Banco de Costa Rica and Subsidiaries

Consolidated Audited Financial Statements

December 31, 2022 and 2021

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Crowe

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Banco de Costa Rica Financial Conglomerate and subsidiaries (the Conglomerate), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Financial Conglomerate as of December 31, 2022, its financial performance and its consolidated cash flows for the one-year period then ended, in compliance with the directives issued by the National Financial System Oversight Board (CONASSIF) and the General Superintendence of Financial Entities (SUGEF).

Basis for Opinion

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

Emphasis matters – Basis of accounting

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

Emphasis matters – Conditions reported by COVID-19

In note 44 to the consolidated financial statements, disclosures related to the state of emergency due to the pandemic for COVID-19 and how the Bank has managed such condition, are disclosed.

Key Audit Matters

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

a) Loan portfolio

Key audit matter	**Audit response**
The main asset of the Bank is the loan portfolio, which accounts for 56.51% of total assets and concentrates the main factors of credit risk management related to: recovery of outstanding balances, concentration of balances, diversification of products, among others; these factors affect the recoverable value of the asset. The Bank estimates the loan portfolio based on the SUGEF-1-05 Agreement "General Standards for Classification and Qualification of Debtors", and SUGEF 19-16 "Regulations for the determination and recording of Countercyclical estimates". As of December 31, 2022, the amount of these estimates is of ¢160,471,231,286 which represents 2.22% of the total assets.	Our audit procedures included selecting a sample of credit operations to which a balances confirmation process has been applied. We also carried out an assessment of the allowance for doubtful accounts of the portfolio by verifying compliance with the functional areas that maintain controls and operational processes whose objective is to comply with the requirements of the SUGEF 1-05 Agreement. We selected a sample of files from operations from the loan portfolio into verify the internal control procedures established by the Bank, as well as the filing regulations established by the regulator. We verified and reviewed the auxiliary records of the loan portfolio and their estimates.

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

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

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

b) Investment in securities

Key audit matter

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

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

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

As of December 31, 2022, investments represent 24.08% of the total assets.

Audit Response

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

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

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

Notes 1.h, 5 and 39 include the disclosures of the Bank on accounting treatment and other aspects related to the investment portfolio.

c) Obligations with the public

Key audit matters	Audit Response
Obligations with the public are demand and term obligations that are agreed with the clients according to specific conditions as to their use, term and interest rates.	Among other procedures, we carried out a process of balance confirmation and analytical procedures to verify the cycles and interest rates.
As of December 31, 2022, obligations with the public represent 79.97% of the total liabilities.	Notes 11, 12 and 13 include the disclosures on accounting treatment and other aspects relating to obligations with the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Francinne Sojo Mora.

Our responsibility for this report of the audited financial statements as of December 31, 2022, extends until March 15, 2023. The date of this report indicates to the user that the auditor has considered the effect of the events and transactions of which he has become aware, and which have occurred up to that date; consequently, it is not extended by the reference of the date on which it is digitally signed.

FRANCINE SOJO MORA (FIRMA)

Firmado digitalmente por FRANCINE SOJO MORA (FIRMA)
Fecha: 2023.05.08 08:46:05 -06'00'

San José, Costa Rica
March 15, 2023

Opinion signed by
Francine Sojo Mora N° 3386
Pólicy 0116 FIG 7 due on 30-set-2023
Legal stamp 6663 ¢1.000
Attached to the original

Nombre del CPA: FRANCINE SOJO MORA
Carné: 3386
Cédula: 303310705
Nombre del Cliente: Banco de Costa Rica
Identificación del cliente: 4000000019
Dirigido a: Banco de Costa Rica
Fecha: 28-03-2023 10:04:56 AM
Tipo de trabajo: Informe de Auditoria

