b>1.246.800.071</b>	<b>1.981.114.488</b>	<b>7.306.562.154.549</b>	<b>(171.373.764.117)</b>	<b>7.135.188.390.432</b>
Debit contingent accounts	€ 319.726.692.051	0	0	0	134.941.092.172	0	0	0	454.667.784.223	0	454.667.784.223
Trust assets	€ 927.719.265.552	0	0	0	57.780.857.969	0	0	0	985.500.123.521	0	985.500.123.521
Trust liabilities	€ 362.909.505.260	0	0	0	0	0	0	0	362.909.505.260	0	362.909.505.260
Trust equity	€ 564.809.760.292	0	0	0	57.780.857.969	0	0	0	622.590.618.261	0	622.590.618.261
Other debit memoranda accounts	€ 15.234.563.101.376	1.606.980.067.052	805.087.071.485	895.434.022.840	1.524.770.586.280	0	4.888.634.526	0	20.071.723.483.559	0	20.071.723.483.560

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola de Cartago	Banprocesa	Total	Eliminations	Consolidated
<b>Assets</b>											
Cash and due from banks	€ 761.246.224.718	479.547.005	1.883.040.076	710.334.031	113.525.771.789	616.528.757	63.787.379	33.350.033	878.558.583.788	(32.934.369.724)	845.624.214.064
Investment in financial instruments	1.840.646.178.197	7.068.089.763	6.811.068.170	58.503.719.422	66.087.789.946	8.079.807.819	756.040.193	711.985.707	1.988.664.679.217	(2.539.437.136)	1.986.125.242.081
Loan portfolio	2.906.203.019.292	0	0	0	860.284.628.083	0	0	0	3.766.487.647.375	0	3.766.487.647.375
Accounts and fees receivable	11.633.032.530	704.053.455	890.531.749	413.855.020	7.199.320.151	643.002.170	89.871.728	692.625.377	22.266.292.180	(507.075.724)	21.759.216.456
Foreclosed assets	45.297.555.501	0	0	0	20.594.625.878	0	39	0	65.892.181.418	0	65.892.181.418
Interest in other companies (net)	125.511.370.639	0	0	65.417.188	0	0	0	0	125.576.787.827	(125.511.370.639)	65.417.188
Property, furniture and equipment, Net	135.062.735.028	352.701.512	461.456.838	313.874.296	8.324.459.531	327.847.909	215.845.603	289.763.608	145.348.684.325	(3.323.738.572)	142.024.945.753
Properties investments	6.441.924.521	0	0	0	0	0	0	0	6.441.924.521	0	6.441.924.521
Other assets	64.337.097.708	1.014.126.319	857.298.873	1.271.094.101	23.402.067.009	1.006.371.589	102.498.087	71.019.178	92.061.572.864	0	92.061.572.864
<b>Total assets</b>	<b>€ 5.896.379.138.134</b>	<b>9.618.518.054</b>	<b>10.903.395.706</b>	<b>61.278.294.058</b>	<b>1.099.418.662.387</b>	<b>10.673.558.244</b>	<b>1.228.043.029</b>	<b>1.798.743.903</b>	<b>7.091.298.353.515</b>	<b>(164.815.991.795)</b>	<b>6.926.482.361.720</b>
<b>Liabilities and Equity</b>											
<b>Liabilities</b>											
Obligations with the public	€ 4.465.148.485.398	0	0	1.464.435.787	506.737.891.198	10.628.615	0	0	4.973.361.440.998	(6.487.064.897)	4.966.874.376.101
Obligations with the Central Bank of Costa Rica	139.691.676.616	0	0	0	0	0	0	0	139.691.676.616	2	139.691.676.618
Obligations with entities	402.601.298.819	383.895.634	535.888.128	31.852.037.025	424.229.840.595	376.144.646	193.492.300	297.763.726	860.470.360.873	(32.310.480.536)	828.159.880.337
Accounts payable and provisions	187.875.764.767	2.754.748.346	2.032.435.690	4.509.065.775	12.563.855.535	2.441.862.894	117.924.436	548.639.786	212.844.297.229	(507.075.725)	212.337.221.504
Other liability	15.544.029.838	0	0	0	3.801.791.002	32.045.924	931.606	737.302	19.379.535.672	3	19.379.535.675
Subordinated obligations	0	0	0	0	0	0	0	0	0	0	0
Bonds convertible into capital	0	0	0	0	0	0	0	0	0	0	0
Preferred obligations	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>€ 5.210.861.255.438</b>	<b>3.138.643.980</b>	<b>2.568.323.818</b>	<b>37.825.538.587</b>	<b>947.333.378.330</b>	<b>2.860.682.079</b>	<b>312.348.342</b>	<b>847.140.814</b>	<b>6.205.747.311.388</b>	<b>(39.304.621.153)</b>	<b>6.166.442.690.235</b>
<b>Equity</b>											
Capital	181.409.990.601	4.764.734.914	4.839.200.000	12.626.000.000	38.609.421.071	2.250.000.000	305.842.762	710.000.000	245.515.189.348	(64.105.198.748)	181.409.990.600
Unfunded capital contributions	0	527.123.226	0	0	0	0	0	0	527.123.226	(527.123.226)	0
Equity adjustments	111.631.070.495	98.193.867	52.297.212	2.807.942.903	59.617.003.016	92.463.647	570.095	0	174.299.541.235	(62.668.470.740)	111.631.070.495
Capital reserves	296.709.547.031	255.890.001	967.840.000	1.467.308.772	35.117.969.817	450.000.000	34.330.621	5.908.530	335.008.794.772	(38.299.247.740)	296.709.547.032
Prior periods retained earnings	23.286.282.979	0	539.757.627	3.631.489.587	17.200.230.768	2.535.848.001	548.780.963	(179.544.020)	47.562.845.905	(24.276.562.926)	23.286.282.979
Profit for the period	36.268.980.180	833.932.066	1.935.977.049	2.920.014.209	1.540.659.386	2.484.564.517	26.170.246	415.238.579	46.425.536.232	(10.156.556.052)	36.268.980.180
Development financing fund	36.212.011.410	0	0	0	0	0	0	0	36.212.011.410	0	36.212.011.410
Minority interest	0	0	0	0	0	0	0	0	0	74.521.788.792	74.521.788.792
<b>Total equity</b>	<b>685.517.882.696</b>	<b>6.479.874.074</b>	<b>8.335.071.888</b>	<b>23.452.755.471</b>	<b>152.085.284.058</b>	<b>7.812.876.165</b>	<b>915.694.687</b>	<b>951.603.089</b>	<b>885.551.042.128</b>	<b>(125.511.370.640)</b>	<b>760.039.671.488</b>
<b>Total liabilities and equity</b>	<b>€ 5.896.379.138.134</b>	<b>9.618.518.054</b>	<b>10.903.395.706</b>	<b>61.278.294.058</b>	<b>1.099.418.662.388</b>	<b>10.673.558.244</b>	<b>1.228.043.029</b>	<b>1.798.743.903</b>	<b>7.091.298.353.516</b>	<b>(164.815.991.793)</b>	<b>6.926.482.361.723</b>
<b>Debit contingent accounts</b>	€ 309.202.427.037	0	0	0	135.421.697.677	0	0	0	444.624.124.714	1	444.624.124.714
<b>Trust assets</b>	€ 929.906.970.734	0	0	0	56.415.358.076	0	0	0	986.322.328.810	0	986.322.328.810
<b>Trust liabilities</b>	€ 356.451.529.182	0	0	0	0	0	0	0	356.451.529.182	0	356.451.529.182
<b>Trust equity</b>	€ 573.455.441.552	0	0	0	56.415.358.076	0	0	0	629.870.799.628	0	629.870.799.629
<b>Other debit memoranda accounts</b>	€ 31.071.518.265.901	1.585.440.571.200	765.693.369.619	689.879.250.012	1.561.042.739.416	0	5.377.781.991	0	35.678.951.978.139	2	35.678.951.978.140

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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, results of each segment are as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 246.652.123.305	227.351.462	110.847.566	3.256.328.730	48.115.664.354	239.537.802	20.672.498	52.818.006	298.675.343.723	(654.227.165)	298.021.116.558
Financial expenses	86.830.989.956	27.942.283	90.752.491	906.498.935	25.866.696.882	94.971.460	14.962.150	4.606.136	113.837.420.293	(733.701.506)	113.103.718.787
Expenses from allowance for assets impairment	13.946.325.408	7.770.803	155.618	42.831.870	2.953.219.354	53.112.538	106.760	0	17.003.522.351	2	17.003.522.353
Income from recovery of assets and decrease in allowance	9.378.771.474	12.373.997	1.843.467	180.408.497	0	40.385.750	681.107	0	9.614.464.292	(1)	9,614,464,291
<b>Financial income</b>	<b>155.253.579.415</b>	<b>204.012.373</b>	<b>21.782.924</b>	<b>2.487.406.422</b>	<b>19.295.748.118</b>	<b>131.839.554</b>	<b>6.284.695</b>	<b>48.211.870</b>	<b>177.448.865.371</b>	<b>79.474.338</b>	<b>177.528.339.709</b>
Other operating income	133.351.224.751	5.357.246.343	5.351.007.486	2.542.252.183	2.047.052.503	5.544.856.820	860.876.930	2.680.525.338	157.735.042.354	(13.406.645.940)	144.328.396.414
Other operating expenses	85.097.157.098	1.290.725.530	1.073.233.142	596.867.068	3.118.503.508	312.921.556	123.272.473	92.594.905	91.705.275.280	(3.186.250.819)	88.519.024.461
<b>Gross operating income</b>	<b>203.507.647.068</b>	<b>4.270.533.186</b>	<b>4.299.557.268</b>	<b>4.432.791.537</b>	<b>18.224.297.113</b>	<b>5.363.774.818</b>	<b>743.889.152</b>	<b>2.636.142.303</b>	<b>243.478.632.445</b>	<b>(10.140.920.783)</b>	<b>233.337.711.662</b>
Personnel expenses	75.271.678.915	1.885.519.918	2.077.809.261	1.810.783.915	7.764.409.103	1.760.092.859	537.556.385	1.801.134.377	92.908.984.733	(1.801.134.377)	91.107.850.356
Other administrative expenses	57.577.044.783	408.790.791	259.954.764	273.182.394	6.561.584.320	249.404.446	138.211.000	27.798.548	65.495.971.046	(477.192.566)	65.018.778.480
<b>Administrative expenses</b>	<b>132.848.723.698</b>	<b>2.294.310.709</b>	<b>2.337.764.025</b>	<b>2.083.966.309</b>	<b>14.325.993.423</b>	<b>2.009.497.305</b>	<b>675.767.385</b>	<b>1.828.932.925</b>	<b>158.404.955.779</b>	<b>(2.278.326.943)</b>	<b>156.126.628.836</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>70.658.923.370</b>	<b>1.976.222.477</b>	<b>1.961.793.243</b>	<b>2.348.825.228</b>	<b>3.898.303.690</b>	<b>3.354.277.513</b>	<b>68.121.767</b>	<b>807.209.378</b>	<b>85.073.676.666</b>	<b>(7.862.593.840)</b>	<b>77.211.082.826</b>
Income tax	13.900.674.443	595.460.286	165.114.305	672.857.060	698.722.912	1.011.277.169	21.619.326	245.138.778	17.310.864.279	2	17,310,864,281
Deferred income tax	11.241.063.634	22.486.618	544.309.733	160.222.478	266.371.424	11.978.215	0	78.172.065	12.324.604.167	0	12,324,604,167
Decrease in income tax	7.430.402.720	19.629.593	120.276.652	87.454.382	39.196.904	29.450.479	0	74.498.569	7,800,909,299	(1)	7,800,909,298
Profit sharing	18.478.803.006	718.595.920	58.853.798	70.464.756	0	100.628.325	2.043.655	21.871.121	19,451,260,581	(3)	19,451,260,578
<b>Net profit for the year</b>	<b>34.468.785.007</b>	<b>659.309.246</b>	<b>1.313.792.059</b>	<b>1.532.735.316</b>	<b>2.972.406.258</b>	<b>2.259.844.283</b>	<b>44.458.786</b>	<b>536.525.983</b>	<b>43.787.856.938</b>	<b>(7.862.593.840)</b>	<b>35.925.263.098</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(1.456.478.091)	1,456,478,091
<b>Results for the period attributable to the comptroller</b>	<b>34.468.785.007</b>	<b>659.309.246</b>	<b>1.313.792.059</b>	<b>1.532.735.316</b>	<b>2.972.406.258</b>	<b>2.259.844.283</b>	<b>44.458.786</b>	<b>536.525.983</b>	<b>43.787.856.938</b>	<b>(9.319.071.931)</b>	<b>34.468.785.007</b>
<b>Net income for the periods</b>	<b>€ 34.468.785.007</b>	<b>659.309.246</b>	<b>1.313.792.059</b>	<b>1.532.735.316</b>	<b>2.972.406.258</b>	<b>2.259.844.283</b>	<b>44.458.786</b>	<b>536.525.983</b>	<b>43.787.856.938</b>	<b>(9.319.071.931)</b>	<b>34.468.785.007</b>

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As of September 30, 2021, results of each segment are as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Banprocesa	Total	Eliminations	Consolidated
Financial income	¢ 245.180.267.913	275.465.544	315.345.725	3.724.712.060	42.541.721.429	529.687.430	14.274.127	3.583.049	292.585.057.277	(497.413.361)	292.087.643.916
Financial expenses	80.821.297.226	20.755.678	26.077.201	295.751.522	23.408.473.944	18.313.519	10.652.733	15.472.363	104.616.794.186	(609.079.667)	104.007.714.519
Expenses from allowance for assets impairment	27.161.307.971	7.422.436	2.156.243	309.649.316	3.402.332.414	37.960.318	1.460.263	0	30.922.288.961	0	30.922.288.961
Income from recovery of assets and decrease in allowance	12.820.268.381	4.167.405	31.027.603	294.007.556	0	22.087.747	949.520	0	13.172.508.212	0	13.172.508.212
<b>Financial income</b>	<b>150.017.931.097</b>	<b>251.454.835</b>	<b>318.139.884</b>	<b>3.413.318.778</b>	<b>15.730.915.071</b>	<b>495.501.340</b>	<b>3.110.651</b>	<b>(11.889.314)</b>	<b>170.218.482.342</b>	<b>111.666.306</b>	<b>170.330.148.648</b>
Other operating income	121.616.354.590	5.384.681.138	6.010.975.774	3.947.852.397	1.278.885.036	5.412.149.433	715.883.519	2.443.600.946	146.810.382.833	(15.568.398.397)	131.241.984.436
Other operating expenses	80.221.920.365	1.193.325.876	1.168.544.832	679.792.142	2.479.915.446	395.120.318	112.073.547	130.564.153	86.381.256.679	(3.205.561.791)	83.175.694.888
<b>Gross operating income</b>	<b>191.412.365.322</b>	<b>4.442.810.097</b>	<b>5.160.570.826</b>	<b>6.681.379.033</b>	<b>14.529.884.661</b>	<b>5.512.530.455</b>	<b>606.920.623</b>	<b>2.301.147.479</b>	<b>230.647.608.496</b>	<b>(12.251.170.300)</b>	<b>218.396.438.196</b>
Personnel expenses	71.741.972.823	1.590.069.285	2.061.723.001	2.048.781.690	7.437.528.026	1.589.024.604	445.129.228	1.666.858.075	88.581.086.732	(1.666.858.073)	86.914.228.659
Other administrative expenses	51.070.088.854	388.595.963	240.153.774	276.862.690	4.709.803.252	262.284.790	120.225.334	31.858.473	57.099.873.130	(1.182.679.222)	55.917.193.908
<b>Administrative expenses</b>	<b>122.812.061.677</b>	<b>1.978.665.248</b>	<b>2.301.876.775</b>	<b>2.325.644.380</b>	<b>12.147.331.278</b>	<b>1.851.309.394</b>	<b>565.354.562</b>	<b>1.698.716.548</b>	<b>145.680.959.862</b>	<b>(2.849.537.295)</b>	<b>142.831.422.567</b>
<b>Net operating income before taxes and statutory allocations</b>	<b>68.600.303.645</b>	<b>2.464.144.849</b>	<b>2.858.694.051</b>	<b>4.355.734.653</b>	<b>2.382.553.383</b>	<b>3.661.221.061</b>	<b>41.566.061</b>	<b>602.430.931</b>	<b>84.364.217.703</b>	<b>(9.401.633.005)</b>	<b>75.565.015.629</b>
Income tax	16.943.733.600	748.587.956	862.026.590	1.283.454.865	701.548.840	1.080.143.210	14.148.833	176.565.072	21.810.208.966	1	21.810.208.967
Deferred income tax	0	109.053.293	163.631.027	100.482.953	140.345.157	115.177.672	0	7.048.613	635.738.715	1	635.738.716
Decrease in income tax	1.107.557.127	135.284.877	188.701.437	78.889.413	0	128.500.969	0	14.282.804	1.653.216.627	0	1.653.216.627
Profit sharing	16.495.146.992	907.856.411	85.760.822	130.672.039	0	109.836.631	1.246.982	17.861.471	17.748.381.348	1	17.748.381.349
Decrease in Profit Shares	0	0	0	0	0	0	0	0	0	0	0
<b>Net profit for the year</b>	<b>36.268.980.180</b>	<b>833.932.066</b>	<b>1.935.977.049</b>	<b>2.920.014.209</b>	<b>1.540.659.386</b>	<b>2.484.564.517</b>	<b>26.170.246</b>	<b>415.238.579</b>	<b>46.010.297.653</b>	<b>(9.401.633.008)</b>	<b>37.023.903.224</b>
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(754.923.044)	754.923.044
<b>Results for the period attributable to the comptroller</b>	<b>36.268.980.180</b>	<b>833.932.066</b>	<b>1.935.977.049</b>	<b>2.920.014.209</b>	<b>1.540.659.386</b>	<b>2.484.564.517</b>	<b>26.170.246</b>	<b>415.238.579</b>	<b>46.010.297.653</b>	<b>(10.156.556.052)</b>	<b>36.268.980.180</b>
<b>Net income for the periods</b>	<b>¢ 36.268.980.180</b>	<b>833.932.066</b>	<b>1.935.977.049</b>	<b>2.920.014.209</b>	<b>1.540.659.386</b>	<b>2.484.564.517</b>	<b>26.170.246</b>	<b>415.238.579</b>	<b>46.010.297.653</b>	<b>(10.156.556.052)</b>	<b>36.268.980.180</b>