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

Código de Timbre: CPA-1000-4107

Schedule A

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

	Note		December 2022	Restated December 2021	Restated January 2021
ASSETS					
Availabilities	**4**	¢	**990,655,695,706**	**960,508,938,412**	**803,047,856,879**
Cash			92,361,994,246	100,543,762,287	119,287,622,423
Central Bank of Costa Rica			622,122,345,509	578,197,960,222	557,130,153,527
Local financial entities			34,167,612	608,863,646	406,513,723
Foreign financial entities			186,348,821,639	185,996,786,978	124,787,806,670
Notes payable on demand			291,159,518	481,593,852	933,476,898
Restricted cash and cash equivalents			89,483,497,239	94,679,945,381	502,245,670
Accounts and interest receivable			13,709,943	26,046	37,968
Investment in financial instruments	**5**		**1,737,604,014,810**	**1,890,859,623,925**	**1,422,225,936,729**
At fair value through profit or loss			232,343,302,158	294,371,792,030	129,268,183,986
At fair value through other comprehensive income			1,390,086,634,332	1,529,772,010,039	1,158,570,957,948
At amortized cost			90,186,040,192	40,227,916,128	116,422,768,236
Interest receivable			25,079,315,361	26,487,905,728	17,964,479,288
(Allowance for impairment)			(91,277,233)	0	(452,729)
Loan portfolio	**6.b**		**4,077,413,386,301**	**3,951,163,611,912**	**3,737,850,095,270**
Current loans	**6.d**		3,937,462,584,878	3,810,847,915,386	3,611,713,806,444
Past due loans			243,256,893,171	258,953,338,028	191,127,466,768
Loans in legal collection	**6.e**		54,015,379,909	52,111,660,667	47,306,508,117
(Deferred income loan portfolio)			(20,333,161,206)	(19,009,378,028)	(17,174,110,485)
Interest receivable	**6.f**		23,482,920,835	19,478,709,205	39,101,667,115
(Allowance for impairment)	**6.g**		(160,471,231,286)	(171,218,633,346)	(134,225,242,689)
Accounts and commissions receivable			**40,589,657,945**	**21,927,975,908**	**15,288,959,387**
Commissions receivable			5,047,174,271	5,451,776,874	3,914,017,767
Accounts receivable from stock exchange operations			324,382,309	127,892,079	153,829,125
Accounts receivable for transactions with related parties			461,408,278	520,094,412	588,117,964
Deferred income tax and income tax receivable	**15**		29,654,579,558	11,032,526,401	3,089,935,829
Other accounts receivable			18,704,160,389	17,413,421,647	18,228,391,664
(Allowance for impairment)			(13,602,046,860)	(12,617,735,505)	(10,685,332,962)
Foreclosed assets	**7**		**50,943,639,172**	**63,075,876,073**	**65,018,758,323**
Assets and securities acquired as recovery of loans			115,786,047,086	137,465,784,701	153,175,635,799
Other foreclosed assets			3,022,436,777	3,368,683,758	3,135,050,908
(Allowance for impairment and per legal requirement)			(67,864,844,691)	(77,758,592,386)	(91,291,928,384)
Interest in other companies' capital, net	**8**		**349,295,286**	**65,417,188**	**601,781,698**
Property, furniture and equipment, net	**9**		**151,188,474,971**	**141,563,242,551**	**145,466,631,990**
Property investmests			**6,831,625,000**	**6,441,924,521**	**6,441,924,521**
Other assets			**160,150,252,095**	**99,581,779,941**	**103,914,142,814**
Deferred charges	**10.a**		2,164,311,351	8,981,047,462	11,020,765,141
Intangible assets, net	**10.b**		23,547,464,286	17,180,489,597	16,550,642,887
Other assets	**10.c**		134,438,476,458	73,420,242,882	76,342,734,786
TOTAL ASSETS		¢	**7,215,726,041,286**	**7,135,188,390,431**	**6,299,856,087,611**

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

	Note		December 2022	Restated December 2021	Restated January 2021
LIABILITIES AND EQUITY					
LIABILITIES					
Obligations with the public		¢	**5,210,175,460,962**	**5,097,289,261,968**	**4,435,948,768,842**
Demand obligations	11		3,312,715,210,395	3,371,923,199,180	2,631,125,295,136
Term obligations	12		1,864,994,210,988	1,691,856,375,240	1,765,488,529,808
Other obligations with the public	13		12,201,496,594	18,517,242,708	22,851,373,427
Financial charges payable			20,264,542,985	14,992,444,840	16,483,570,471
Obligations with the Central Bank of Costa Rica	14		**135,919,058,556**	**128,285,685,643**	**2,500,208,320**
Term obligations			134,495,032,211	127,689,025,829	2,500,208,320
Financial charges payable			1,424,026,345	596,659,814	0
Obligations with entities	14		**862,134,813,602**	**910,366,625,702**	**996,185,319,919**
Demand obligations	12		86,234,442,076	62,137,999,149	57,024,035,642
Term obligations	12		769,430,943,775	843,660,310,320	934,562,223,076
Financial charges payable			6,469,427,751	4,568,316,233	4,599,061,201
Accounts payable and provisions			**190,887,385,002**	**227,182,539,426**	**179,929,558,499**
Provisions	16		41,493,111,502	73,627,785,304	79,766,218,556
Accounts payable for stock transactions			117,147,171	563,841,051	125,916,857
Deferred income tax	15		28,951,269,227	38,955,917,658	8,261,935,568
Other sundry accounts payable	17		120,308,998,711	114,018,842,829	91,752,054,796
Financial charges payable			16,858,391	16,152,584	23,432,722
Other liabilities			**65,527,746,041**	**26,640,699,189**	**38,146,815,175**
Deferred income			489,033,076	1,148,961,206	1,248,422,950
Other liabilities			65,038,712,965	25,491,737,983	36,898,392,225
Subordinated obligations			**50,139,855,636**	**0**	**0**
Subordinated obligations	14		49,955,433,414	0	0
Financial charges payable			184,422,222	0	0
TOTAL LIABILITIES		¢	**6,514,784,319,799**	**6,389,764,811,928**	**5,652,710,670,755**
EQUITY					
Capital stock	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
Adjustments to equity - Other comprehensive income			**7,399,651,431**	**96,607,343,411**	**55,958,372,952**
Equity reserves	1.w		**325,313,265,088**	**296,709,547,031**	**283,820,516,011**
Accrued earnings from previous periods			**24,854,115,249**	**4,479,073,617**	**(3,976,718,087)**
Profit of current period			**48,171,909,592**	**53,243,470,057**	**24,247,105,675**
Equity of the Development Financing Fund			**40,476,721,777**	**36,212,011,410**	**33,309,728,460**
Minority interest	8		**73,316,067,749**	**76,762,142,376**	**72,376,421,244**
TOTAL EQUITY			**700,941,721,487**	**745,423,578,503**	**647,145,416,856**
TOTAL LIABILITIES AND EQUITY		¢	**7,215,726,041,286**	**7,135,188,390,431**	**6,299,856,087,611**
DEBIT CONTINGENT ACCOUNTS	19	¢	**568,874,580,805**	**454,667,784,223**	**435,596,846,933**
TRUST ASSETS	20		**773,795,354,330**	**985,500,123,521**	**972,668,061,666**
TRUST LIABILITIES			**270,063,360,217**	**362,909,505,260**	**379,680,643,674**
TRUST EQUITY			**503,731,994,114**	**622,590,618,261**	**592,987,417,992**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**23,386,353,915,943**	**20,071,723,483,560**	**24,615,785,229,468**
Own debit memoranda accounts			12,952,966,818,969	9,143,495,017,548	15,416,275,687,503
Third party debit memoranda accounts			2,559,816,420,678	2,835,154,836,649	2,351,292,555,491
Own debit memoranda accounts for custodial activities			906,880,401,900	1,017,428,771,091	753,477,291,918
Third party debit memoranda accounts for custodial activities			6,966,690,274,396	7,075,644,858,272	6,094,739,694,556

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.05.10 10:42:23 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.05.08 19:11:52 -06'00'
María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.05.09 13:56:40 -06'00'
Rafael Mendoza M.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Situación Financiera
2023-03-17 11:00:01 -0600

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

COSTA RICA
Aniversario 70
₡300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: qaX11jyy
https://timbres.contador.co.cr