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Notes to the consolidated financial statements

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(39) Risk management

Comprehensive risk management

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

Corporate governance of the risk management area

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

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

The Conglomerate has policies, strategies and other corporate regulations for an effective comprehensive risk management, thus providing administrative, legal and technical certainty to the System, supporting the decision making:

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

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

Classification of significant risks

The relevant risks to the Bank are classified as follows:

**Risk classification of Banco de Costa Rica Financial Conglomerate**

<b>Types of relevant risk</b>	Financial	Credit	
		Market	
		Liquidity	
	Non- financial	Strategic	
		Operating	
		Legal	
		Information Technology	
		Reputational	
		Environmental and social	
		Regulatory compliance	
		Money laundering and financing of terrorism, financing of proliferation of weapons of mass destruction and financing of organized crime (LC/FT/FPADM/FDO-for its acronym in Spanish)	

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Types of risks related to the strategic plan

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

Strategic objective	Process	Type of risk	Risk Appetite Declaration Indicator
1. To guarantee the financial solidity of the Conglomerate.  2. Support the country's performance.	1. Organizational strategy	Capital	Equity Sufficiency Index
	1. Treasury operations		
	1. Security management	Operative	Expected loss due to operational risk (last 12 months)  Technology platform availability  Vulnerability analysis  Change management
	2. Management of processes and regulations		
	3. IT Security		
	1. Loan granting	Credit	Expected loss of the loan portfolio  Non high-risk generators
	2. Monitoring of loans		
	3. Loans recovery		
	1. Financial treasury operations	Market	VaR of the investment portfolio 03-06  Elasticity of the financial margin to movements in interest rates  PPME sensibility for ER movements
	2. Investment services	Liquidity	Liquidity coverage ratio by currency

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## BANCO DE COSTA RICA Y SUBSIDIARIAS

### Notes to the consolidated financial statements

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#### Statement of risk appetite

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

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

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

#### Process of comprehensive risk management

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

#### Types of risk assessments

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

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

#### Risk control framework

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

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## BANCO DE COSTA RICA Y SUBSIDIARIAS

### Notes to the consolidated financial statements

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

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

#### Mitigation coverage

In accordance with the regulations, estimates and provisions are maintained. Implemented risk assessment models seek to establish additional capital requirements to cover non-expected losses. Likewise, BCR net worth equity indicator is evaluated to analyze its ability to respond to different types of risk, which, during the period under study, was higher than the 10% limit established by the General Superintendence of Financial Institutions.

#### Evaluation of the effectiveness and maturity of the System

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

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

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

#### (a) Credit risk management

##### Definition

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

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

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

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

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

#### Management methodology

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

The statistical support is complemented with expert criteria to analyze the borrower's ability to pay, as well a stress analysis on exposures to macroeconomic variables that are related to microeconomic and Bank's internal variables. For the analysis of the loan portfolio and considering the pandemic for decision taking, the methodology associated with the Loan Portfolio Management Plan is used.

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

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BANCO DE COSTA RICA Y SUBSIDIARIAS

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

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

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

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

Exposure and risk management

Considering the uncertainty generated by the pandemic for Covid-19, the Bank uses the results of the analysis of the Loan Portfolio Management Plan to have greater credit risk coverage. As of September 2022, the percentage of arrears greater than 90 days was 2,95% (2,85% and 2,87% as of December and September 2021, respectively). The latter indicator is 1.05 percentage points below the regulatory limit to be in the normal range, with retail banking activities showing the highest delinquency.

The dollar portfolio accounts for 25.77% at the closing of September (27.47% and 29.16% as of December and September 2021, respectively) of the total portfolio. It is important to mention that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients not generating income in foreign currency.

The activities with greater relative importance are housing, services and commerce, as shown in note 6.a of the financial statements (Loan Portfolio by Sector), limits on exposition for the loan portfolio are defined, to achieve a loan structure in the medium and long term that is consistent with the risk appetite established by the Senior Management.

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

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

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 begins, the foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of September 2022, the expected loss of the investment portfolio corresponded to 0,18% of the portfolio (0.19%, for March and June 2022).

Expected credit losses are disclosed in the following table:

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

Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of September 30, 2022			
Colones	1.862.688.261	160.930.833	66.321.043.291
US dollars	1.301.780	14.393	34.454.478
UDES	0	60.645	2.622.000
Value adjustment for losses			
As of December 31, 2021			
Colones	2.265.248.487	177.850.366	72.430.221.770
US dollars	2.169.433	0	25.331.216
UDES	0	92.251	14.024.800
Transfer to 12-months expected credit losses			
Colones	(460.036.420)	(79.803.884)	6.089.178.479
US dollars	(932.664)	(14.393)	(9.123.262)
UDES	0	(31.607)	(12.922.800)

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As of December 31, 2021

Expected losses of the investment portfolio of the BCR Conglomerate			
By currency			
December 2020 vs December 2021			
Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assess
Value adjustment for losses			
As of December 31, 2021			
Colones	2.149.169.506	304.661.241	39.945.403.970
US dollars	2.134.069	231.381	21.710.178
UDES	0	96.308	14.784.800
Value adjustment for losses			
As of December 31, 2021			
Colones	1.598.684.018	256.354.265	38.053.132.439
US dollars	1.478.232	34.559	38.299.807
UDES	0	183.900	14.784.800
Transfer to 12-months expected credit losses			
Colones	732.314.155	(17.553.791)	(3.892.271.532)
US dollars	683.237	(78.387)	(25.507.629)
UDES	0	(95.705)	0

As of September 30, 2021

Expected losses of the investment portfolio of the BCR Conglomerate			
By currency			
December 2020 vs September 2021			
Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses			
As of September 30, 2021			
Colones	1.468.466.336	292.153.873	42.380.778.000
US dollars	1.414.445	175.831	43.041.000
UDES	0	187.957	14.784.800
Value adjustment for losses			
As of December 31, 2020			
Colones	2.121.147.669	263.502.628	48.667.029.447
US dollars	2.551.459	57.241	22.020.000
UDES	0	104.085	14.784.800
Transfer to 12-months expected credit losses			
Colones	(536.464.427)	(2.440.718)	8.246.251.447
US dollars	(1.131.122)	(89.246)	21.109.000
UDES	0	75.757	0

(Continue)

BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

	<u>September 2022</u>	<u>December 2021</u>	<u>September 2021</u>
<b>Banco de Costa Rica</b>			
Loan portfolio, gross	¢ 3.196.706.703.384	3.193.889.504.724	3.042.046.515.873
Plus, interest receivable	20.159.597.391	16.243.877.380	19.986.616.932
Less, allowance for impairment	<u>(156.279.625.084)</u>	<u>(152.927.986.661)</u>	<u>(137.088.062.449)</u>
<b>Loan portfolio, net</b>	<b>¢ <u>3.060.586.675.691</u></b>	<b><u>3.057.205.395.443</u></b>	<b><u>2.924.945.070.356</u></b>
<b>Banco Internacional de Costa Rica, S.A. and subsidiary</b>			
Loan portfolio, gross	¢ 963.766.339.786	928.022.879.152	872.937.701.556
Plus, interest receivable	4.908.808.165	3.234.831.825	4.497.484.536
Less, allowance for impairment	<u>(14.637.627.939)</u>	<u>(18.289.266.686)</u>	<u>(17.150.558.013)</u>
<b>Loan portfolio. Net</b>	<b>¢ <u>954.037.520.012</u></b>	<b><u>912.968.444.291</u></b>	<b><u>860.284.628.079</u></b>
<b>Total consolidated loan portfolio, net</b>	<b>¢ <u>4.014.624.195.703</u></b>	<b><u>3.970.173.839.734</u></b>	<b><u>3.785.229.698.435</u></b>

(Continue)

BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

	Note	Direct Loan Portfolio September 2022	Direct Loan Portfolio December 2021	Direct Loan Portfolio September 2021	Contingent Loan Portfolio September 2022	Contingent Loan Portfolio December 2021	Contingent Loan Portfolio September 2021
Principal	6a	¢ 3.196.706.703.384	3.193.889.504.724	3.042.046.515.868	212.629.498.294	238.184.976.382	235.417.220.704
Interest		20.159.597.391	16.243.877.380	19.986.616.932	0	0	0
		<u>3.216.866.300.775</u>	<u>3.210.133.382.104</u>	<u>3.062.033.132.800</u>	<u>212.629.498.294</u>	<u>238.184.976.382</u>	<u>235.417.220.704</u>
Allowance for bad loans		(155.930.209.258)	(152.572.595.665)	(136.742.947.025)	(349.415.826)	(355.390.996)	(345.115.424)
Carrying amount	¢	<u>3.060.936.091.517</u>	<u>3.057.560.786.439</u>	<u>2.925.290.185.775</u>	<u>212.280.082.468</u>	<u>237.829.585.386</u>	<u>235.072.105.280</u>
Loan portfolio							
Total balances							
A1	¢	2.485.695.055.480	2.531.988.166.648	2.419.769.474.528	202.765.956.548	226.452.306.640	215.477.900.580
A2		31.954.512.581	38.737.755.756	39.643.178.908	1.033.595.626	1.118.547.763	1.092.493.169
B1		300.209.508.055	193.827.062.547	199.332.170.682	5.454.208.855	3.942.754.364	11.281.467.021
B2		37.515.377.834	24.632.906.602	27.472.069.008	192.274.328	147.721.241	186.873.135
C1		53.373.754.127	71.479.256.554	55.461.087.328	489.734.165	3.900.594.358	4.521.426.359
C2		9.477.360.107	20.872.474.608	18.657.254.206	122.498.851	106.060.267	78.385.066
D		82.353.011.134	116.733.956.940	82.935.711.289	1.246.562.280	764.642.908	918.778.644
E		161.601.909.515	148.102.200.136	169.989.741.617	1.312.779.703	1.736.026.639	1.856.550.453
1		50.487.559.683	61.556.122.926	47.433.351.584	11.887.938	16.322.202	3.346.279
2		971.817.974	830.276.955	154.420.100	0	0	0
3		2.050.164.981	1.218.141.671	765.968.166	0	0	0
4		481.116.312	88.715.637	380.298.213	0	0	0
5		403.401.393	14.610.311	0	0	0	0
6		291.751.599	51.734.813	38.407.171	0	0	0
		<u>3.216.866.300.775</u>	<u>3.210.133.382.104</u>	<u>3.062.033.132.800</u>	<u>212.629.498.294</u>	<u>238.184.976.382</u>	<u>235.417.220.704</u>
Allowance for bad loans		(97.518.924.463)	(100.038.430.338)	(96.198.520.558)	(249.594.558)	(206.640.140)	(197.959.755)
Carrying amount, net		<u>3.119.347.376.312</u>	<u>3.110.094.951.766</u>	<u>2.965.834.612.242</u>	<u>212.379.903.736</u>	<u>237.978.336.242</u>	<u>235.219.260.949</u>
Carrying amount		3.216.866.300.775	3.210.133.382.104	3.062.033.132.800	212.629.498.294	238.184.976.382	235.417.220.704
Allowance for bad loans		(97.518.924.463)	(100.038.430.338)	(96.198.520.558)	(249.594.558)	(206.640.140)	(197.959.755)
Excess) inadequacy of allowance over structural estimate		(58.411.284.795)	(52.534.165.327)	(40.544.426.467)	(99.821.268)	(148.750.856)	(147.155.669)
Carrying amount, net	6a	¢ <u>3.060.936.091.517</u>	<u>3.057.560.786.439</u>	<u>2.925.290.185.775</u>	<u>212.280.082.468</u>	<u>237.829.585.386</u>	<u>235.072.105.280</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

As of September 30, 2022

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2.485.695.055.480	1.722.487.187.291	763.207.868.189	(12.428.475.364)	202.765.956.547	(119.745.993)
A2	31.954.512.581	28.077.844.126	3.876.668.455	(159.772.565)	1.033.595.626	(38.178)
1	50.487.559.683	28.055.629.800	22.431.929.883	(126.811.669)	11.887.938	(6.490)
	<u>2.568.137.127.744</u>	<u>1.778.620.661.217</u>	<u>789.516.466.527</u>	<u>(12.715.059.598)</u>	<u>203.811.440.111</u>	<u>(119.790.661)</u>
Direct specific allowance						
A1						
A2						
B1	300.209.508.055	277.655.739.991	22.553.768.064	(2.515.967.106)	5.454.208.856	(11.584.273)
B2	37.515.377.834	33.088.868.821	4.426.509.013	(608.095.247)	192.274.328	(13.740)
C1	53.373.754.127	48.498.333.584	4.875.420.543	(1.461.346.806)	489.734.165	(252.067)
C2	9.477.360.107	8.547.334.796	930.025.311	(507.749.331)	122.498.851	0
D	82.353.011.134	66.474.254.725	15.878.756.409	(12.009.282.794)	1.246.562.280	(117.764.478)
E	161.601.909.515	90.263.107.412	71.338.802.103	(67.525.309.843)	1.312.779.703	(189.339)
2	971.817.974	866.213.106	105.604.868	(9.611.309)	0	0
3	2.050.164.981	1.695.667.806	354.497.175	(97.102.633)	0	0
4	481.116.312	448.564.428	32.551.884	(18.518.764)	0	0
5	403.401.393	382.112.799	21.288.594	(16.812.580)	0	0
6	291.751.599	258.978.036	32.773.563	(34.068.452)	0	0
	¢ <u>648.729.173.031</u>	<u>528.179.175.504</u>	<u>120.549.997.527</u>	<u>(84.803.864.865)</u>	<u>8.818.058.183</u>	<u>(129.803.897)</u>
	¢ <u>3.216.866.300.775</u>	<u>2.306.799.836.721</u>	<u>910.066.464.054</u>	<u>(97.518.924.463)</u>	<u>212.629.498.294</u>	<u>(249.594.558)</u>

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Aging loan portfolio						
Direct generic allowance						
Up to date	¢ 2.447.984.098.033	1.692.447.479.324	755.536.618.709	(12.363.444.182)	203.799.552.173	(119.790.662)
Equal or less than 30 days	69.061.324.312	57.586.933.509	11.474.390.803	(348.594.686)	0	0
Equal or less than 60 days	604.145.717	530.618.584	73.527.133	(3.020.729)	0	0
	<u>2.517.649.568.062</u>	<u>1.750.565.031.417</u>	<u>767.084.536.645</u>	<u>(12.715.059.597)</u>	<u>203.799.552.173</u>	<u>(119.790.662)</u>
Direct specific allowance						
Up to date	501.744.212.937	429.246.744.552	72.497.468.385	(26.138.508.852)	8.829.946.121	(129.803.896)
Equal or less than 30 days	37.232.730.968	26.840.032.291	10.392.698.677	(4.584.935.829)	0	0
Equal or less than 60 days	41.515.680.089	33.963.875.071	7.551.805.018	(3.815.440.956)	0	0
Equal or less than 90 days	19.286.534.100	15.436.197.164	3.850.336.936	(2.473.609.058)	0	0
Equal or less than 180 days	10.886.547.450	6.629.290.466	4.257.256.984	(3.971.923.761)	0	0
More than 180 days	88.551.027.169	44.118.665.760	44.432.361.409	(43.819.446.410)	0	0
	¢ <u>699.216.732.713</u>	<u>556.234.805.304</u>	<u>142.981.927.409</u>	<u>(84.803.864.866)</u>	<u>8.829.946.121</u>	<u>(129.803.896)</u>
	¢ <u>3.216.866.300.775</u>	<u>2.306.799.836.721</u>	<u>910.066.464.054</u>	<u>(97.518.924.463)</u>	<u>212.629.498.294</u>	<u>(249.594.558)</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021

Loan portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	¢ 2.531.988.166.648	1.755.797.344.473	776.190.822.175	(12.659.940.910)	226.452.306.641	(151.288.935)
A2	38.737.755.756	33.030.512.828	5.707.242.928	(193.688.781)	1.118.547.763	(37.402)
	61.556.122.926	34.862.755.024	26.693.367.902	(156.525.424)	16.322.202	(10.447)
	2.632.282.045.330	1.823.690.612.325	808.591.433.005	(13.010.155.115)	227.587.176.606	(151.336.784)
Direct specific allowance						
A1						
A2						
B1	193.827.062.547	159.277.091.032	34.549.971.515	(2.523.884.031)	3.942.754.363	(11.505.144)
B2	24.632.906.602	20.390.138.129	4.242.768.473	(526.227.540)	147.721.241	0
C1	71.479.256.554	62.261.209.385	9.218.047.169	(2.615.817.843)	3.900.594.358	(439.510)
C2	20.872.474.608	18.445.751.654	2.426.722.954	(1.305.590.237)	106.060.267	0
D	116.733.956.940	91.847.285.276	24.886.671.664	(18.796.672.164)	764.642.908	(43.358.702)
E	148.102.200.136	84.054.838.808	64.047.361.328	(61.191.645.863)	1.736.026.639	0
2	830.276.955	522.384.401	307.892.554	(18.006.550)	0	0
3	1.218.141.671	1.082.479.235	135.662.436	(39.328.005)	0	0
4	88.715.637	86.852.875	1.862.762	(1.365.646)	0	0
5	14.610.311	8.647.766	5.962.545	(4.217.021)	0	0
6	51.734.813	46.446.724	5.288.089	(5.520.323)	0	0
	¢ 577.851.336.774	438.023.125.285	139.828.211.489	(87.028.275.223)	10.597.799.776	(55.303.356)
	¢ 3.210.133.382.104	2.261.713.737.610	948.419.644.494	(100.038.430.338)	238.184.976.382	(206.640.140)
Loan portfolio						
Aging loan portfolio						
Direct generic allowance						
Up to date	¢ 2.508.828.410.224	1.738.431.164.833	770.397.245.391	(12.697.021.048)	227.570.854.404	(151.336.785)
Equal or less than 30 days	60.911.049.025	49.554.785.659	11.356.263.366	(308.120.127)	0	0
Equal or less than 60 days	983.668.109	841.906.800	141.761.309	(4.999.964)	0	0
More than 180 days	2.795.037	0	2.795.037	(13.975)	0	0
	2.570.725.922.395	1.788.827.857.292	781.898.065.103	(13.010.155.114)	227.570.854.404	(151.336.785)
Direct specific allowance						
Up to date	422.175.709.581	329.136.134.750	93.039.574.831	(26.249.282.176)	10.613.586.420	(55.021.346)
Equal or less than 30 days	35.461.121.096	26.717.833.836	8.743.287.260	(5.483.953.052)	535.558	(282.009)
Equal or less than 60 days	52.296.255.885	42.016.448.037	10.279.807.848	(5.006.028.932)	0	0
Equal or less than 90 days	33.287.535.966	24.980.466.979	8.307.068.987	(5.962.834.410)	0	0
Equal or less than 180 days	11.924.632.862	6.359.736.467	5.564.896.395	(4.874.431.625)	0	0
More than 180 days	84.262.204.319	43.675.260.249	40.586.944.070	(39.451.745.029)	0	0
	¢ 639.407.459.709	472.885.880.318	166.521.579.391	(87.028.275.224)	10.614.121.978	(55.303.355)
	¢ 3.210.133.382.104	2.261.713.737.610	948.419.644.494	(100.038.430.338)	238.184.976.382	(206.640.140)