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

	Note	December 2022	Restated December 2021
Financial income			
For availabilities		¢ 1,499,013,174	107,271,469
For investments in financial instruments	**26**	89,948,369,683	87,736,530,679
For loan portfolio	**27**	301,402,044,148	280,827,246,451
For financial leases	**27**	2,271,385,113	2,138,569,347
For gain on exchange differences and Development Units	**1-d**	0	3,127,103,284
For profit from financial instruments at fair value through profit or loss		2,551,947,945	767,898,737
For profit from financial instruments at fair value through other comprehensive income		9,325,820,788	10,175,737,801
For profit in property investments		465,995,959	0
For other financial income		4,245,612,643	5,009,343,782
Total financial income		**411,710,189,453**	**389,889,701,550**
Financial expenses			
For obligations with the public	**28**	130,125,564,700	113,955,651,956
For obligations with the Central Bank of Costa Rica		4,044,552,335	658,470,832
For obligations with financial and non-financial entities		31,853,268,352	21,829,124,858
For Subordinated, Convertible and Preferred Obligations		1,146,259,780	0
For losses due to exchange differences and DU	**1-d.ii**	3,894,495,823	0
For loss from financial instruments at fair value through profit or loss		193,374,932	180,462,878
For loss from financial instruments at fair value through other comprehensive income		959,838,349	176,071,654
For other financial expenses		65,589,063	68,456,744
Total financial expenses		**172,282,943,334**	**136,868,238,922**
Allowance for impairment of assets	**29**	19,608,295,778	49,413,361,492
For assets recovery and decrease in allowance and provisions	**30**	18,163,491,341	16,672,197,979
FINANCIAL INCOME		**237,982,441,682**	**220,280,299,115**
Other operating income			
For service fees	**31**	120,108,940,718	112,190,125,051
For foreclosed assets		29,657,702,721	33,790,926,978
For profit on captial investments in other companies	**32**	4,969,892	4,048,114
For foreign currency exchange and arbitrations		26,727,252,045	21,909,950,324
For other income from related parties		370,726,503	615,781,592
For other operating income		27,819,206,850	27,888,171,419
Total other operating income		**204,688,798,729**	**196,399,003,478**
Other operating expenses			
For service fees		29,229,665,713	27,988,302,385
For foreclosed assets		35,644,742,433	41,119,868,563
For provisions		5,682,556,542	1,603,771,416
For exchange and arbitration, foreign currency		1,204,470,454	1,443,284,825
For other expenses with related parties		1,050,280	6,269,410
For other operating expenses		47,826,056,195	44,793,222,147
Total other operating expenses		**119,588,541,617**	**116,954,718,746**
GROSS OPERATING INCOME		**323,082,698,794**	**299,724,583,847**
Administrative expenses			
Personnel expenses		122,549,909,950	114,362,100,772
Other administrative expenses		94,009,410,597	82,133,331,071
Total administrative expenses	**33**	**216,559,320,547**	**196,495,431,843**
OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS		**106,523,378,247**	**103,229,152,004**
Income tax	**15**	26,084,988,435	27,628,619,493
Deferred income tax	**15**	14,021,704,080	714,832,424
Decrease in income tax	**15**	10,659,972,766	1,937,313,548
Legal profit allocation	**34**	26,980,949,139	22,422,046,819
RESULT OF THE PERIOD		**50,095,709,359**	**54,400,966,816**
Attributed to non-controlling interests		1,923,799,767	1,157,496,759
RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		**48,171,909,592**	**53,243,470,057**
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX			
Surplus for revaluation of real estate		9,340,541,028	(6,030,158,264)
Adjustment for valuation of investments at fair value through other comprehensive income		(65,594,724,794)	35,752,675,785
Reclassification of unrealized profit to the income statement		(5,856,187,707)	(6,999,766,303)
Adjustment for valuation of restricted financial instruments, net of income tax		(21,976,794,566)	14,054,860,300
Other		(10,490,400,335)	7,099,583,314
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	**35**	**(94,577,566,374)**	**43,877,194,832**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(44,481,857,015)**	**98,278,161,648**
Comprehensive income attributed to minority interest		(3,446,074,627)	4,385,721,132
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		¢ **(41,035,782,388)**	**93,892,440,516**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.05.10 10:43:19 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.05.08 19:15:08 -06'00'

María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.05.09 14:42:56 -06'00'

Rafael Mendoza M.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Resultados Integral
2023-03-17 11:00:08 -0600

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

COSTA RICA Aniversario 70 ₡300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: qaX11jyy
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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

	Note		Capital Stock	Adjustments to equity: Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
Balance as of December 31, 2020			**181,409,990,601**	**37,774,830,067**	**(2,718,583,704)**	**20,902,126,589**	**55,958,372,952**	**283,820,516,011**	**39,077,596,950**	**33,309,728,460**	**72,376,421,244**	**665,952,626,218**
Effect on error correction in the tax treatment of uncertainties	45		0	0	0	0	0	0	(18,807,209,362)	0	0	(18,807,209,362)
Balance as of January 01, 2021		¢	**181,409,990,601**	**37,774,830,067**	**(2,718,583,704)**	**20,902,126,589**	**55,958,372,952**	**283,820,516,011**	**20,270,387,588**	**33,309,728,460**	**72,376,421,244**	**647,145,416,856**
Allocation of legal reserve			0	0	0	0	0	12,889,031,020	(12,889,031,020)	0	0	0
Allocation of the Development Financing Fund			0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	0	(1)
Balance as of December 31, 2021			**181,409,990,601**	**37,774,830,067**	**(2,718,583,704)**	**20,902,126,589**	**55,958,372,952**	**296,709,547,031**	**4,479,073,617**	**36,212,011,410**	**72,376,421,244**	**647,145,416,855**
Other comprehensive income												
Other total comprehensive income			0	(6,030,158,264)	43,058,341,233	3,620,787,490	40,648,970,459	0	53,243,470,057	0	4,385,721,132	98,278,161,648
Balance as of December 31, 2021			**181,409,990,601**	**31,744,671,803**	**40,339,757,529**	**24,522,914,079**	**96,607,343,411**	**296,709,547,031**	**57,722,543,674**	**36,212,011,410**	**76,762,142,376**	**745,423,578,503**
Attributed to minority interest			0	0	0	0	0	0	0	0	76,762,142,376	76,762,142,376
Attributed to the financial conglomerate		¢	181,409,990,601	31,744,671,803	40,339,757,529	24,522,914,079	96,607,343,411	296,709,547,031	57,722,543,674	36,212,011,410		668,661,436,127
Balance as of December 31, 2021	18		**181,409,990,601**	**31,744,671,803**	**40,339,757,529**	**24,522,914,079**	**96,607,343,411**	**296,709,547,031**	**57,722,543,674**	**36,212,011,410**	**76,762,142,376**	**745,423,578,503**
Allocation of legal reserve			0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0	0
Allocation of the Development Financing Fund			0	0	0	0	0	0	(4,264,710,368)	4,264,710,367	0	(1)
Balance as of December 31, 2022	18		**181,409,990,601**	**31,744,671,803**	**40,339,757,529**	**24,522,914,079**	**96,607,343,411**	**325,313,265,088**	**24,854,115,249**	**40,476,721,777**	**76,762,142,376**	**745,423,578,502**
Other comprehensive income												
Other total comprehensive income			0	9,340,541,028	(93,198,128,837)	(5,350,104,171)	(89,207,691,980)	0	48,171,909,592	0	(3,446,074,627)	(44,481,857,015)
Balance as of December 31, 2022	18		**181,409,990,601**	**41,085,212,831**	**(52,858,371,308)**	**19,172,809,908**	**7,399,651,431**	**325,313,265,088**	**73,026,024,841**	**40,476,721,777**	**73,316,067,749**	**700,941,721,487**
Attributed to minority interest			0	0	0	0	0	0	0	0	73,316,067,749	73,316,067,749
Attributed to the financial conglomerate		¢	181,409,990,601	41,085,212,831	(52,858,371,308)	19,172,809,908	7,399,651,431	325,313,265,088	73,026,024,841	40,476,721,777		627,625,653,738

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

DOUGLAS SOTO LEITON (FIRMA)
Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA)
Fecha: 2023.05.10 10:43:49 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA)
Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA)
Fecha: 2023.05.08 19:18:01 -06'00'

María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
Fecha: 2023.05.09 14:43:33 -06'00'

Rafael Mendoza M.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Cambios en el Patrimonio
2023-03-17 11:00:14 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA

COSTA RICA
Aniversario 70
¢300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: qaX11jyy
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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