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021

Loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.419.769.474.539	1.718.455.759.247	701.313.715.292	(12.098.847.440)	215.477.900.580	(144.161.605)
A2		39.643.178.908	32.324.524.041	7.318.654.867	(198.931.437)	1.092.493.169	(40.708)
1		47.433.351.564	23.749.860.911	23.683.490.673	(119.516.746)	3.346.277	(1.092)
		<u>2.506.846.005.011</u>	<u>1.774.530.144.199</u>	<u>732.315.860.832</u>	<u>(12.417.295.623)</u>	<u>216.573.740.026</u>	<u>(144.203.405)</u>
Direct specific allowance							
A1							
A2							
B1		199.332.170.691	177.597.565.785	21.734.604.897	(1.974.718.076)	11.281.467.021	(6.246.524)
B2		27.472.069.008	24.635.644.532	2.836.424.475	(406.820.672)	186.873.135	0
C1		55.461.087.328	44.591.437.162	10.869.650.165	(2.940.369.729)	4.521.426.359	0
C2		18.657.254.206	17.729.718.051	927.536.155	(552.416.669)	78.385.066	0
D		82.935.711.289	67.960.774.660	14.974.936.628	(11.378.219.647)	918.778.644	(47.449.201)
E		169.989.741.617	96.688.497.605	73.301.244.012	(66.491.634.594)	1.856.550.453	(60.625)
2		154.420.100	122.587.754	31.832.346	(2.204.556)	0	0
3		765.968.166	738.145.908	27.822.259	(10.646.294)	0	0
4		380.298.213	345.284.652	35.013.561	(19.233.204)	0	0
6		38.407.171	33.613.746	4.793.425	(4.961.494)	0	0
	¢	<u>555.187.127.789</u>	<u>430.443.269.855</u>	<u>124.743.857.923</u>	<u>(83.781.224.935)</u>	<u>18.843.480.678</u>	<u>(53.756.350)</u>
	¢	<u>3.062.033.132.800</u>	<u>2.204.973.414.054</u>	<u>857.059.718.755</u>	<u>(96.198.520.558)</u>	<u>235.417.220.704</u>	<u>(197.959.755)</u>
Loan portfolio							
Aging loan portfolio							
Direct generic allowance							
Up to date	¢	2.390.728.463.330	1.696.560.398.201	694.168.065.133	(12.068.371.395)	216.570.393.748	(144.203.405)
Equal or less than 30 days		67.375.769.629	53.277.560.423	14.098.209.206	(341.559.017)	0	0
Equal or less than 60 days		475.385.401	343.979.400	131.406.002	(2.480.899)	0	0
More than 180 days		833.035.077	598.345.262	234.689.815	(4.165.175)	0	0
		<u>2.459.412.653.437</u>	<u>1.750.780.283.286</u>	<u>708.632.370.156</u>	<u>(12.416.576.486)</u>	<u>216.570.393.748</u>	<u>(144.203.405)</u>
Direct specific allowance							
Up to date		397.823.684.873	311.903.198.731	85.920.486.142	(31.341.661.317)	18.846.826.956	(53.756.350)
Equal or less than 30 days		50.607.881.704	42.184.190.022	8.423.691.683	(4.253.453.856)	0	0
Equal or less than 60 days		39.441.031.206	32.030.238.927	7.410.792.280	(3.660.784.665)	0	0
Equal or less than 90 days		22.725.004.626	20.373.550.802	2.351.453.824	(1.603.417.670)	0	0
Equal or less than 180 days		9.520.817.614	4.143.061.086	5.377.756.529	(4.904.262.830)	0	0
More than 180 days		82.502.059.340	43.558.891.200	38.943.168.141	(38.018.363.734)	0	0
	¢	<u>602.620.479.363</u>	<u>454.193.130.768</u>	<u>148.427.348.599</u>	<u>(83.781.944.072)</u>	<u>18.846.826.956</u>	<u>(53.756.350)</u>
	¢	<u>3.062.033.132.800</u>	<u>2.204.973.414.054</u>	<u>857.059.718.755</u>	<u>(96.198.520.558)</u>	<u>235.417.220.704</u>	<u>(197.959.755)</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

As of September 30, 2022	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2.485.695.055.480	2.473.266.580.119
A2	31.954.512.581	31.794.740.016
B1	300.209.508.055	297.693.540.949
B2	37.515.377.834	36.907.282.586
C1	53.373.754.127	51.912.407.321
C2	9.477.360.107	8.969.610.775
D	82.353.011.134	70.343.728.339
E	161.601.909.515	94.076.599.672
1	50.487.559.683	50.360.748.015
2	971.817.974	962.206.665
3	2.050.164.981	1.953.062.348
4	481.116.312	462.597.548
5	403.401.393	386.588.813
6	291.751.599	257.683.146
	¢ <b>3.216.866.300.775</b>	<b>3.119.347.376.312</b>

As of December 31, 2021	Loans receivable	
	Gross	Net
Risk category:		
A1	¢ 2.531.988.166.637	2.519.328.225.729
A2	38.737.755.756	38.544.066.975
B1	193.827.062.550	191.303.178.517
B2	24.632.906.602	24.106.679.062
C1	71.479.256.555	68.863.438.713
C2	20.872.474.609	19.566.884.372
D	116.733.956.941	97.937.284.777
E	148.102.200.137	86.910.554.274
1	61.556.122.926	61.399.597.502
2	830.276.955	812.270.405
3	1.218.141.672	1.178.813.666
4	88.715.638	87.349.992
5	14.610.312	10.393.291
6	51.734.814	46.214.491
	¢ <b>3.210.133.382.104</b>	<b>3.110.094.951.766</b>

(Continue)



BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

In compliance with SUGEF Directive 1-05, as of September 30, 2022, the Bank must maintain a minimum allowance in the amount of ¢97.768.519.021 (¢100.245.070.478 and ¢96.396.480.313, for December and September 2021, respectively) of which ¢97.518.924.463 (¢100.038.430.338 and ¢96.198.520.558 for December and September 2021, respectively) is allocated to the valuation of the direct loan portfolio and ¢249.594.558 (¢206.640.140 and ¢197.959.755 for December and September 2021, respectively) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 and ¢4.779.400.343, for December and September 2021, respectively).

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

	September 2022	December 2021	September 2021
<b>Banco Internacional de Costa Rica, S.A. and subsidiaries</b>			
Principal	¢ 963.766.339.786	928.022.879.151	872.937.701.560
Interest	4.908.808.166	3.234.831.826	4.497.484.537
	<b>968.675.147.952</b>	<b>931.257.710.977</b>	<b>877.435.186.097</b>
Allowance for doubtful accounts	(14.637.626.673)	(18.290.115.836)	(17.150.558.013)
Carrying amount	¢ <b>954.037.521.279</b>	<b>912.967.595.141</b>	<b>860.284.628.084</b>
<b>Loan portfolio, net of allowance</b>	¢ <b>945.939.713.835</b>	<b>899.571.741.851</b>	<b>847.650.709.754</b>

(Continue)

BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

<b>At amortized cost</b>			
Level 1: Normal or low risk	889.133.452.307	822.817.584.444	765.998.013.766
Level 2: Special mention	34.705.408.872	69.841.175.390	72.557.094.221
Level 3: Subnormal	23.542.468.477	17.656.042.211	16.404.104.187
Level 4: Doubtful	3.232.423.485	7.130.986.182	10.760.125.545
Level 5: Uncollectable	13.152.586.646	10.577.090.925	7.218.363.842
	963.766.339.787	928.022.879.152	872.937.701.561
Allowance for impairment	(14.637.626.673)	(18.290.115.836)	(17.150.558.013)
Carrying amount	<u>949.128.713.114</u>	<u>909.732.763.316</u>	<u>855.787.143.548</u>
<b>Impaired renegotiated loans</b>			
Gross amount	2.620.071.375	8.786.834.475	7.830.478.484
Impaired amount	<u>2.620.071.375</u>	<u>8.786.834.475</u>	<u>7.830.478.484</u>
Allowance for impairment	53.356.646	44.542.254	54.761.472
<b>Total, net</b>	<u>2.566.714.729</u>	<u>8.742.292.221</u>	<u>7.775.717.012</u>
<b>Not in arrears or impaired:</b>			
Level 1: Normal or low risk	889.133.452.307	822.817.584.444	765.998.013.766
Level 2: Special mention	34.705.408.872	69.841.175.390	72.557.094.221
<b>Sub-total</b>	<u>923.838.861.179</u>	<u>892.658.759.834</u>	<u>838.555.107.987</u>
<b>Individually impaired</b>			
Level 3: Subnormal	23.542.468.477	17.656.042.211	16.404.104.187
Level 4: Doubtful	3.232.423.485	7.130.986.182	10.760.125.545
Level 5: Uncollectable	13.152.586.645	10.577.090.924	7.218.363.841
<b>Sub-total</b>	<u>39.927.478.607</u>	<u>35.364.119.317</u>	<u>34.382.593.573</u>
<b>Allowance for impairment</b>			
Specific	14.539.432.325	17.850.642.513	16.706.437.404
Collective	98.194.348	439.473.323	444.120.609
Total allowance for impairment	<u>14.637.626.673</u>	<u>18.290.115.836</u>	<u>17.150.558.013</u>
<b>Clients' obligations for acceptances</b>			
Carrying amount	¢ <u>3.188.999.279</u>	<u>10.161.021.465</u>	<u>8.136.433.793</u>
<b>Interest receivable</b>	¢ <u>4.908.808.165</u>	<u>3.234.831.825</u>	<u>4.497.484.537</u>
<b>Net loan portfolio (carrying amount)</b>	¢ <u>954.037.521.279</u>	<u>912.967.595.141</u>	<u>860.284.628.084</u>

As of September 30, 2022, the allowance for impairment of BICSA's loan portfolio is of ¢14.637.627.939 (¢18.290.115.836 y ¢17.150.558.013 for December and September 2021, respectively).

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

	September 2022		December 2021		September 2021	
	<u>Direct</u>	<u>Contingent</u>	<u>Direct</u>	<u>Contingent</u>	<u>Direct</u>	<u>Contingent</u>
	<u>Loan Portfolio</u>	<u>Loan Portfolio</u>	<u>Loan Portfolio</u>	<u>Loan Portfolio</u>	<u>Loan Portfolio</u>	<u>Loan Portfolio</u>
Trade	600.366.017.731	34.842.138.721	513.459.539.620	36.740.997.823	483.332.749.512	36.733.874.190
Manufacturing	390.204.816.736	5.769.741.616	455.640.113.110	3.277.033.317	454.612.695.368	4.564.415.724
Construction, purchase, and repair of real estate	1.386.134.834.474	11.470.808.045	1.338.672.803.355	32.674.738.213	1.304.194.822.809	31.542.867.963
Agriculture, livestock, hunting, and related services	185.069.079.026	27.303.766	184.399.472.990	2.093.810.768	175.989.031.746	154.422.668
Fishing and aquaculture	44.076.348	2.004.293.718	46.000.000	0	41.532.983	0
Consumption	269.595.149.978	105.727.107.168	287.633.267.439	109.372.549.828	293.036.407.473	108.365.323.428
Education	759.328.069	0	819.434.189	0	829.091.167	0
Transportation	47.272.515.990	62.467.538	52.369.425.342	81.176.250	52.052.832.161	93.654.424
Stock market financial activity	3.482.482.898	0	3.747.089.931	0	3.815.783.428	0
Electricity, telecom, gas, and water	234.921.281.581	0	163.842.838.285	0	104.154.976.472	0
Services	873.387.903.106	163.955.575.665	681.309.198.989	193.403.652.614	650.921.112.020	194.212.013.388
Hospitality	123.434.987.535	0	116.341.025.761	0	114.621.806.011	0
Mining and quarries	30.506.809	0	35.408.877	0	37.002.763	0
Real estate, business, and leasing activities	27.963.310.260	0	37.403.809.988	0	37.733.934.955	0
Public Administration	17.249.503.061	1.122.623.543	285.486.409.880	4.100.919.059	238.914.272.312	252.007.102
Real estate, business, and leasing activities	557.779.773	20.131.881	707.076.325	20.530.565	696.696.453	20.036.113
See notes 6 and 19	<u>4.160.473.573.375</u>	<u>325.002.191.661</u>	<u>4.121.912.914.081</u>	<u>381.765.408.437</u>	<u>3.914.984.747.633</u>	<u>375.938.615.000</u>
Other contingencies	0	264.304.107.812	0	72.902.375.786	0	68.685.509.714
	<u>4.160.473.573.375</u>	<u>589.306.299.473</u>	<u>4.121.912.914.081</u>	<u>454.667.784.223</u>	<u>3.914.984.747.633</u>	<u>444.624.124.714</u>

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BANCO DE COSTA RICA

Notes to the consolidated financial statements

September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Germany	0	256.013.907	313.384.627
Brazil	0	5.834.931.225	5.828.636.061
Chile	1.898.160.000	2.581.000.000	0
China	3.753.865.753	460.651.718	3.325.401.535
Colombia	521.613.735	7.254.526.393	6.833.867.323
Costa Rica	306.418.724.872	314.431.213.509	300.925.315.440
Denmark	2.219.429.907	1.096.896.609	1.906.583.042
Ecuador	86.675.263.750	83.511.271.544	78.340.966.718
El Salvador	107.038.798.258	54.082.028.805	47.908.241.714
Spain	6.636.412.162	5.530.306.119	4.085.668.050
United States of America	12.980.416.573	25.624.123.478	24.502.012.951
Guatemala	47.388.261.025	38.087.244.663	40.241.071.591
Netherlands	0	53.133.111	111.959.289
Honduras	19.221.671.684	3.233.405.823	1.896.686.520
England	0	3.869.713.948	3.880.796.939
British Virgin Islands	0	3.942.415.556	4.004.602.962
México	46.169.127.903	22.202.744.071	16.310.389.485
Nicaragua	15.550.668.840	18.929.603.753	28.519.892.719
Panamá	278.927.945.662	301.780.136.806	268.335.762.529
Perú	8.751.495.785	22.678.681.761	22.625.223.378
Dominican Republic	12.654.400.000	5.684.268.576	5.626.110.620
Russia	0	208.680.303	369.464.081
Uruguay	60.486.134	90.335.000	176.318.800
Others *	6.899.597.743	6.599.552.474	6.869.345.184
	<b>¢ 963.766.339.786</b>	<b>928.022.879.152</b>	<b>872.937.701.558</b>

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BANCO DE COSTA RICA

Notes to the consolidated financial statements

September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Costa Rica	¢ 3.196.706.703.384	3.193.889.504.724	3.042.046.515.868
	<b>¢ 3.196.706.703.384</b>	<b>3.193.889.504.724</b>	<b>3.042.046.515.868</b>

As of September 30, 2022, the Bank keeps trust commissions in the amount of ¢320.767, (¢1.125.341 and ¢4.962.750 for December and September 2021, respectively).

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Properties	¢ 120.078.935.902	136.797,715,011	144.216.029.643
Others	551.706.464	668.069.690	712.800.834
	<b>¢ 120.630.642.366</b>	<b>137.465.784.701</b>	<b>144.928.830.477</b>

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

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

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Guarantee</b>			
Pledged assets	¢ 35.886.917.931	44.501.923.980	45.190.179.102
Collections	79.322.701.129	88.100.480.538	88.569.571.684
Fiduciary	1.042.704.208.916	930.131.219.106	867.907.668.691
Mortgage	1.576.428.126.809	1.615.708.776.894	1.602.437.902.712
Chattel	152.241.616.788	183.172.106.474	190.598.808.456
Others	1.273.890.001.802	1.260.298.407.089	1.120.280.616.989
	<b>¢ 4.160.473.573.375</b>	<b>4.121.912.914.081</b>	<b>3.914.984.747.634</b>

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BANCO DE COSTA RICA

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, 42% of the loan portfolio is secured by mortgage or chattel collaterals, (44% and 46% as of December and September 30, 2021, respectively).

Pursuant to SUGEF Directive 5-04, “Regulations on Credit Limits to Individual Persons and Economic Interest Groups”, the Bank debugs information on reported data of economic interest groups as part of their responsibility to identify significant administrative and equity relationships among debtors with total active operations. As of September 30, 2022, groups of borrowers (members) having operations that add 2% or more of adjusted capital and in groups report 5% or more of adjusted capital, are reported.