	Note	December 2022	Restated December 2021	Restated January 2021
Cash flows from operating activities				
Income of the period	¢	**48,171,909,592**	**53,243,470,057**	**24,247,105,675**
Items applied to results not requiring cash outlays		**(103,213,215,732)**	**(93,179,124,073)**	**(98,695,899,246)**
Increase or (decrease) for				
Allowance for impairment or devaluation of financial instruments		479,476,121	2,179,082,803	5,621,642,841
Allowance for impairment of loan portfolio		15,671,760,725	44,208,237,658	48,916,849,794
Allowance for impairment and default of other accounts receivable		3,457,058,932	3,026,041,031	4,313,922,866
Allowance for impairment of assets in lieu of payment		18,521,186,919	19,500,570,248	24,786,848,229
Income from reversal of allowance for impairment or devaluation of investments		(2,415,759,190)	(1,136,602,820)	(4,177,728,903)
Income from reversal of allowance for impairment of loan portfolio		(7,714,047,173)	(2,378,091,815)	(10,375,781,696)
Income from reversal of allowance for impairment and default of accounts receivable		(2,002,941,318)	(1,129,250,309)	(2,209,203,340)
Income from reversal of allowance for impairment of assets in lieu of payment		(28,546,716,197)	(33,087,363,274)	(29,609,811,572)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		13,944,515,007	17,267,231,299	13,484,035,925
Interest in net profit of other companies		(4,969,892)	(4,048,114)	(105,481,634)
Depreciation		12,317,873,039	13,958,090,455	13,680,659,157
Amortization		17,741,437,449	16,593,991,096	13,544,474,919
Provision for social benefits		1,927,910,304	361,251,335	275,265,477
Provisions for pending lawsuits		3,754,646,239	1,242,520,081	4,207,994,950
Other provisions		21,137,195,539	19,417,873,957	(17,398,322,680)
Income from provisions		(4,542,795,750)	(9,263,105,623)	(4,644,623,709)
Income tax		26,084,988,435	27,628,619,493	18,927,088,406
Deferred income tax		14,021,704,080	714,832,424	652,540,952
Decrease in income tax		(9,940,432,988)	(1,782,028,885)	(1,102,569,376)
Decrease in income tax from previous periods		(719,539,778)	(155,284,663)	0
Profit sharing		26,980,949,139	22,422,046,819	10,214,325,353
Interest for obligations with the public		130,125,564,700	113,955,651,956	138,792,405,308
Interest for obligations with financial entities		37,044,080,467	22,487,595,690	28,143,980,667
Income from availabilities		(1,499,013,174)	(107,271,469)	(643,491,687)
Interest form investment in financial instruments		(89,948,369,683)	(87,736,530,679)	(65,340,925,702)
Income from loan portfolio		(301,402,044,148)	(280,827,246,451)	(285,339,829,891)
Net profit or loss from exchange differences and Development Units		5,739,370,868	(5,314,220,565)	(10,233,604,518)
Minority interest in net profit of subsidiaries		1,923,799,767	1,157,496,759	830,446,096
Adjustments for conversion of financial statements of the entity abroad		(5,350,104,171)	3,620,787,490	6,092,994,523
Cash flows from operating activities		**(221,355,082,140)**	**(600,902,104,116)**	**49,121,812,486**
Net variation in assets increase or (decrease)				
Increase in financial instruments - at fair value through profit or loss		(281,988,078,655)	(1,338,163,884,035)	(9,695,555,290)
Decrease in financial instruments - at fair value through profit or loss		346,120,424,309	1,172,017,343,279	0