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

As of September 30, 2022:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	25.336.162.784 ¢	122.800.340.741	413
2	5-9,99%	50.672.325.569	184.504.558.594	71
3	10-14,99%	76.008.488.353	466.616.021.619	0
4	15-20%	101.344.651.138	431.288.848.927	23
<b>Total</b>		¢	<b><u>1.205.209.769.881</u></b>	<b><u>507</u></b>

As of December 31, 2021:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	23.905.976.882 ¢	122.240.246.726	288
2	5-9,99%	47.811.953.763	301.693.875.182	81
3	10- 14,99%	71.717.930.645	520.642.488.823	0
4	15-20%	95.623.907.526	340.564.773.477	22
<b>Total</b>		¢	<b><u>1.285.141.384.208</u></b>	<b><u>391</u></b>

As of September 30, 2021:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° of customers</u>
1	0-4,99%	23.905.976.882 ¢	41.052.345.709	275
2	5-9,99%	47.811.953.763	216.875.830.489	79
3	10-14,99%	71.717.930.645	203.533.791.285	0
4	15-20%	95.623.907.526	329.727.221.894	24
<b>Total</b>		¢	<b><u>791.189.189.377</u></b>	<b><u>378</u></b>

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BANCO DE COSTA RICA

Notes to the consolidated financial statements

September 30, 2022

(b) Management of market risk

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

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

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

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

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

Risk management methodology

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

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

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## BANCO DE COSTA RICA

### Notes to the consolidated financial statements

September 30, 2022

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

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

#### Tolerance limits and risk indicators

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

- Liquidity risk: Maximum expected outflow of deposits of the public by currency, match at one- and three months match by currency and liquidity coverage ratio (ICL) by currency.
- Price risk: VaR of the Investment portfolio through internal and regulatory models.
- Exchange risk: Sensitivity of the equity position in foreign currency, through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

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

#### Exposure and risk management

##### (c) Liquidity risk

Facing the global crisis caused by the Covid-19 pandemic, the Bank continues with the implementation of the liquidity strategy to face the increase in the volatilities of deposits from the public, thus addressing the preference of clients to keep balances at demand instead of at term.

Cash and cash equivalents show a year-on-year decrease of 0.79%, mainly due to decreases in investments in held-for-trading financial instruments (see cash and cash equivalents table in note 2).

Demand deposits decreased by 0.01% on a year-on-year basis, due to the decrease in current account balances, demand savings deposits and other demand obligations with the public (see chart of demand obligations with the public in note 4).

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Wholesale funding increased year-on-year by 31,50%, mainly due to term obligations and charges payable with the Central Bank of Costa Rica, overdrafts in demand checking accounts in foreign financial entities, and term deposits from local financial entities. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

In the following table, the year-on-year results for the end of September 2022 are observed:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Liquidity coverage indicator (colones)	1.15	1.23	1.67
Liquidity coverage indicator (US Dollars)	1.35	1.67	1.40
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results as of September 30, 2022:

Regulatory liquidity matches by currency and term		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>	Approved levels
<u>Indicator</u>	<u>Interpretation</u>	<u>Observation</u>	<u>Observation</u>	<u>Observation</u>	
1-month term matching US dollars	Ratio between assets and liabilities with account's volatility	2,07	2,68	2,26	Limite: 1,10
1-month term matching colones		1,68	2,60	2,69	Limite: 1,00
3-months term matching US dollars		1,60	1,79	1,62	Limite: 0,94
3-months term matching colones		1,08	1,78	1,66	Limite: 0,85

The term matches show a loose with respect to regulatory limits, which is a direct effect of the measures taken in the strategy for compliance with the Liquidity Coverage Indicator but mainly to attend to the emergency due to the Covid-19 pandemic that the country has been facing since March 2020 And the current situation.

As a preventive measure of liquidity risk management for the Covid-19, the Bank has implemented reports that allow monitoring of the main operational and structural indicators as well as an alignment of liquidity management with credit and market risk.

Additionally, the effects and magnitude of the impacts of the Covid-19 post-pandemic period and the Russia-Ukraine war on the Bank's financial indicators are monitored, to strengthen institutional decision-making.

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

As of September 30, 2022

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>181 to 360 days</u>	<u>Items overdue for more than thirty days</u>	<u>Total</u>
<b>Assets</b>										
Availabilities	¢	398.466.996.085	0	0	0	0	0	121.569.366	0	398.588.565.451
Legal cash requirement BCCR		408.423.223.945	23.072.770.265	34.244.322.243	27.408.373.306	50.201.084.333	45.843.703.867	21.723.709.589	0	610.917.187.548
Investment in securities		464.775.077	292.830.762.910	7.102.429.471	7.135.732.851	153.370.294.664	267.874.328.524	1.011.422.604.309	0	1.740.200.927.806
Interest on investments		850.955	1.553.808.152	2.538.713.819	3.484.650.453	7.933.204.760	71.755.847	740.191.408	0	16.323.175.394
Loan portfolio		21.470.053.529	124.815.232.232	116.801.591.738	127.450.528.006	254.248.287.040	232.512.798.906	3.101.176.593.466	162.832.397.386	4.141.307.482.303
Interest on loan portfolio		102.196.301	7.955.579.875	3.244.812.250	606.177.706	631.814.539	456.097.308	3.117.011.258	8.954.716.319	25.068.405.556
	¢	<u>828.928.095.892</u>	<u>450.228.153.434</u>	<u>163.931.869.521</u>	<u>166.085.462.322</u>	<u>466.384.685.336</u>	<u>546.758.684.452</u>	<u>4.138.301.679.396</u>	<u>171.787.113.705</u>	<u>6.932.405.744.058</u>
<b>Liabilities</b>										
Obligations with the public	¢	3.085.338.436.474	203.361.141.057	273.860.339.455	222.463.308.305	473.595.128.530	425.129.416.696	319.146.446.880	0	5.002.894.217.397
Obligations with BCCR		0	100.025.687.846	0	0	0	0	115.723.582.977	0	215.749.270.823
Obligations with financial Entities		114.626.714.266	420.760.556.841	43.609.667.094	78.832.772.783	126.104.586.930	69.118.452.235	116.084.145.142	0	969.136.895.291
Charges payable on obligations		1.590.291.900	2.998.979.271	3.475.289.105	2.993.785.632	5.527.005.878	3.106.607.110	4.603.651.549	0	24.295.610.445
		<u>3.201.555.442.640</u>	<u>727.146.365.015</u>	<u>320.945.295.654</u>	<u>304.289.866.720</u>	<u>605.226.721.338</u>	<u>497.354.476.041</u>	<u>555.557.826.548</u>	<u>0</u>	<u>6.212.075.993.956</u>
<b>Asset liability gap</b>	¢	<u>(2.372.627.346.748)</u>	<u>(276.918.211.581)</u>	<u>(157.013.426.133)</u>	<u>(138.204.404.398)</u>	<u>(138.842.036.002)</u>	<u>49.404.208.411</u>	<u>3.582.743.852.848</u>	<u>171.787.113.705</u>	<u>720.329.750.102</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021

<b>Assets</b>	<b>Demand</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to 360 days</b>	<b>More tan 365 days</b>	<b>Items overdue for more than thirty days</b>	<b>Total</b>
Availabilities	¢ 434.935.004.597	0	0				160.295.897	0	435.095.300.494
Legal cash requirement									
BCCR	348.958.390.978	35.768.253.928	20.464.212.076	16.257.418.716	40.210.942.636	41.377.474.977	22.376.944.606	0	525.413.637.917
Investment in securities	(1.485.285.503)	359.141.643.675	22.140.847.788	17.638.928.998	82.594.087.897	88.426.275.551	1.295.915.219.792	0	1.864.371.718.198
Interest on investments	(6.598.490)	19.571.821.811	3.472.798.017	1.668.298.105	1.427.060.560	31.665.061	322.860.664	0	26.487.905.728
Loan portfolio	21.760.259.981	136.576.421.613	136.942.851.278	108.233.417.014	269.270.297.863	228.371.851.236	564.962.795.947	2.636.785.641.121	4.102.903.536.053
Interest on loan portfolio	15.327.557	6.077.713.619	1.153.644.171	362.652.743	1.179.041.189	589.692.735	10.063.732.703	36.914.488	19.478.709.205
	¢ <b>804.177.099.120</b>	<b>557.135.854.646</b>	<b>184.174.353.330</b>	<b>144.160.715.576</b>	<b>394.681.430.145</b>	<b>358.796.959.560</b>	<b>1.893.801.849.609</b>	<b>2.636.822.555.609</b>	<b>6.973.750.807.595</b>
<b>Liabilities</b>									
Obligations with the public	¢ 3.369.463.573.945	306.621.653.420	194.292.982.830	160.348.752.129	359.289.973.542	418.399.908.387	273.879.972.875	0	5.082.296.817.128
Obligations with BCCR	0	10.001.111.049	0	0	0	0	117.687.914.780	0	127.689.025.829
Obligations with financial Entities	62.168.927.368	289.889.135.565	57.447.190.770	48.876.570.622	138.766.550.569	166.440.254.686	142.209.679.889	0	905.798.309.469
Charges payable on obligations	1.230.823.415	2.885.502.595	3.142.095.409	1.924.373.255	3.865.487.366	3.262.429.961	3.862.861.470	0	20.173.573.471
	¢ <b>3.432.863.324.728</b>	<b>609.397.402.629</b>	<b>254.882.269.009</b>	<b>211.149.696.006</b>	<b>501.922.011.477</b>	<b>588.102.593.034</b>	<b>537.640.429.014</b>	<b>0</b>	<b>6.135.957.725.897</b>
<b>Asset-liability gap</b>	¢ <b>(2.628.686.225.608)</b>	<b>(52.261.547.983)</b>	<b>(70.707.915.679)</b>	<b>(66.988.980.430)</b>	<b>(107.240.581.332)</b>	<b>(229.305.633.474)</b>	<b>1.356.161.420.595</b>	<b>2.636.822.555.609</b>	<b>837.793.081.698</b>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

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September 30, 2022

As of September 30, 2021

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More tan 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 265.232.208.310	0	0	0	0	0	206.364.475	0	265.438.572.785
Legal cash requiremnt BCCR	390.898.652.751	37.629.738.198	19.262.522.772	29.846.678.687	39.753.110.579	40.917.938.517	21.876.999.776	0	580.185.641.280
Investment in securities	(1.447.395.479)	417.169.947.055	39.148.861.101	7.264.603.725	61.909.738.201	162.149.852.265	1.282.146.690.728	0	1.968.342.297.596
Interest on investments	(6.329.119)	2.311.127.277	2.507.488.779	3.714.614.104	8.856.261.981	22.800.551	377.984.294	0	17.783.947.867
Loan portfolio	27.133.936.179	92.254.926.708	101.658.995.761	96.787.848.971	266.444.542.097	196.592.186.152	2.962.082.027.525	153.288.233.181	3.896.242.696.574
Interest on loan portfolio	28.057.057	9.854.205.806	2.942.449.714	690.917.847	1.388.405.436	380.981.530	9.122.654.387	76.429.691	24.484.101.468
	¢ <b>681.839.129.699</b>	<b>559.219.945.044</b>	<b>165.520.318.127</b>	<b>138.304.663.334</b>	<b>378.352.058.294</b>	<b>400.063.759.015</b>	<b>4.275.812.721.185</b>	<b>153.364.662.872</b>	<b>6.752.477.257.570</b>
<b>Liabilities</b>									
Obligations with the public	¢ 3.146.562.750.302	288.231.936.978	165.101.042.976	256.109.908.452	407.481.593.340	400.000.642.095	288.720.206.910	0	4.952.208.081.053
Obligations with BCCR	0	18.850.785.417	0	0	0	0	120.470.000.000	0	139.320.785.417
Obligations with financial Entities	81.355.074.815	289.221.347.559	50.682.327.493	57.277.991.748	77.860.715.732	128.364.239.128	138.874.171.843	0	823.635.868.318
Charges payable on obligations	1.252.378.465	3.409.492.237	2.278.797.869	2.184.988.690	3.780.187.146	3.331.900.923	3.341.394.421	0	19.579.139.751
	<b>3.229.170.203.582</b>	<b>599.713.562.191</b>	<b>218.062.168.338</b>	<b>315.572.888.890</b>	<b>489.122.496.218</b>	<b>531.696.782.146</b>	<b>551.405.773.174</b>	<b>0</b>	<b>5.934.743.874.539</b>
<b>Asset liability gap</b>	¢ <b>(2.547.331.073.883)</b>	<b>(40.493.617.147)</b>	<b>(52.541.850.211)</b>	<b>(177.268.225.556)</b>	<b>(110.770.437.924)</b>	<b>(131.633.023.131)</b>	<b>3.724.406.948.011</b>	<b>153.364.662.872</b>	<b>817.733.383.031</b>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 61.14% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
VaR      ¢	24.018.254.012	11.321.149.203	15.298.670.107

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

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk. As of September 30, 2022, a sensitivity analysis on possible variations in interest rates was developed.

Sensitivity to an increase in the interest rate of investments

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Investment in financial instruments      ¢	170.238.397	1.508.341.829.584	1.592.621.965.125
Increase in rates by 1%	8.114.167	291.722.625	187.815.063
Increase in rates by 2%      ¢	162.228.333	583.445.250	375.630.127

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

Sensitivity to a decrease in the interest rate of investments

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Investment in financial instruments	¢ 170.238.397	1.508.341.829.584	1.592.621.965.125
Decrease in rates by 1%	8.114.167	291.722.625	187.815.063
Decrease in rates by 2%	¢ 162.228.333	583.445.250	375.630.127

Sensitivity to an increase in the interest rate of loan portfolio

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Loan portfolio	¢ 3.177.540.613	3.322.631.749.946	3.169.028.833.447
Increase in rates by 1%	1.953.498.373	1.806.443.985	1.655.077.221
Increase in rates by 2%	¢ 3.920.071.768	3.626.374.359	3.329.540.900

Sensitivity to a decrease in the interest rate of loan portfolio

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Loan portfolio	¢ 3.177.540.613	3.322.631.749.946	3.169.028.833.447
Decrease in rates by 1%	1.943.303.960	1.794.415.508	1.655.077.221
Decrease in rates by 2%	¢ 3.871.173.254	3.586.765.803	3.329.540.900

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Obligations with the public	¢ 4.506.952.151.761	4.595.900.641.742	4.432.425.584.102
Increase in rates by 1%	2.591.591.989	1.822.383.143	2.765.395.011
Increase in rates by 2%	¢ 5.183.183.978	3.644.766.286	5.530.790.021

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Obligations with the public	¢ 4.506.952.151.761	4.595.900.641.742	4.432.425.584.102
Decrease in rates by 1%	2.591.591.989	1.822.383.143	2.765.395.011
Decrease in rates by 2%	¢ 5.183.183.978	3.644.766.286	5.530.790.021

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Financial term obligations	¢	8.872.967.547	167.857.238.324	179.326.683.543
Increase in rates by 1%		7.394.140	139.847.287	117.891.667
Increase in rates by 2%	¢	<u>14.788.279</u>	<u>279.694.574</u>	<u>235.783.333</u>

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

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Financial term obligations	¢	8.872.967.547	167.857.238.324	179.326.683.543
Decrease in rates by 1%		7.394.140	139.847.287	117.891.667
Decrease in rates by 2%	¢	<u>14.788.279</u>	<u>279.694.574</u>	<u>235.783.333</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Colones:</b>								
<b>Assets</b>								
Investment in securities	6,10%	284.343.262.625	14.116.553.819	87.277.612.986	67.487.078.406	401.592.910.476	646.031.796.705	1.500.849.215.017
Loan portfolio	7,91%	1.596.461.903.332	262.396.567.772	34.526.444.175	68.532.908.579	61.809.977.714	634.590.124.118	2.658.317.925.690
<b>Total recovery of assets (*)</b>		<b>1.880.805.165.957</b>	<b>276.513.121.591</b>	<b>121.804.057.161</b>	<b>136.019.986.985</b>	<b>463.402.888.190</b>	<b>1.280.621.920.823</b>	<b>4.159.167.140.707</b>
<b>Liabilities</b>								
Obligations with the public		104.563.501.358	345.969.105.955	198.931.666.344	48.310.371.861	243.019.691.975	40.498.099.225	981.292.436.718
Demand obligations	2,50%	0	0	0	0	0	0	
Term obligations	5,22%	0	0	0	0	0	0	
Obligations with Banco Central de Costa Rica		115.012.687.845	0	0	0	0	0	115.012.687.845
Obligations with financial entities	5,27%	164.825.422.111	19.711.890.027	8.757.554.818	16.523.955	131.616.790.334	9.990.078	324.938.171.323
<b>Total matured liabilities (*)</b>		<b>384.401.611.314</b>	<b>365.680.995.982</b>	<b>207.689.221.162</b>	<b>48.326.895.816</b>	<b>374.636.482.309</b>	<b>40.508.089.303</b>	<b>1.421.243.295.886</b>
<b>Asset and liability gap</b>		<b>1.496.403.554.643</b>	<b>(89.167.874.391)</b>	<b>(85.885.164.001)</b>	<b>87.693.091.169</b>	<b>88.766.405.881</b>	<b>1.240.113.831.520</b>	<b>2.737.923.844.821</b>
<b>US dollars:</b>								
<b>Assets</b>								
Investment in securities	2,71%	252.730.212.620	29.138.922.079	112.628.213.603	171.787.050.171	34.458.159.833	179.288.242.223	780.030.800.529
Loan portfolio	14,01%	629.480.910.971	26.987.504.371	13.175.323.359	8.166.587.593	8.955.963.085	113.844.484.799	800.610.774.178
<b>Total recovery of assets (*)</b>		<b>882.211.123.591</b>	<b>56.126.426.450</b>	<b>125.803.536.962</b>	<b>179.953.637.764</b>	<b>43.414.122.918</b>	<b>293.132.727.022</b>	<b>1.580.641.574.707</b>
<b>Liabilities</b>								
Obligations with the public		19.321.714.716	8.288.873.609	18.495.021.617	9.009.856.585	10.442.558.494	8.529.506.659	74.087.531.680
Demand obligations	0,22%	209.746.371.865	37.545.807.903	101.333.365.243	91.611.102.347	128.778.978.368	26.308.229.959	
Term obligations	1,18%	0	0	0	0	0	0	
Obligations with financial entities	1,92%	7.314.060.496	9.356.104.700	10.563.176.129	1.423.660.264	2.719.470.868	(13.864.929.980)	17.511.542.477
<b>Total matured liabilities (*)</b>		<b>26.635.775.212</b>	<b>17.644.978.309</b>	<b>29.058.197.746</b>	<b>10.433.516.849</b>	<b>13.162.029.362</b>	<b>(5.335.423.321)</b>	<b>91.599.074.157</b>
<b>Asset and liability gap</b>		<b>855.575.348.379</b>	<b>38.481.448.141</b>	<b>96.745.339.216</b>	<b>169.520.120.915</b>	<b>30.252.093.556</b>	<b>298.468.150.343</b>	<b>1.489.042.500.550</b>