Increase in financial instruments - at fair value through comprehensive income		(5,087,698,609,174)	(2,958,084,390,967)	(3,797,326,087,057)
Decrease in financial instruments - at fair value through comprehensive income		5,042,622,065,048	2,666,315,900,774	3,712,441,205,614
Loan portfolio		(267,925,518,275)	(228,579,995,740)	87,077,541,722
Accounts and commissions receivable		(2,048,952,302)	(8,332,476,050)	(7,449,968,451)
Available-for-sale assets		26,739,765,604	30,812,630,329	19,472,343,877
Interest receivable for financial instruments		26,487,905,728	17,964,479,288	10,025,019,727
Interest receivable for loan portfolio		15,420,210,850	36,096,920,246	21,065,217,863
Other assets		(39,084,295,273)	9,051,368,760	13,512,094,481
Net variations in liabilities, increase or (decrease)		**202,955,277,789**	**515,338,807,854**	**49,054,307,934**
Obligations with the public		250,813,963,780	577,839,435,866	141,515,682,195
Obligations with the Central Bank of Costa Rica and other entities		6,925,727,237	7,507,845,799	(30,519,957,394)
Obligations for accounts and commissions payable and provisions		(74,945,571,185)	(36,664,130,504)	(12,208,524,884)
Interest payable for obligations with the public		(14,992,444,840)	(16,483,570,471)	(22,171,424,029)
Interest payable for obligations with the BCCR and other entities		(5,164,976,047)	(4,599,061,201)	(8,208,082,238)
Interest payable for accounts and commissions payable and provisions		(16,152,584)	(23,432,722)	(14,488,317)
Other liabilities		40,334,731,428	(12,238,278,913)	(19,338,897,399)
Interests paid		(138,810,367,473)	(116,269,674,175)	(145,830,321,581)
Collected interest		348,345,689,164	325,709,180,535	297,094,531,871
Paid income tax		(19,934,600,024)	(13,142,673,201)	(22,005,278,260)
Net cash flows provided by operating activities		**116,159,611,176**	**70,797,882,881**	**152,986,258,879**
Cash flows from investment activities				
Increase in financial instruments at amortized cost		(8,979,433,012,151)	(15,316,608,549,533)	(4,135,470,722,858)
Decrease in financial instruments at amortized cost		8,929,474,888,087	15,392,803,401,641	4,061,804,704,622
Acquisition of property, furniture and equipment		(34,777,600,706)	(10,201,012,262)	(15,861,115,477)
Decrease for withdrawal and transfer of property, furniture and equipment		8,219,487,346	113,552,347	164,611,784
Acquisition of intangibles		(16,676,666,928)	(9,661,672,237)	(9,808,341,740)
Decrease for withdrawal and transfer of intangibles		(4,073,826,446)	644,684,181	330,910,218
Interest in other companies		(278,908,206)	540,412,624	(12,688,964)
Cash flows (used for) provided by investment activities		**(97,545,639,004)**	**57,630,816,761**	**(98,852,642,415)**
Cash flows from financing activities				
Subordinated obligations		49,955,433,414	0	0
Cash flows provided by financing activities		**49,955,433,414**	**0**	**0**
Net increase (decrease) in cash and cash equivalents		**68,569,405,586**	**128,428,699,642**	**54,133,616,464**
Cash and cash equivalents at the beginning of the year		1,088,379,896,650	940,600,959,363	858,178,114,618
Effect of changes in exchange rates on cash		(32,246,507,105)	19,350,237,644	28,289,228,281
Cash and cash equivalents at the end of the year	4 ¢	1,124,702,795,131	1,088,379,896,650	940,600,959,363