(\*) Sensibility to rates

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As of December 31, 2021, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Colones:</b>								
<b>Assets</b>								
Investment in securities	6,28%	¢ 143.002.127.798	30.638.697.942	61.800.302.166	57.095.240.800	169.036.028.748	806.689.635.897	1.268.262.033.351
Loan portfolio	7,47%	1.491.107.259.132	176.389.813.963	122.125.309.781	48.837.054.341	65.139.000.687	806.372.174.173	2.709.970.612.077
<b>Total recovery of assets (*)</b>		<b><u>1.634.109.386.930</u></b>	<b><u>207.028.511.905</u></b>	<b><u>183.925.611.947</u></b>	<b><u>105.932.295.141</u></b>	<b><u>234.175.029.435</u></b>	<b><u>1.613.061.810.070</u></b>	<b><u>3.978.232.645.428</u></b>
<b>Liabilities</b>								
Obligations with the public		143.729.368.839	189.438.304.198	211.699.837.641	45.495.388.592	179.980.510.078	55.152.400.273	825.495.809.621
Demand deposits	1,50%							
Term deposits	3,69%							
Obligations with the Central Bank of Costa Rica		10.001.111.049	0	0	0	0	0	10.001.111.049
Obligations with financial entities	1,22%	29.926.152.880	38.557.465.030	36.273.831.799	1.102.582.331	159.529.226.852	143.214.198	265.532.473.090
<b>Total matured liabilities (*)</b>		<b><u>183.656.632.768</u></b>	<b><u>227.995.769.228</u></b>	<b><u>247.973.669.440</u></b>	<b><u>46.597.970.923</u></b>	<b><u>339.509.736.930</u></b>	<b><u>55.295.614.471</u></b>	<b><u>1.101.029.393.760</u></b>
<b>Asset and liability gap</b>		<b><u>¢ 1.450.452.754.162</u></b>	<b><u>(20.967.257.323)</u></b>	<b><u>(64.048.057.493)</u></b>	<b><u>59.334.324.218</u></b>	<b><u>(105.334.707.495)</u></b>	<b><u>1.557.766.195.599</u></b>	<b><u>2.877.203.251.668</u></b>
<b>US dollars:</b>								
<b>Assets</b>								
Investment in securities	3.80%	¢ 282.200.450.604	36.729.641.872	56.940.476.632	49.013.842.870	174.387.928.560	189.876.309.867	789.148.650.405
Loan portfolio	13.05%	637.595.036.125	30.510.625.071	13.865.880.828	15.216.945.560	10.632.284.130	145.275.263.924	853.096.035.638
<b>Total recovery of assets (*)</b>		<b><u>919.795.486.729</u></b>	<b><u>67.240.266.943</u></b>	<b><u>70.806.357.460</u></b>	<b><u>64.230.788.430</u></b>	<b><u>185.020.212.690</u></b>	<b><u>335.151.573.791</u></b>	<b><u>1.642.244.686.043</u></b>
<b>Liabilities</b>								
Obligations with the public		11.484.385.334	11.671.450.224	12.783.631.968	9.613.462.687	18.019.787.052	14.357.713.279	77.930.430.544
Demand deposits	22.50%	250.228.124.863	24.973.769.550	97.658.815.273	104.299.360.481	96.552.795.475	28.742.190.218	0
Term deposits	1.24%	0	0	0	0	0	0	0
Obligations with financial entities	1.98%	(28.303.773.894)	9.934.849.630	6.111.213.258	12.665.288.985	2.677.402.576	17.507.167.460	20.592.148.015
<b>Total matured liabilities (*)</b>		<b><u>(16.819.388.560)</u></b>	<b><u>21.606.299.854</u></b>	<b><u>18.894.845.226</u></b>	<b><u>22.278.751.672</u></b>	<b><u>20.697.189.628</u></b>	<b><u>31.864.880.739</u></b>	<b><u>98.522.578.559</u></b>
<b>Asset and liability gap</b>		<b><u>¢ 936.614.875.289</u></b>	<b><u>45.633.967.089</u></b>	<b><u>51.911.512.234</u></b>	<b><u>41.952.036.758</u></b>	<b><u>164.323.023.062</u></b>	<b><u>303.286.693.052</u></b>	<b><u>1.543.722.107.484</u></b>

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As of September 30, 2021

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
<b>Colones:</b>								
<b>Assets</b>								
Investment in securities	8,75%	¢ 275.588.095.417	46.414.739.260	69.673.663.969	58.391.036.920	117.904.409.345	809.168.626.157	1.377.140.571.068
Loan portfolio	8,15%	1.551.322.658.606	273.998.952.159	49.668.097.686	77.848.831.520	54.491.286.659	160.156.792.975	2.167.486.619.605
<b>Total recovery of assets (*)</b>		<b>1.826.910.754.023</b>	<b>320.413.691.419</b>	<b>119.341.761.655</b>	<b>136.239.868.440</b>	<b>172.395.696.004</b>	<b>969.325.419.132</b>	<b>3.544.627.190.673</b>
<b>Liabilities</b>								
Obligations with the public		125.379.851.361	329.384.818.635	170.905.824.556	45.040.218.679	217.564.578.159	33.930.395.847	922.205.687.237
Obligations with financial entities	0,36%	32.881.359.417	32.734.689.579	43.742.996.952	2.290.337.546	155.319.819.515	0	266.969.203.009
<b>Total matured liabilities (*)</b>		<b>158.261.210.778</b>	<b>362.119.508.214</b>	<b>214.648.821.508</b>	<b>47.330.556.225</b>	<b>372.884.397.674</b>	<b>33.930.395.847</b>	<b>1.189.174.890.246</b>
<b>Asset and liability gap</b>		<b>¢ 1.668.649.543.245</b>	<b>(41.705.816.795)</b>	<b>(95.307.059.853)</b>	<b>88.909.312.215</b>	<b>(200.488.701.670)</b>	<b>935.395.023.285</b>	<b>2.355.452.300.427</b>
<b>US dollars:</b>								
<b>Assets</b>								
Investment in securities	3,85%	¢ 169.850.920.788	66.176.924.829	23.362.570.383	104.820.319.705	188.089.134.416	209.497.433.038	761.797.303.159
Loan portfolio	12,55%	683.221.096.504	64.093.508.525	7.663.956.851	23.484.429.064	10.189.566.067	32.858.031.240	821.510.588.251
<b>Total recovery of assets (*)</b>		<b>853.072.017.292</b>	<b>130.270.433.354</b>	<b>31.026.527.234</b>	<b>128.304.748.769</b>	<b>198.278.700.483</b>	<b>242.355.464.278</b>	<b>1.583.307.891.410</b>
<b>Liabilities</b>								
Obligations with the public		247.362.454.709	30.535.431.311	107.882.141.462	120.065.251.251	110.357.687.119	42.153.917.546	658.356.883.398
Demand	33,00%	0	0	0	0	0	0	0
Obligations with financial entities	1,71%	(19.774.759.687)	38.760.599.422	633.758.299	1.268.394.073	2.572.962.949	17.626.808.351	41.087.763.407
<b>Total matured liabilities (*)</b>		<b>227.587.695.022</b>	<b>69.296.030.733</b>	<b>108.515.899.761</b>	<b>121.333.645.324</b>	<b>112.930.650.068</b>	<b>59.780.725.897</b>	<b>699.444.646.805</b>
<b>Asset and liability gap</b>		<b>¢ 625.484.322.270</b>	<b>60.974.402.621</b>	<b>(77.489.372.527)</b>	<b>6.971.103.445</b>	<b>85.348.050.415</b>	<b>182.574.738.381</b>	<b>883.863.244.605</b>

(\*) Sensible to rates

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

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Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of September 30, 2022, for ₡2.737.923.844.821 (₡2.877.203.251.668 and ₡2.355.452.300.427 for December and September 2021, respectively) while in foreign currency the same difference is of ₡1.489.042.500.550 (₡1.543.722.107.484 and ₡1.471.808.803.140 for December and September 2021, respectively) being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities), as of September 30, 2022, the total amount in local currency was of ₡720.329.750.102 (₡837.793.081.699 and ₡817.733.194.106 for December and September 2021, respectively) while in foreign currency, the collected data for the compliance of obligations was of ₡361.141.605 (₡427.197.048 and ₡433.371.724 for December and September 2021, respectively) which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

During 2022 the exchange rate has had a stable behavior during the first semester and a downward trend for the third quarter, resulting in a daily volatility of -0.01% as of September.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US\$163 million as of September 2022 (US\$205 million as of December 2021 and US\$225 million as of September 2021).

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>ASSETS</b>				
Cash and due from banks	US\$	708.280.413	756.845.949	645.345.441
Investment in financial instruments		1.162.511.628	1.105.536.961	1.091.561.179
Loan portfolio		2.705.731.058	2.689.678.310	2.691.027.584
Accounts and interest receivable		4.115.178	12.985.952	14.553.047
Other assets		10.144.893	33.272.440	35.267.688
<b>Total assets</b>		<u>4.590.783.170</u>	<u>4.598.319.612</u>	<u>4.477.754.939</u>
<b>LIABILITIES</b>				
Obligations with the public		3.298.889.349	3.247.717.454	3.208.278.438
Other financial obligations		1.033.083.246	994.050.728	902.184.450
Other accounts payable and provisions		30.426.658	42.696.153	41.555.014
Other liabilities		26.468.585	23.876.866	14.988.375
<b>Total liabilities</b>		<u>4.388.867.838</u>	<u>4.308.341.201</u>	<u>4.167.006.277</u>
<b>Net position</b>	US\$	<u><u>201.915.332</u></u>	<u><u>289.978.411</u></u>	<u><u>310.748.662</u></u>

From January 2020 the valuation of monetary assets and liabilities in foreign currency is carried out with reference to the purchase exchange rate set by the BCCR the last business day of each month (previously the purchase exchange rate was used). For September 30, 2022, the exchange rate of ¢632,72 for US \$1.00 (¢629,71 as of September 2021) was used.

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

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

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

Sensibility to a increase in the exchange rate

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Net position	US\$	201.915.333	289.978.412	310.748.662
Closing exchange rate		632,72	645,25	629,71
5% increase in the exchange rate		31,64	32,26	31,49
Profit	¢	<u>6.388.601.136</u>	<u>9.354.703.571</u>	<u>9.785.475.366</u>

Sensibility to a decrease in the exchange rate

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Net position	US\$	201.915.333	289.978.412	310.748.662
Closing exchange rate		632,72	645,25	629,71
5% decrease in the exchange rate		(31,64)	(32,26)	(31,49)
Profit	¢	<u>(6.388.601.136)</u>	<u>(9.354.703.571)</u>	<u>(9.785.475.366)</u>

Assets and liabilities in Euros are detailed as follows:

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>Assets:</b>				
Cash and due from banks	EUR€	7.357.746	6.958.224	8.653.622
Other assets		3.105	6.625	7.287
<b>Total assets</b>		<u>7.360.851</u>	<u>6.964.849</u>	<u>8.660.909</u>
<b>Liabilities:</b>				
Obligations with the public		6.463.248	5.748.836	5.262.990
Other financial obligations		997.385	753.785	677.743
Other accounts payable and provisions		30.410	18.680	19.778
Other liabilities		35.545	204.619	739
<b>Total liabilities</b>		<u>7.526.588</u>	<u>6.725.920</u>	<u>5.961.250</u>
<b>Net position (surplus assets on monetary liabilities)</b>	EUR€	<u>(165.737)</u>	<u>238.929</u>	<u>2.699.659</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

<b>Assets</b>		<b><u>Demand</u></b>	<b><u>1 to 30 days</u></b>	<b><u>31 to 60 days</u></b>	<b><u>61 to 90 days</u></b>	<b><u>91 to 180 days</u></b>	<b><u>181 to 365 days</u></b>	<b><u>More than 365 days</u></b>	<b><u>Past due for over 30 days</u></b>	<b><u>Total</u></b>
Cash and due from banks	US\$	367.877.802	0	0	0	0	0	174.752	0	368.052.554
Legal reserve account-BCCR		228.726.429	14.657.949	13.481.425	12.275.935	29.421.797	30.629.441	11.034.528	0	340.227.504
Investments in securities		82.081	424.049.932	6.373.833	2.992.002	142.853.338	246.945.299	332.422.048	0	1.155.718.533
Interest on investments		0	127.425	3.674.718	6.999	2.372.204	22.417	589.333	0	6.793.096
Loan portfolio		33.932.946	121.838.229	134.687.215	141.385.811	313.431.015	202.729.113	1.757.815.368	100.097.569	2.805.917.266
Interest on loans		161.519	2.729.467	1.366.108	410.208	936.089	685.539	4.916.860	5.238.413	16.444.203
	US\$	<b><u>630.780.777</u></b>	<b><u>563.403.002</u></b>	<b><u>159.583.299</u></b>	<b><u>157.070.955</u></b>	<b><u>489.014.443</u></b>	<b><u>481.011.809</u></b>	<b><u>2.106.952.889</u></b>	<b><u>105.335.982</u></b>	<b><u>4.693.153.156</u></b>
<b>Liabilities</b>										
Obligations with the public	US\$	1.802.547.027	156.954.546	128.085.289	122.399.459	379.927.232	366.337.180	332.375.391	0	3.288.626.124
Obligations with financial										
Entities		148.457.591	269.170.314	52.841.807	110.233.818	174.812.990	95.562.657	174.467.513	0	1.025.546.690
Charges payable on obligations		235.608	1.683.464	1.863.279	2.362.094	4.301.268	2.920.969	4.472.055	0	17.838.737
		<b><u>1.951.240.226</u></b>	<b><u>427.808.324</u></b>	<b><u>182.790.375</u></b>	<b><u>234.995.371</u></b>	<b><u>559.041.490</u></b>	<b><u>464.820.806</u></b>	<b><u>511.314.959</u></b>	<b><u>0</u></b>	<b><u>4.332.011.551</u></b>
<b>Asset and liability gaps</b>	US\$	<b><u>(1.320.459.449)</u></b>	<b><u>135.594.678</u></b>	<b><u>(23.207.076)</u></b>	<b><u>(77.924.416)</u></b>	<b><u>(70.027.047)</u></b>	<b><u>16.191.003</u></b>	<b><u>1.595.637.930</u></b>	<b><u>105.335.982</u></b>	<b><u>361.141.605</u></b>

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As of December 31, 2021:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
<b>Assets</b>										
Cash and due from banks	US\$	373.317.067	0	0	0	0	0	232.927	0	373.549.994
Legal reserve account-BCCR		255.232.864	32.295.145	13.627.533	8.367.047	30.350.703	25.042.568	18.379.452	0	383.295.312
Investments in securities		133.973	416.637.004	22.465.295	1.021.536	45.597.930	48.223.319	560.507.196	0	1.094.586.253
Interest on investments		(6.679)	4.775.541	4.982.777	2.557	832.819	8.236	355.459	0	10.950.710
Loan portfolio		33.723.766	152.109.647	168.868.576	130.557.364	313.690.616	225.314.189	725.348.119	1.044.751.638	2.794.363.915
Interest on loans		23,754	2.366.158	677.953	364.591	697.780	808.510	7.587.012	20.024	12.545.782
<b>Total Assets</b>	US\$	<b>662.424.745</b>	<b>608.183.495</b>	<b>210.622.134</b>	<b>140.313.095</b>	<b>391.169.848</b>	<b>299.396.822</b>	<b>1.312.410.165</b>	<b>1.044.771.662</b>	<b>4.669.291.966</b>
<b>Liabilities</b>										
Obligations with the public	US\$	1.802.219.536	282.478.701	141.572.150	108.339.820	290.560.013	322.897.661	288.690.494	0	3.236.758.375
Obligations with financial		0	0	0	0	0	0	0	0	0
Entities		54.460.234	259.130.189	66.054.005	40.276.651	152.218.405	203.413.197	214.379.601	0	989.932.282
Charges payable on obligations		241.957	1.696.069	2.057.000	1.029.167	2.955.878	3.128.198	4.295.992	0	15.404.261
<b>Total Liabilities</b>		<b>1.856.921.727</b>	<b>543.304.959</b>	<b>209.683.155</b>	<b>149.645.638</b>	<b>445.734.296</b>	<b>529.439.056</b>	<b>507.366.087</b>	<b>0</b>	<b>4.242.094.918</b>
<b>Asset and liability gaps</b>	US\$	<b>(1.194.496.982)</b>	<b>64.878.536</b>	<b>938.979</b>	<b>(9.332.543)</b>	<b>(54.564.448)</b>	<b>(230.042.234)</b>	<b>805.044.078</b>	<b>1.044.771.662</b>	<b>427.197.048</b>

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September 30, 2022

As of September 30, 2021

Assets		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More tan 365 days</u>	<u>Items overdue for more than thirty days</u>	<u>TOTAL</u>
Availabilities	US\$	277.438.146	0	0	0	0	0	311.828	0	277.749.974
Legal cash requiremnt BCCR		232.144.586	39.330.815	7.074.033	10.112.789	23.478.405	33.851.728	21.602.150	0	367.594.506
Investment in securities		855.208	262.825.740	37.856.501	6.732.176	23.074.982	131.167.183	620.749.403	0	1.083.261.193
Interest on investments		(5.929)	53.899	3.270.132	207.598	4.321.080	24.172	429.034	0	8.299.986
Loan portfolio		43.089.575	83.462.387	119.027.571	114.581.483	337.893.772	175.793.780	1.790.316.722	127.083.600	2.791.248.890
Interest on loan portfolio		44.556	3.599.325	1.059.324	483.056	1.925.238	517.854	8.282.291	18.739	15.930.383
	US\$	<u>553.566.142</u>	<u>389.272.166</u>	<u>168.287.561</u>	<u>132.117.102</u>	<u>390.693.477</u>	<u>341.354.717</u>	<u>2.441.691.428</u>	<u>127.102.339</u>	<u>4.544.084.932</u>
<b>Liabilities</b>										
Obligations with the public	US\$	1.724.579.364	285.357.652	63.755.537	92.091.930	312.509.101	372.553.144	347.624.476	0	3.198.471.204
Obligations with financial Entities		79.150.277	279.026.379	47.414.142	72.946.934	69.579.473	134.917.235	214.240.454	0	897.274.894
Charges payable on obligations		174.159	2.901.612	1.381.981	1.092.976	2.312.033	3.092.487	4.011.562	0	14.966.810
		<u>1.803.903.800</u>	<u>567.285.643</u>	<u>112.551.660</u>	<u>166.131.840</u>	<u>384.400.607</u>	<u>510.562.866</u>	<u>565.876.492</u>	<u>0</u>	<u>4.110.712.908</u>
Asset liability gap	US\$	<u>(1.250.337.658)</u>	<u>(178.013.477)</u>	<u>55.735.901</u>	<u>(34.014.738)</u>	<u>6.292.870</u>	<u>(169.208.149)</u>	<u>1.875.814.936</u>	<u>127.102.339</u>	<u>433.372.024</u>

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

As of September 30, 2022, the financial statements show a net foreign exchange gain of ¢2.381.582.262 (¢3.154.590.435 and ¢2.094.532.650, as of December and September 2021, respectively).

(g) Capital Management

During 2021, the last Capital Management Process in the BCR Financial Conglomerate has been monitored and followed up, aligned with the best practices established in the Basel regulatory framework; as well as documents issued by the European Central Bank.

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

The behavior of capital requirements has increased in the last period due to the events caused by COVID 19, and its effect on the credit risk associated with customers, the migration of balances from term products to demand products, that increase the liquidity risk, and the increase in the volatility of the prices of investment instruments with an impact on the price risk.

The increase in liquidity risk for 2022 does not affect the regulatory capital coverage.

The preventive efforts of the equity sufficiency index allowed the indicator to remain within the appetite level during the start of the pandemic and so far in 2022.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of August 2022 of 19.22% 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.

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

(i) Operational risk management

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

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

The objective of the operational risk management is to minimize the financial losses of the Conglomerate, as well as achieving efficiency and effectiveness in the execution of processes and optimize its Internal Control System, for which an annual plan is established that incorporates the risk assessments to be carried out, and which is updated according to the internal and external environment.

On the other hand, technological evolution keeps us alert regarding the technological risk because the population is online with banking platforms and thousands connect for the first time every day, which makes cyber insecurity represent a risk that must be attacked and obliges to increase operational capacity as soon as possible to analyze alerts, paying special attention to monitoring the efficiency of the equipment and its capacity.

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The operational risk can be increased by the number of processes carried out from home, when telecommuting is implemented.

From this point of view, within the annual operational risk work plan, different risk assessments have been programmed in new services and products, conducive to innovation.

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

Regarding the calculation of regulatory capital, the Bank uses the basic method and continuously provides efforts to prevent and mitigate the relevant operational risks.

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

Given the nature of the entity and the risks inherent to its activities, the risk of business interruption, system failures and external fraud is considered as relevant, for which periodic training programs are implemented on elements that collaborate in the early detection of cases. Likewise, there are mitigation plans that will be activated in case of non-compliance with the tolerance limit.

Through the automated OpRisk tool, the operational risks detected in the risk assessments are managed with their respective treatment plans. Additionally, the tool is fed with the materialized event reports recorded by the Bank's different offices, for which it has a consolidated database, complying with the provisions of the SUGEF Agreement 2-10.

As part of the results obtained from the compilation of these events, the database for operating losses has been created, which allows to analyze, by business line, branch and types of risk, the gross and net losses at which it has been exposed in various periods at the BCR; likewise, it allows us to study the effectiveness of the implemented measures.

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**Gross operating losses**

**- Percentage distribution by type of risk-**

<b>Type of operational risk</b>	September 2022	December 2021	September 2021
Clients, products, and business practices	1,03%	0,0097	1,03%
Execution, delivery, and management of processes	3,99%	3,46%	3,99%
External fraud	53,28%	61,86%	53,28%
Internal fraud	31,41%	0,2401	31,41%
Business interruption and system failures	9,81%	9,34%	9,81%
Labor relations and safety in the workplace	0,48%	0,36%	0,48%
<b>Total</b>	<b>100,00%</b>	<b>100,00%</b>	<b>100,00%</b>

The IT risk management occurring in the Conglomerate, has an annual risk evaluation plan, related to processes, contracts, applications, strategy, services, platforms and IT security, aligned with the applicable prudential regulations and international best practices, supporting the fulfillment of technology objectives, as well as institutional strategic objectives.

The information and IT security risk assessment methodology and procedures are reviewed annually and, if necessary, adjusted to identify and appropriately treat the risks.

In addition, as part of the IT risk management, indicators of the most relevant technological risks of the BCR Financial Conglomerate are considered and followed up on.

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

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

The foregoing, with the purpose of not substantially impacting the services provided to customers.

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(j) Business Continuity

The BCR Financial Conglomerate has a Business Continuity Management System (hereinafter SGCN) with a defined regulatory framework (policy, provision, procedures, and protocols). The system is designed from the best international practices such as ISO 22301, additionally it seeks to meet regulatory requirements such as SUGEF Agreement 14-17, General Information Technology Management Regulations, SUGEF Agreement 02-10, Regulations on Comprehensive Risk Management and SUGEF Agreement 16-16, Regulation on corporate governance. The SGCN considers 6 phases:

1. **Business Impact Analysis:** This phase is one of the most relevant of the SGCN and requires the process map as input to establish the scope of business continuity management. In the analysis process, the priority of the services must be determined (according to the scope established at the strategic level) and the resources required to be recovered during an unexpected interruption. The prioritization is guided by the potential loss in time that an interruption of each service-product, process and critical activity can generate, starting from the most negative interruption scenario and without considering the probabilities.
2. **Risk Analysis:** in this phase, the SGCN requires integration with the risk analysis of critical services-products, processes or activities to determine the most likely causes that could materialize a service interruption.
3. **Strategies:** based on the Impact Analysis and the Risk Analysis, recovery strategies are created aimed at how to respond with the available resources at the time the threats materialize as an interruption event. The strategy can also be approached from the perspective of the gaps between the required recovery times and the installed response capacity.
4. **Business Continuity Plan:** in this phase the roles, responsibilities, and structure to respond to interruption events are built and maintained. The development of contingency and recovery plans, procedures and protocols for critical services and the processes supporting them is also considered.
5. **Education and training of the Business Continuity Plan:** once the continuity plan and supporting documents have been developed, training and education programs are developed with the different stakeholders, including corporate management levels up to the operational levels of the commercial offices where the Conglomerate offers its services. Each of these participants has a role in the continuity plan that is important for them to know, master, and practice so that they can respond as planned and reduce impact.

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6. Tests of the Business Continuity Plan: with all the interested parties trained, it is necessary to validate the effectiveness of the plans, as well as their validity, for which a test program has to be developed that allows each of the plans to be validated individually or jointly, in controlled settings and according to available resources. These tests are the engine of the maintenance and continuous improvement of the SGCN, since they allow staff to be trained and improvements to be identified at a lower cost, to have a greater response opportunity and recover business continuity more quickly and with less impact in an interruption event or a real crisis.

The SGCN is a process that as such must be constantly reviewed to adjust to organizational changes at the strategic, tactical and operational levels.

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

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

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

(l) Regulatory risk management and regulatory compliance

This management entails the responsibility of promoting and ensuring that CFBCR entities operate with integrity and in compliance with laws, regulations, policies, codes, and other internal provisions. Reason for which periodic evaluations are carried out to determine the level of compliance with the established obligations, such as Sistema de Banca para el Desarrollo, presenting improvement opportunities from which the different treatment plans were established, and also verifying that there is a timely integration in the processes of the Conglomerate when new regulations or modifications to the existing ones arise.

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Through the automated GRC tool Delphos, the incorporation of the applicable regulations according to the Kelsen pyramid is being generated. In the third quarter of 2022, work has been done on the module related to self-assessments for compliance with the Public Procurement Law, which will be implemented as of December 1.

Regarding legal risk management, the entity monitors legal, regulatory and contractual matters, as well as the rights and obligations associated with image rights and intellectual property. For the third quarter of 2022, training was given to subsidiary companies of the Conglomerate, in order to raise awareness among officials regarding the prevention of legal risk events, in order to strengthen the risk culture, contributing prospectively to prevent the materialization of risk events.

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September 30, 2022

(40) Situation of the Development Financing Fund

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

**DEVELOPMENT FINANCING FUND  
STATEMENT OF FINANCIAL POSITION**

As of September 30, 2022

Financial Information

(In colones without cents)

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>ASSETS</b>			
<b>Investment in financial instruments</b>	<b>0</b>	<b>0</b>	<b>1.098.411.964</b>
At fair value with changes through profit or loss	0	0	1.088.651.130
Interest receivable	0	0	9.760.834
<b>Loan portfolio</b>	<b>44.220.671.419</b>	<b>39.240.945.857</b>	<b>36.493.531.879</b>
Current loans	41.075.786.842	36.712.482.834	34.445.839.753
Past due loans	3.492.612.539	2.943.144.718	2.386.197.981
Loans in legal collection	240.455.643	49.958.231	49.958.231
(Deferred income – loan portfolio)	(368.304.600)	(343.722.100)	(318.953.246)
Interest receivable	164.533.504	72.838.659	96.868.532
(Allowance for impairment)	(384.412.509)	(193.756.485)	(166.379.372)
<b>Accounts and commissions receivable</b>	<b>268.950</b>	<b>451.276</b>	<b>2.101.581</b>
Other accounts receivable	1.837.180	1.546.404	3.230.388
(Allowance for impairment)	(1.568.230)	(1.095.128)	(1.128.807)
<b>Other assets</b>	<b>4.245.711</b>	<b>4.334.310</b>	<b>4.330.698</b>
Other assets	4.245.711	4.334.310	4.330.698
<b>TOTAL ASSETS</b>	<b>€ 44.225.186.080</b>	<b>39.245.731.443</b>	<b>37.598.376.122</b>
<b>LIABILITIES</b>			
<b>Obligations with entities</b>	<b>€ 2.765.972.085</b>	<b>2.045.264.177</b>	<b>607.482.794</b>
Other Obligations with entities	2.765.972.085	2.045.264.177	607.482.794
<b>Accounts payable and provisions</b>	<b>€ 60.772.543</b>	<b>38.656.637</b>	<b>30.331.169</b>
Other miscellaneous accounts payable	60.772.543	38.656.637	30.331.169
<b>Other liabilities</b>	<b>5.391.866</b>	<b>1.367.853</b>	<b>1.378.733</b>
Other liabilities	5.391.866	1.367.853	1.378.733
<b>TOTAL LIABILITIES</b>	<b>€ 2.832.136.494</b>	<b>2.085.288.667</b>	<b>639.192.696</b>
<b>EQUITY</b>			
<b>Contributions from Banco Central de Costa Rica</b>	<b>€ 29.330.665.472</b>	<b>26.014.386.470</b>	<b>26.014.386.470</b>
<b>Accumulated results from previous periods</b>	<b>11.146.056.305</b>	<b>10.197.624.940</b>	<b>10.197.624.940</b>
<b>Result of the current period</b>	<b>916.327.809</b>	<b>948.431.366</b>	<b>747.172.016</b>
<b>TOTAL EQUITY</b>	<b>€ 41.393.049.586</b>	<b>37.160.442.776</b>	<b>36.959.183.426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>€ 44.225.186.080</b>	<b>39.245.731.443</b>	<b>37.598.376.122</b>
<b>Contingent debit memoranda accounts</b>	<b>€ 11.887.938</b>	<b>16.322.202</b>	<b>3.346.279</b>
<b>Other debit memoranda accounts</b>	<b>€ 8.457.106.239</b>	<b>8.870.052.639</b>	<b>8.777.223.049</b>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

**DEVELOPMENT FINANCING FUND  
STATEMENT OF INCOME**

For the periods ended September 30, 2022

Financial Information

(In colones without cents)

	September	September	Quarter from	
	2022	2021	July 1 to September 30	2021
<b>Financial income</b>				
For loan portfolio	1.339.402.226	1.077.447.516	572.705.946	390.973.589
For income from exchange differences	1.596.391	2.154.455	(5.763.207)	995.304
Other financial income	0	4.588.745	0	0
<b>Total financial income</b>	<b>1.340.998.617</b>	<b>1.084.190.716</b>	<b>566.942.739</b>	<b>391.968.893</b>
For allowance on loan portfolio	121.590.440	22.177.228	390.735	554.566
For recovery of assets and decrease in allowance	222.069	18.580.367	44.815	12.144.972
<b>Financial income</b>	<b>1.219.630.246</b>	<b>1.080.593.855</b>	<b>566.596.819</b>	<b>403.559.299</b>
<b>Other operating income</b>				
For other operating income	137.590	377.848	75	31.424
For currency exchange and arbitration	0	249	0	249
For commissions for services	14.349.950	7.979.321	4.884.603	2.219.914
<b>Total other operating income</b>	<b>14.487.540</b>	<b>8.357.418</b>	<b>4.884.678</b>	<b>2.251.587</b>
<b>Other operating expenses</b>				
For foreclosed assets	0	411.364	0	0
For other operating expenses	317.789.977	341.367.893	104.326.366	130.775.871
<b>Total other operating expenses</b>	<b>317.789.977</b>	<b>341.779.257</b>	<b>104.326.366</b>	<b>130.775.871</b>
<b>Income of the period</b>	<b>¢ 916.327.809</b>	<b>747.172.016</b>	<b>467.155.131</b>	<b>275.035.015</b>

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Notes to the consolidated financial statements

September 30, 2022

Loan Portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

<b>Sector</b>	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Agriculture, livestock, hunting and related services	¢ 13.761.303.319	11.215.641.480	10.978.304.136
Public administration	13.411.357	265.916.544	3.686.169.748
Fishing and aquaculture	44.076.348	46.000.000	41.532.983
Manufacturing	1.236.750.318	6.213.506.208	5.490.659.323
Trade	18.858.095.024	10.997.670.095	10.033.033.792
Services	7.359.047.364	8.323.269.288	4.335.614.470
Transportation	893.417.081	558.739.301	235.178.515
Financial activity and stock exchange	655.419.780	881.672.399	937.745.527
Real estate, business, and lease activities	228.387.199	264.973.366	272.397.384
Building, purchase, and repair of real estate	675.229.327	642.304.505	659.026.540
Hotels and restaurants	1.083.717.907	295.892.597	212.333.547
	<u>44.808.855.024</u>	<u>39.705.585.783</u>	<u>36.881.995.965</u>
Plus: interest receivable	164.533.504	72.838.659	96.868.532
Less: Deferred income – loan portfolio	(368.304.600)	(343.722.100)	(318.953.246)
Allowance for impairment	(384.412.509)	(193.756.485)	(166.379.372)
	<u>¢ 44.220.671.419</u>	<u>39.240.945.857</u>	<u>36.493.531.879</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

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September 30, 2022

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Up to date	¢	41.075.786.842	36.712.482.834	34.445.839.753
1 to 30 days		1.354.650.253	1.624.793.688	2.210.860.315
31 to 60 days		768.437.838	587.091.721	124.791.260
61 to 90 days		774.711.476	715.753.544	45.669.245
91 to 120 days		152.774.099	14.329.505	4.877.161
121 to 180 days		397.698.897	185.129	0
Over 180 days		44.339.976	991.131	0
Legal collection		240.455.643	49.958.231	49.958.231
	¢	<b><u>44.808.855.024</u></b>	<b><u>39.705.585.783</u></b>	<b><u>36.881.995.965</u></b>

c) Past due loans

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

		<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Number of operations		20	6	4
Past due loans in non-accrual status of interest	¢	<u>284.795.619</u>	<u>50.949.362</u>	<u>49.958.231</u>
Past due loans for which interest is recognized	¢	3.448.272.563	2.942.153.587	2.386.197.981
Total unearned interest	¢	1.250.024	2.341.043	22.440.207

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, loans on legal collection are as follows:

# Of operations	Percentage	Balance
7	0.54%	¢ <u>240.455.643</u>

As of December 31, 2021, loans on legal collection are as follows:

# Of operations	Percentage	Balance
4	0,13%	¢ <u>49.958.231</u>

As of September 30, 2021, loans on legal collection are as follows:

# Of operations	Percentage	Balance
4	0.14%	¢ <u>49.958.231</u>

d) Interest receivable on loan portfolio

Interest receivable is as follows:

	September 2022	December 2021	September 2021
Current loans	¢ 122.973.333	55.229.565	86.804.030
Past due loans	3.597.473	16.825.643	9.281.051
Loans in legal collection	37.962.698	783.451	783.451
	¢ <u>164.533.504</u>	<u>72.838.659</u>	<u>96.868.532</u>

e) Allowance for bad loans

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

As of September 30, 2022:

<b>Opening balance 2022</b>	¢	<b>193.756.485</b>
Plus:		
Allowance charged to profit or loss		121.108.490
Transfer of balances		70.416.927
Adjustment for exchange rate differences		458.983
Less:		
Adjustment for exchange rate differences		(581.347)
Reversal of allowance against income		(123.592)
Transfer of balances		(623.438)
<b>Balance as of September 30, 2022</b>	¢	<u><b>384.412.509</b></u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021:

<b>Opening balance 2021</b>	¢	<b>139.084.406</b>
Plus:		
Allowance charged to profit or loss		49.304.710
Transfer of balances		6.022.483
Adjustment for exchange rate differences		212.127
Less:		
Reversal of allowance against income		(865.163)
<b>Balance as of December 31, 2021</b>	¢	<b><u><u>193.756.485</u></u></b>

As of September 30, 2021:

<b>Opening balance 2021</b>	¢	<b>139.084.406</b>
Plus:		
Allowance charged to profit or loss		21.740.606
Transfer of balances		6.022.483
Less:		
Adjustment for exchange rate differences		(2.078)
Reversal of allowance against income		(526.415)
<b>Balance as of September 30, 2021</b>	¢	<b><u><u>166.379.372</u></u></b>

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		<b>September</b>	<b>December</b>	<b>September</b>
		<b>2022</b>	<b>2021</b>	<b>2021</b>
<b>Guarantee</b>				
Fiduciary	¢	645.897.468	720.275.520	739.007.604
Mortgage		28.115.174.408	27.342.362.474	24.322.395.541
Chattel		976.631.433	876.842.095	653.925.155
Others		15.071.151.715	10.766.105.694	11.166.667.665
	¢	<b><u><u>44.808.855.024</u></u></b>	<b><u><u>39.705.585.783</u></u></b>	<b><u><u>36.881.995.965</u></u></b>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

		<b><u>Direct Loan Portfolio</u></b>		
		<b><u>September</u></b>	<b><u>December</u></b>	<b><u>September</u></b>
		<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2021</u></b>
Principal	¢	44.808.855.024	39.705.585.783	36.881.995.965
Interest receivable		164.533.504	72.838.659	96.868.532
		<u>44.973.388.528</u>	<u>39.778.424.442</u>	<u>36.978.864.497</u>
Allowance for bad loans		(384.412.509)	(193.756.485)	(166.379.372)
Carrying amount	¢	<u>44.588.976.019</u>	<u>39.584.667.957</u>	<u>36.812.485.125</u>
 Loan portfolio				
Total balances:				
A1	¢	0	884.524.017	0
D		562.524.707	0	952.273.576
E		95.133.332	0	0
1		40.381.351.026	36.792.311.640	35.014.906.081
2		707.945.178	728.386.349	154.420.100
3		2.050.164.981	1.218.141.672	438.559.357
4		481.116.312	88.715.638	380.298.213
5		403.401.393	14.610.312	0
6		291.751.599	51.734.814	38.407.171
		<u>44.973.388.528</u>	<u>39.778.424.442</u>	<u>36.978.864.497</u>
Minimum allowance		(349.756.624)	(164.542.618)	(125.826.805)
Carrying amount. net	¢	<u>44.623.631.904</u>	<u>39.613.881.824</u>	<u>36.853.037.692</u>
Carrying amount		44.973.388.528	39.778.424.442	36.978.864.497
Allowance for bad loans		(349.756.624)	(164.542.618)	(125.826.805)
Allowance (surplus) deficit				
Allowance (surplus) deficit		(34.655.885)	(29.213.867)	(40.552.567)
Carrying amount. net	6a ¢	<u>44.588.976.019</u>	<u>39.584.667.957</u>	<u>36.812.485.125</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

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

As of September 30, 2022

Loan portfolio	<b>Direct Loan Portfolio</b>			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 40.381.351.026	25.735.735.717	14.645.615.309	(101.049.180)
D	562.524.707	0	562.524.707	(2.812.623)
	<u>40.943.875.733</u>	<u>25.735.735.717</u>	<u>15.208.140.016</u>	<u>(103.861.803)</u>
Direct specific allowance				
1				
2	707.945.178	607.885.917	100.059.261	(8.042.393)
3	2.050.164.981	1.695.667.806	354.497.175	(97.102.633)
4	481.116.312	448.564.428	32.551.884	(18.518.764)
5	403.401.393	382.112.799	21.288.594	(16.812.580)
6	291.751.599	258.978.036	32.773.563	(34.068.452)
E	95.133.332	0	95.133.332	(71.349.999)
	<u>4.029.512.795</u>	<u>3.393.208.986</u>	<u>636.303.809</u>	<u>(245.894.821)</u>
	¢ <u>44.973.388.528</u>	<u>29.128.944.703</u>	<u>15.844.443.825</u>	<u>(349.756.624)</u>

Loan portfolio	<b>Direct Loan Portfolio</b>			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 41.198.760.176	25.647.950.766	15.550.809.410	(100.573.739)
Equal or less than 30 days	1.364.583.681	1.265.083.961	99.499.720	(3.288.065)
	<u>42.563.343.857</u>	<u>26.913.034.727</u>	<u>15.650.309.130</u>	<u>(103.861.804)</u>
Direct specific allowance				
Equal or less than 60 days	776.558.883	708.773.248	67.785.635	(173.754.072)
Equal or less than 90 days	785.588.484	710.763.270	74.825.214	(22.260.120)
Equal or less than 180 days	534.820.927	513.271.068	21.549.859	(18.491.129)
Over 180 days	313.076.377	283.102.390	29.973.987	(31.389.499)
	¢ <u>2.410.044.671</u>	<u>2.215.909.976</u>	<u>194.134.695</u>	<u>(245.894.820)</u>
	¢ <u>44.973.388.528</u>	<u>29.128.944.703</u>	<u>15.844.443.825</u>	<u>(349.756.624)</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021

Loan portfolio	<b>Direct Loan Portfolio</b>			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 35.014.906.080	22.390.285.916	12.624.620.164	(87.751.496)
A1	952.273.576	0	952.273.576	(4.761.368)
	<u>35.967.179.656</u>	<u>22.390.285.916</u>	<u>13.576.893.740</u>	<u>(92.512.864)</u>
Direct specific allowance				
2	154.420.100	122.587.754	31.832.346	(2.204.556)
3	438.559.357	419.286.337	19.273.020	(6.914.687)
4	380.298.213	345.284.652	35.013.561	(19.233.204)
6	38.407.171	33.613.746	4.793.425	(4.961.494)
	<u>1.011.684.841</u>	<u>920.772.489</u>	<u>90.912.352</u>	<u>(33.313.941)</u>
	¢ <u>36.978.864.497</u>	<u>23.311.058.405</u>	<u>13.667.806.092</u>	<u>(125.826.805)</u>

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

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Notes to the consolidated financial statements

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As of September 30, 2022	Risk category:	Loans receivable from clients	
		Gross	Net
1	¢	40.381.351.025	40.280.301.846
2		707.945.178	699.902.785
3		2.050.164.981	1.953.062.348
4		481.116.312	462.597.548
5		403.401.393	386.588.814
6		291.751.599	257.683.146
E		562.524.708	559.712.084
D		95.133.332	23.783.333
	¢	<u>44.973.388.528</u>	<u>44.623.631.904</u>

As of December 31, 2021	Risk category:	Loans receivable from clients	
		Gross	Net
1	¢	36.792.311.640	36.700.119.734
2		728.386.349	710.889.253
3		1.218.141.672	1.178.813.666
4		88.715.638	87.349.992
5		14.610.312	10.393.291
6		51.734.814	46.214.491
A1		884.524.017	880.101.397
	¢	<u>39.778.424.442</u>	<u>39.613.881.824</u>

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

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Notes to the consolidated financial statements

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(41) Situation of the Development Credit Fund

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

**DEVELOPMENT CREDIT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
As of September 30, 2022  
Financial Information  
(In colones without cents)

	September 2022	December 2021	September 2021
<b>Assets</b>			
<b>Cash and due from banks</b>	¢ 1.048.089.234	677.887.264	875.608.451
Banco Central de Costa Rica	1.048.089.234	677.887.264	875.608.451
<b>Investments in financial instruments</b>	172.760.237.531	168.330.359.602	163.660.362.046
At fair value through profit or loss	0	9.980.757.065	4.161.436.049
At fair value through other comprehensive income	168.532.145.550	153.559.065.746	157.080.362.843
At amortized cost	2.652.600.786	2.692.178.741	673.792.509
Interest receivable	1.575.491.195	2.098.358.050	1.744.770.645
<b>Loan portfolio</b>	10.193.255.021	24.599.730.190	12.281.023.821
Current loans	10.063.389.130	24.694.451.340	12.588.717.191
Past due loans	255.907.183	101.397.179	104.370.009
(Deferred income – loan portfolio)	(78.887.912)	(166.848.988)	(367.176.444)
Interest receivable	50.785.139	69.853.373	52.767.113
(Allowance for impairment)	(97.938.519)	(99.122.714)	(97.654.048)
<b>Accounts and commissions receivable</b>	837.150.624	31.619.907	13.789.245
Tax and deferred income tax	837.150.624	31.619.907	13.789.245
<b>Other assets</b>	1.809.588.329	1.142.830.562	915.112.205
Other assets	1.809.588.329	1.142.830.562	915.112.205
<b>Total assets</b>	¢ 186.648.320.739	194.782.427.525	177.745.895.768
<b>Liabilities</b>			
<b>Obligations with entities</b>	¢ 185.868.443.287	186.862.695.178	170.033.443.939
Term	185.784.185.490	186.862.695.178	170.033.443.939
Charges payable to financial entities	84.257.797	0	0
<b>Accounts payable and provisions</b>	422.396.529	1.306.845.253	1.568.226.595
Deferred income tax	422.396.529	1.306.845.253	1.568.226.595
<b>Other liabilities</b>	0	899.772.214	704.761.365
Other liabilities	0	899.772.214	704.761.365
<b>Other liabilities</b>	¢ 186.290.839.816	189.069.312.645	172.306.431.899
<b>EQUITY</b>			
<b>Result of the previous period</b>	¢ (518.184.518)	3.517.319.433	4.169.317.534
<b>Income of the current period</b>	875.665.441	2.195.795.447	1.270.146.335
<b>Total equity</b>	¢ 357.480.923	5.713.114.880	5.439.463.869
<b>Total liabilities and equity</b>	¢ 186.648.320.739	194.782.427.525	177.745.895.768
<b>Other debit memoranda accounts</b>			
Own debit memoranda accounts	¢ 33.923.443.274	21.119.325.983	8.673.680.412
Interest receivable memoranda accounts	¢ 15.142.352	6.235.038	13.358.159

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**DEVELOPMENT CREDIT FUND**  
**STATEMENT OF INCOME**  
For the period ended September 30, 2022  
Financial Information  
(In colones without cents)

	Quarter from			
	September 2022	September 2021	July 1 to September 30 2022	2021
<b>Financial income</b>				
For investments in financial instruments	¢ 6.052.882.286	5.331.157.116	2.138.056.419	1.897.651.171
For loan portfolio	829.587.722	764.210.158	199.844.683	188.314.083
For exchange rate differences	0	552.120.241	(2.683.250.358)	383.889.248
Other financial income	103.338.748	155.232.330	8.249.712	8.746.397
<b>Total financial income</b>	<b>6.985.808.756</b>	<b>6.802.719.845</b>	<b>(337.099.544)</b>	<b>2.478.600.899</b>
<b>Financial expenses</b>				
For obligations with the public	963.306.444	894.207.881	204.995.562	302.845.736
For losses of exchange rate differences	722.079.260	0	722.079.260	0
Other financial expenses	550.673.572	7.795.299	545.630.594	886.209
<b>Total financial expenses</b>	<b>2.236.059.276</b>	<b>902.003.180</b>	<b>1.472.705.416</b>	<b>303.731.945</b>
For allowance of assets impairment	117.152.205	253.716.244	11.660.563	129.710.014
For recovery of assets and decrease in allowance	209.370.794	106.499.211	95.415.134	10.813.102
<b>Financial income</b>	<b>¢ 4.841.968.069</b>	<b>5.753.499.632</b>	<b>(1.726.050.389)</b>	<b>2.055.972.042</b>
<b>Other operating income</b>				
For service commissions and fees	2.065	8.492	(1)	0
For exchange and arbitration, foreign currency	189.958.865	227.998.362	63.505.228	78.859.014
For other operating income	529.329.474	13.501.984	98.167.149	10.250.875
<b>Total other operating income</b>	<b>¢ 719.290.404</b>	<b>241.508.838</b>	<b>161.672.376</b>	<b>89.109.889</b>
<b>Other operating expenses</b>				
For exchange and arbitration, foreign currency	48.069.803	93.756.397	11.630.708	22.789.069
For other operating expenses	590.903.549	44.593.285	133.203.870	21.087.540
<b>Total other operating expenses</b>	<b>¢ 638.973.352</b>	<b>138.349.682</b>	<b>144.834.578</b>	<b>43.876.609</b>
<b>Gross operating</b>	<b>¢ 4.922.285.121</b>	<b>5.856.658.788</b>	<b>(1.709.212.591)</b>	<b>2.101.205.322</b>
Profit transferred to the National Development Trust	4.046.619.680	4.586.512.453	0	1.839.984.347
<b>Total comprehensive income of the period</b>	<b>¢ 875.665.441</b>	<b>1.270.146.335</b>	<b>(1.709.212.591)</b>	<b>261.220.975</b>
<b>Profit allocation</b>				
Transfer to the National Development Trust	¢ 4.046.619.680	4.586.512.453	2.112.336.741	3.279.890.475
Commission for managing the Development Credit Fund and the utilities fund's own profits	875.665.441	1.270.146.335	(545.964.532)	744.863.004
	<b>¢ 4.922.285.121</b>	<b>5.856.658.788</b>	<b>1.566.372.209</b>	<b>4.024.753.479</b>

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September 30, 2022

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

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
At fair value through profit or loss	0	9.980.757.065	4.161.436.049
At fair value through other comprehensive income	168.532.145.550	153.559.065.746	157.080.362.843
At amortized cost	2.652.600.786	2.692.178.741	673.792.509
Interest receivable for investments at fair value through other comprehensive income	1.575.491.195	2.098.358.050	1.744.770.645
	<b>¢ 172.760.237.531</b>	<b>168.330.359.602</b>	<b>163.660.362.046</b>
	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>At fair value through profit or loss</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
State-owned Banks	0	9.980.757.065	4.161.436.049
	<b>0</b>	<b>9.980.757.065</b>	<b>4.161.436.049</b>
	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
<b>At fair value through other comprehensive income</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Fair value</b>
<u>Local issuers:</u>			
Government	130.658.791.220	128.414.839.127	130.530.185.931
State-owned Banks	37.873.354.329	25.144.226.619	26.550.176.912
	<b>¢ 168.532.145.550</b>	<b>153.559.065.746</b>	<b>157.080.362.843</b>

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

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September 30, 2022

Loan Portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

<b>Sector</b>	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Agriculture. livestock. hunting and related services	¢ 6.984.726.578	14.910.502.113	5.565.652.487
Manufacturing	2.339.429.023	9.885.346.406	7.127.434.713
Trade	606.703.983	0	0
Services	62.904.173	0	0
Transportation	122.332.573	0	0
Construction, purchase and repair of real estate	4.750.000	0	0
Hotels and restaurants	198.449.983	0	0
	<u>10.319.296.313</u>	<u>24.795.848.519</u>	<u>12.693.087.200</u>
Plus Interest receivable	50.785.139	69.853.373	52.767.113
Less Deferred income loan portfolio	(78.887.912)	(166.848.988)	(367.176.444)
Allowance for impairment	(97.938.519)	(99.122.714)	(97.654.048)
	<u>¢ 10.193.255.021</u>	<u>24.599.730.190</u>	<u>12.281.023.821</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Up to date	¢ 10.063.389.130	24.694.451.340	12.588.717.191
1 to 30 days	0	101.397.179	104.370.009
31 to 60 days	255.907.183	0	0
	<u>¢ 10.319.296.313</u>	<u>24.795.848.519</u>	<u>12.693.087.200</u>

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c) Delinquent and past due loan portfolio

Delinquent and past due loans, including loans with recognition of interest based on cash and interest not received on these loans, are summarized below:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Delinquent and past due loans recognizing interest	¢ 255.907.183	101.397.179	104.370.009
Total of not received interest	¢ 15.142.352	6.235.038	13.358.159

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Current loans	¢ 48.365.134	69.359.946	51.938.636
Past due loans	2.420.005	493.427	828.477
	<b>¢ 50.785.139</b>	<b>69.853.373</b>	<b>52.767.113</b>

e) Allowance for impairment of loan portfolio

As of September 30, 2022

<b>Balance at the beginning of 2022</b>	<b>¢ 99.122.714</b>
Plus:	
Adjustment for exchange differences	4.441.912
Less:	
Adjustment for exchange differences	(5.626.107)
<b>Balance as of September 30, 2022</b>	<b>¢ 97.938.519</b>

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September 30, 2022

As of December 31, 2021:

<b>Balance at the beginning of 2021</b>	¢	<b>66.444.007</b>
Plus:		
Allowance to profit or loss		29.967.665
Transfer of balances		577.449
Adjustment for exchange differences		2.204.890
Less:		
Adjustment for exchange differences		(71.297)
<b>Balance as of December 31, 2021</b>	¢	<b><u>99.122.714</u></b>

As of September 30, 2021

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

f) Loan portfolio by kind of guarantee:

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

<b>Guarantee</b>	<b>September 2022</b>	<b>December 2021</b>	<b>September 2021</b>
Fiduciary	204.449.983	0	0
Mortgage	¢ 877.048.236	382.491.506	441.928.546
Chattel	145.989.688	357.729.087	629.663.718
Other	9.091.808.406	24.055.627.926	11.621.494.936
	¢ <b><u>10.319.296.313</u></b>	<b><u>24.795.848.519</u></b>	<b><u>12.693.087.200</u></b>

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September 30, 2022

g) DCF financial instruments with exposure to credit risk are detailed as follows:

	<b><u>Direct Loan Portfolio</u></b>		
	<b><u>September</u></b> <b><u>2022</u></b>	<b><u>December</u></b> <b><u>2021</u></b>	<b><u>September</u></b> <b><u>2021</u></b>
Principal	¢ 10.319.296.313	24.795.848.519	12.693.087.200
Interest receivable	50.785.139	69.853.373	52.767.113
	<u>10.370.081.452</u>	<u>24.865.701.892</u>	<u>12.745.854.313</u>
Allowance for bad loans	(97.938.519)	(99.122.714)	(97.654.048)
Carrying amount	¢ <u>10.272.142.933</u>	<u>24.766.579.178</u>	<u>12.648.200.265</u>
Loan portfolio			
Total balances:			
1	¢ 10.106.208.658	24.763.811.286	12.418.445.504
2	263.872.794	101.890.606	0
3	0	0	327.408.809
	<u>10.370.081.452</u>	<u>24.865.701.892</u>	<u>12.745.854.313</u>
Minimum allowance	(27.331.405)	(64.842.970)	(34.777.721)
Carrying amount, net	¢ <u>10.342.750.047</u>	<u>24.800.858.922</u>	<u>12.711.076.592</u>
Carrying amount	10.370.081.452	24.865.701.892	12.745.854.313
Allowance for bad loans	(27.331.405)	(64.842.970)	(34.777.721)
Allowance (surplus) deficit on minimum allowance	<u>(70.607.114)</u>	<u>(34.279.744)</u>	<u>(62.876.327)</u>
Carrying amount, net	6a ¢ <u>10.272.142.933</u>	<u>24.766.579.178</u>	<u>12.648.200.265</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2022

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 10.106.208.656	2.319.894.083	7.786.314.574	(25.762.489)
	<u>10.106.208.656</u>	<u>2.319.894.083</u>	<u>7.786.314.574</u>	<u>(25.762.489)</u>
Direct specific allowance				
2	263.872.796	258.327.189	5.545.607	(1.568.916)
	<u>263.872.796</u>	<u>258.327.189</u>	<u>5.545.607</u>	<u>(1.568.916)</u>
	¢ <u>10.370.081.452</u>	<u>2.578.221.272</u>	<u>7.791.860.181</u>	<u>(27.331.405)</u>

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 10.111.754.264	2.319.894.083	7.791.860.181	(25.762.489)
	<u>10.111.754.264</u>	<u>2.319.894.083</u>	<u>7.791.860.181</u>	<u>(25.762.489)</u>
Direct specific allowance				
Up to date	0	0	0	(277.280)
Equal to or less than 60 days	94.803.371	94.803.371	0	(474.017)
Equal to or less than 90 days	163.523.818	163.523.818	0	(817.619)
	<u>258.327.189</u>	<u>258.327.189</u>	<u>0</u>	<u>(1.568.916)</u>
	¢ <u>10.370.081.453</u>	<u>2.578.221.272</u>	<u>7.791.860.181</u>	<u>(27.331.405)</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of December 31, 2021

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance 1	¢	<u>24.763.811.286</u>	<u>9.039.547.128</u>	<u>15.724.264.158</u>	<u>64.333.517</u>
		24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
Direct specific allowance 2		<u>101.890.606</u>	<u>101.890.606</u>	<u>0</u>	<u>509.453</u>
		101.890.606	101.890.606	0	509.453
	¢	<u>24.865.701.892</u>	<u>9.141.437.734</u>	<u>15.724.264.158</u>	<u>64.842.970</u>
Loan portfolio		Direct Loan Portfolio			
Aging of loan portfolio		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
Up to date	¢	<u>24.763.811.286</u>	<u>9.039.547.128</u>	<u>15.724.264.158</u>	<u>64.333.517</u>
		24.763.811.286	9.039.547.128	15.724.264.158	64.333.517
Direct specific allowance					
Equal to or less than 60 days		<u>101.890.606</u>	<u>101.890.606</u>	<u>0</u>	<u>509.453</u>
		101.890.606	101.890.606	0	509.453
	¢	<u>24.865.701.892</u>	<u>9.141.437.734</u>	<u>15.724.264.158</u>	<u>64.842.970</u>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2021

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

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 12.640.655.827	1.573.236.080	11.067.419.747	(31.046.114)
	12.640.655.827	1.573.236.080	11.067.419.747	(31.046.114)
Direct specific allowance				
Up to date				
Equal to or less than 30 days	0	0	0	(3.205.615)
Equal to or less than 90 days	105.198.486	105.198.486	0	(525.992)
	105.198.486	105.198.486	0	(3.731.607)
¢	12.745.854.313	1.678.434.566	11.067.419.747	(34.777.721)

**Loans receivable from clients**

As of September 30, 2022

Risk category:

	Gross	Net
1	¢ 10.106.208.658	10.080.446.169
2	263.872.794	262.303.878
¢	10.370.081.452	10.342.750.047

**Loans receivable from clients**

As of December 31, 2021

Risk category:

	Gross	Net
1	¢ 24.763.811.286	24.699.477.769
2	101.890.606	101.381.153
¢	24.865.701.892	24.800.858.922

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

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As of September 30, 2022	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 12.418.445.504	12.387.399.390
4	327.408.809	323.677.202
	¢ <u>12.745.854.313</u>	<u>12.711.076.592</u>

By request for change made by private banks to operate in accordance with the provisions of subsection ii) of Law N.1644, Organic Law of the National Banking System, the Governing Council of the Development Banking System authorizes the managing banks to transfer the resources from the Development Credit Fund, the repayment of which will be in monthly installments for a maximum period of six months.

As of September 30, 2022, resources have been transferred from the Development Credit Fund.

	September 2022	December 2021	September 2021
Banco Scotiabank	¢ 0	19.870.101.543	19.528.028.536
Banco Promerica	¢ 6.455.724.464	2.984.281.895	2.912.409.380
	¢ <u>6.455.724.464</u>	<u>22.854.383.438</u>	<u>22.440.437.916</u>

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

Following are some of the main differences between the accounting standards issued by the Board and IFRSs, as well as the IFRSs or interpretations of the International Financial Reporting Interpretations Committee (IFRICs) yet to be adopted:

a) IAS 1: Presentation of Financial Statements

The new IAS 1 became effective as of the periods beginning on or after January 1, 2009.

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

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

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

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

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

Revised IAS 1 changes the name of some financial statements, using “statement of financial position” instead of balance sheet.

IAS 1 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes retrospective restatement.

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

c) IAS 7: Statements of Cash Flows

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

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

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

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

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Any change in accounting estimates is prospective and is recorded in income for the period.

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

e) IAS 12: Income tax

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

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

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

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

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

f) IAS 16: Property, Plant and Equipment

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

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## BANCO DE COSTA RICA Y SUBSIDIARIAS

### Notes to the consolidated financial statements

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

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

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

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

The supervised entities must keep their records and present their financial statements in Costa Rican colones.

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

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

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

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h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Supervised entities must present their separate financial statements.

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j) Amendments to IAS 32: Financial Instruments 0 Presentation and IAS 1: Presentation of Financial Statements 0 Puttable Financial Instruments and Obligations Arising on Liquidation

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

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

SUGEF requires that a provision for possible losses must be booked for contingent assets. IAS 37 does not allow this type of provision.

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight0line method over a maximum of five years. Similar procedure and term must be used for the amortization of goodwill acquired.

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

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

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

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

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

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

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

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

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business combinations (revised)

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

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

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

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

- a) its carrying amount; and
- b) its fair value less selling costs.

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

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

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

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

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

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p) IFRS 9: Financial Instruments

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

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

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

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

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

q) IFRS 13: Fair Value Measurement

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

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Expenses or losses from equity reserves created by law or voluntarily by regulated entities cannot be directly recorded, without having previously gone through profit or loss of the period.

(43) Figures for 2021

As of December 31, 2021, financial statement figures have not been reclassified for comparison with those of 2022, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

(44) Relevant and subsequent events

As of September 2022, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

As of July 3, 2020, the BCCR publishes Law 9859 "Law to fight Usury" defining a maximum on interest rates on loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, in force for the second quarter of 2020. BCR credit cards offer an interest rate of 32% per year, one of the lowest in the market at the time of the entry into force of Law 9859, therefore it did not generate a financial impact on the income for credit card interest.

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

As of December 31, 2021, an adjustment for ¢8.487.028.342 for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2016, (¢1.734.981.794.69, for December 31, 2020, corresponding to 2015).

As of December 31, 2021, BCR Operadora de Pensiones Complementarias does not make a provision reversal adjustment for IFRIC 23. (¢51.013.093, for December 31, 2020, corresponding to the 2015 period, due to prescription).

As of December 31, 2021, BCR Corredora de Seguros carried out the reversal of the respective contingency for ¢54.313.692 corresponding to the 2015 period (¢40.880.144, for December 31, 2020).

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As of December 31, 2021, BCR Valores S.A. carried out the reversal of the respective contingency for ¢264.905.511 corresponding to the 2015 period (¢194.676.459, for December 31, 2020).

As of December 31, 2020, BCR Sociedad Administradora de Fondos de Inversión S.A. carried out the reversal to the respective contingency for ¢36.435.373 corresponding to the 2015 period. (¢42.457.128, for December 31, 2020).

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

On March 21, 2022, the Regularization Provision Proposal No. DGCN-SFPD-28-2021-4-321-03 is notified, informing the Bank of the differences found in the tax bases and tax quotas, as well as the facts and legal bases supporting it. The total debt is of ¢16.755.470.468 and interest of ¢8.042.094.675, corresponding to the 2017 fiscal period.

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

As of April 5, 2022, the Bank paid ¢32.663.336.584 to the Treasury.

<u>Period</u>	<u>Income tax</u>	<u>Penalties</u>	<u>Interest</u>	<u>Total</u>
2017 ¢	16.755.470.469 ¢	7.865.771.439 ¢	8.042.094.675 ¢	32.663.336.584

Value added tax

With the enactment of Law No. 9635, Law on Strengthening Public Finances of December 3, 2018, the sales tax system is comprehensively reformed, derogating entirely the General Sales Tax Law, Law No. 6826 of November 8, 1982 and its reforms, migrating its Title I to a new regulatory framework, called the Value Added Tax Law. This tax is regulated in Article 1 of the Law. In this new regulatory framework, all goods and services are taxed as a general rule, presupposing an improvement in the control and oversight of the tax, since the list of exempt goods and services is considerably reduced, according to what is established in Article 8 of the Law. Likewise, the essential elements of the tax, being the taxable event, the accrual, the taxable persons, and the taxable base, were modified with Article 1 of the Law for Strengthening Public Finances.

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September 30, 2022

New administration of the Notarial Guarantee Fund

On October 8, 2019, BCR Pensiones started managing the Notarial Guarantee Fund; this fund was created with the enactment of the Notarial Code started ruling in 1998.

The National Directorate of Notaries carried out a comprehensive market study to determine the existence of options to manage its fund, thus transferring the Fund to BCR Pensiones.

As of December 31, 2019, the Notarial Guarantee Fund generated an income of ₡171.744.963.

In official letter BCROPC-048-20 dated February 11, 2020, the deadline for delivery of the audited financial statements of the Individual Capitalization Fund of Notarial Guarantee is extended once the National Directorate of Notaries delivers the corresponding audited financial statements to the period from January 1 to October 7, 2020, which was administered by another Complementary Pension Operator.

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the decree of Fiscal Relief for COVID-19 is approved, establishing moratorium measures in the payment of income tax (VAT, selective consumption, and duties, from April to June 2020 they be declared and may be paid free of charge for interest or penalties until December 2020, a postponement of the payment term is granted, there is no forgiveness or amnesty).

In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and the VAT exemption on commercial rentals in the months of April to June 2020.

On March 18, 2020, directive 075-H was signed to instruct the State commercial banks, in exercise of their constitutional autonomy, to carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation.

The guideline urges banks to assess measures such as the following:

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

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Financial Information Regulation

As of March 2020, multiple regulations have been issued with the aim of mitigating the impact of COVID-19 related to the banking and financial sector, as follows:

**Approved by CONASSIFF**

- a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).
- b. This measure covers loans of more than ₡100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.
- c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending June 30, 2021, without qualifying as a special operation.
- d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.
- e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.
- f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This particular measure aims to facilitate the readjustments and / or refinancing of the credits. This measure is temporary; it is in force until March 31, 2021.

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- g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.
- h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.
- i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

**General Superintendence of Financial Entities**

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

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Notes to the consolidated financial statements

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**Central Bank of Costa Rica**

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

- a. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020,
- b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and
- c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: “during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights”. This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).
- d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones with one-day and up to thirty-days terms.
- e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in an one-day term.
- f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.
- g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.

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- h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

Measures adopted by the Bank in the face of the health emergency due to COVID-19.  
Measures were generated in three areas:

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

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

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

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

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

- 2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest
- 3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution.  
As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

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

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

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Notes to the consolidated financial statements

September 30, 2022

As of September 30, 2022, Loans are detailed by activity in operations readjusted by Covid-19:

<b>Loans – Balances converted to colones</b>		
	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	1.924.091.211	33.021.051.996
Trade	61.970.933.814	31.802.293.432
Construction	5.483.376.634	9.830.079.725
Retail	67.388.879.807	3.027.312.308
Livestock	3.326.091.038	0
Industry	30.994.068.274	2.360.838.790
Services	28.857.630.718	18.243.434.270
Transportation	20.989.188.897	60.691.243
Tourism	6.416.711.487	45.326.831.204
Housing	178.707.984.159	51.048.821.325
<b>Total by currency</b>	<b>₡ 406.058.956.039</b>	<b>194.721.354.293</b>
<b>Total</b>	<b>₡ 600.780.310.332</b>	

<b>Activity</b>	<b>Amount in</b>		
	<b>Colones</b>	<b>US Dollars</b>	<b>Total</b>
Agriculture	78	9	87
Trade	753	56	809
Construction	19	14	33
Retail	7,443	393	7,836
Livestock	84	0	84
Industry	84	4	88
Services	418	32	450
Transportation	154	2	156
Tourism	40	37	77
Housing	8,176	1,124	9,300
<b>Total</b>	<b>17,249</b>	<b>1,671</b>	<b>18,920</b>

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

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As of December 31, 2021

	<b>Colones</b>	<b>Converted US dollars</b>
Agriculture	2.174.669.273	34.744.175.119
Trade	89.785.046.202	36.340.685.119
Construction	5.675.761.357	11.363.286.508
Retail	77.269.995.248	4.714.700.744
Livestock	3.884.370.495	114.878.942
Industry	33.347.876.145	2.533.929.316
Services	31.682.713.592	23.149.480.952
Transportation	23.558.277.903	140.791.730
Tourism	7.244.072.181	60.568.680.636
Housing	190.125.832.131	57.921.507.901
<b>Total by currency</b>	<b><u>464.748.614.527</u></b>	<b><u>231.592.116.967</u></b>
<b>Total</b>	<b>¢ <u>696.340.731.492</u></b>	

	<b>Colones</b>	<b>Amount in US Dollars</b>	<b>Total</b>
Agriculture	92	10	102
Trade	920	74	994
Construction	17	14	31
Retail	8.312	531	8.843
Livestock	108	1	109
Industry	101	6	107
Services	471	46	517
Transportation	202	4	206
Tourism	54	79	133
Housing	8.617	1.229	9.846
<b>Total</b>	<b>¢ <u>18.894</u></b>	<b><u>1.994</u></b>	<b><u>20.888</u></b>

Effects of the pandemic on BICSA

As of December 31, 2020, the number of moratoriums granted by BICSA Group reaches an amount of 184.7 million dollars, which represents 12% of the total portfolio and provisions were made to cover the potential effect of macroeconomic impairment of the loan portfolio according to the entity's expected loss models (see note 26 - Modified special mention category loans).

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## BANCO DE COSTA RICA Y SUBSIDIARIAS

### Notes to the consolidated financial statements

September 30, 2022

Faced with the pandemic, Grupo BICSA was forced to respond quickly to critical questions in the operational and financial areas. In particular, the recalibration and updating of IFRS 9 models is of particular importance as a fundamental task in the current context because of various factors that in turn have an impact on provisions. These reviews considered adjustments to conventional methodological aspects such as the probability of default (PD), the loss given default (LGD) and the forward-looking adjustment (prospective economic effect of the IFRS 9 model). The classification criteria in Stages have also been revised to incorporate the effects that the COVID-19 environment could bring to customers, in this case it is necessary to define criteria for a significant increase in credit risk (ISRC) based on the risk of the economic sector, the activity within the economic sector and the particular characteristics of each client. Finally, based on the methodology defined taking as reference the international regulations and the local regulatory context, the Bank defined the Post Model Adjustments (Overlays) with general guidelines for the classification process of modified loans in the different stages established by IFRS 9. After applying the adjustments, the bank resulted in an increase in its IFRS 9 reserve estimate of \$1.3 million.

#### Management and impacts of the pandemic for COVID-19 at BICSA

As of the second quarter of 2020, the Group increased its volume of current assets to an average greater than 63.65% of the Legal Liquidity indicator, doubling the minimum 30% required (see Note 5 - Liquidity Risk). Finally, the Group's solvency level has improved compared to the previous closing ended on December 31, 2019 and remains well above the requirements of the SBP in 12.76% of weighted equity/assets based on risk (see Note 5 - Capital Management). The final magnitude of the impact of the pandemic for COVID-19 on the Group's business, financial situation and results will depend on future and uncertain events, including the intensity and persistence over time of the consequences derived from the pandemic in the different geographies in which the Group operates.

#### Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018, held on September 11, 2018, CONASSIF approved the Financial Information Regulation, in effect from January 1, 2020.

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

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BANCO DE COSTA RICA Y SUBSIDIARIAS

Notes to the consolidated financial statements

September 30, 2022

Distribution of dividends

As of April 26, 2022, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3.100.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-22, April 19, 2022

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢2.750.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BCR Valores, S.A., distributes dividends in the amount of ¢3.000.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of April 26, 2022, BANPROCESA, S.A., distributes dividends in the amount of ¢300.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 06-2022, April 19, 2022.

As of March 18, 2021, BCR Corredora de Seguros S.A., distributes dividends in the amount of ¢3.000.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 02-21.

As of April 5, 2021 BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., distributes dividends in the amount of ¢750.000.000, in compliance with resolution of the Extraordinary General Shareholders' Meeting No. 02-21.

As of April 9, 2021, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributes dividends in the amount of ¢2.750.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 02-2021.

As of April 28, 2021, BCR Valores, S.A., distributes dividends in the amount of ¢2.500.000.000, according to the resolution of the Extraordinary General Shareholders' Meeting No. 02-2021.

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Notes to the consolidated financial statements

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

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

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

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

As of December 31, 2021, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢940.117.721, corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

Gradual increase of the Minimum Legal Reserve

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

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

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Notes to the consolidated financial statements

September 30, 2022

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.

<b>Every type of credit (except microcredits)</b>	
Colones	33,41%
US dollars	27,72%
Microcredits	
Colones	47,23%
US dollars	39,32%
Credits in other currencies	5,68%

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.

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

The Bank's General Management authorized the issuance of the consolidated financial statements on October 25, 2022. The SUGEF has the possibility of requesting modifications to the financial statements after their issuance date.

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