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.05.10 10:44:28 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.05.08 19:18:30 -06'00'

María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.05.09 14:44:11 -06'00'

Rafael Mendoza M.
General Auditor

Céd. 4000000019
BANCO DE COSTA RICA
Atención: Superintendencia General de Entidades Financieras
Registro Profesional: 29182
Contador: GUZMAN GRANADOS MARIA LUISA
Estado de Flujos de Efectivo
2023-03-17 11:00:25 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA
COSTA RICA Aniversario 70 ¢300 COLONES
TIMBRE 300.0 COLONES
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BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

As of December 31, 2022

(With corresponding figures as of December 31, 2021)
(In colones with no cents)

1). Summary of operations and significant accounting policies

(a) Operations

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

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

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of December 2022, the Bank has a total 161 (162 for December 2021) branches distributed across the national territory, has in operation 568 (603 and for December 2021) ATM´s and has 3,972 (3,657 for December 2021) employees.

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of December 31, 2022, is of 72 (71 for December 2021) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of December 31, 2022, is of 107 (101 for December 2021) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members. The number of employees as of December 31, 2022, is of 102 (104 for December 2021) and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of December 31, 2022, is of 93 (89 for December 2021) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of December 31, 2022, the number of employees is 80 (89 for December 2021). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

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

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named Almacen Fiscal Agrícola de Cartago, S.A., constituted in December 1991 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of merchandise on which no import taxes have been paid, regulated by the General Customs Law, and supervised by the General Customs Directorate of the Ministry of Finance. Both companies are subject to the oversight of the Comptroller General of the Republic. As of December 31, 2022, the number of employees is of 75 (73 for December 2021).

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 December 31, 2022, is of 233 (246 for December 2021).

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.

Panamá Branch

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

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

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

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

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

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

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

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

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

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

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

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

- Level 3 - unobservable inputs for asset or liability.

(c) Investment in other companies

Valuation of investments by the equity method

i.Subsidiaries

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

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

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

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

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

(d) Foreign currency

i. Transactions in foreign currency

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

ii. *Monetary unit and foreign exchange regulations*

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

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

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

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

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of December 31, 2022, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢601.99 (¢645.25 for December 2021) for US$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended December 31, 2022, gave rise to foreign exchange losses of ¢1,637,735,614,811 (¢738,005,828,877 for December 2021), and gains of ¢1,633,841,118,988 (¢741,160,419,310 for December 2021), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are booked in "Other operating income" and "Other operating expenses", respectively. For the period ended December 31, 2022, valuation of other assets gave rise to losses of ¢1,459,439,641 (¢349,258,129 for December 2021) and valuation of other liabilities gave rise to losses of ¢1,595,077,054 (¢462,696,669 for December 2021).

iii. Financial statements of foreign subsidiaries (BICSA)

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

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

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

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

As result of the conversions for the period ended on December 31, 2022, losses for exchange differences arise for ¢5,350,104,171 (¢3,620,787,490 for December 2021) shown in the equity section, within "Currency translation adjustment of the financial statements".

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

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

(f) Financial instruments

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

(i) *Classification*

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

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

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

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

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

(ii) Recognition

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

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

(iii) Measurement

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

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

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

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

(iv) Principles of measurement at fair value

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

(v) Profits and losses on subsequent measurement

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

(vi) De-recognition

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

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

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

1. Collect contractual cash flows

2. Sale of financial assets

3. A combination of both

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

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

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

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

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

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

(g) Cash and cash equivalents

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

(h) Investments in financial instruments

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

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

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

1. The conventional purchase or sale of financial assets should be recorded applying the accounting on the settlement date.
2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.

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

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

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

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

    b. Fair value through other comprehensive income.

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

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

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

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

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

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

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

- Main business model

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

- Secondary business model

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

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

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

Investments in securities of BICSA

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

(i) Loan portfolio

Banco de Costa Rica - Loan portfolio

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

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

BICSA -Loan portfolio:

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

(j) Allowance for doubtful accounts

Banco de Costa Rica - Loan portfolio

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

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

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

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

- Arrears

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

Risk categories are summarized as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

Arrears	Specific allowance percentage on the uncovered portion of the loan	Specific allowance percentage on the covered portion of the loan	Creditworthiness (Borrowers Group 1)	Creditworthiness (Borrowers Group 2)
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

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

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

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

Delinquency at the end of the month	**Specific allowance percentage on the uncovered portion of the loan**	**Specific allowance percentage on the covered portion of the loan**	**Creditworthiness (Borrowers Group 1)**	**Creditworthiness (Borrowers Group 2)**
Up to date	5%	0.5%	Level 1	Level 1
30 days or less	10%	0.5%	Level 1	Level 1
60 days or less	25%	0.5%	Level 1 o Level 2	Level 1 o Level 2
90 days or less	50%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4
Over 90 days	100%	0.5%	Level 1 o Level 2 o Level 3 o Level 4	Level 1 o Level 2 o Level 3 o Level 4

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

As of December 31, 2022, the total allowance of the loan portfolio reflected in the accounting records amounts to ¢145,623,881,422 (¢152,927,986,661 for December and 2021).

As of December 31, 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 December 31, 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.

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

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

BICSA- Allowance for loan impairment

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

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

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

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

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

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

As of December 31, 2022, the allowance disclosed in the accounting records amounts to ¢160,471,231,286 (¢171,220,447,144 for December 2021).

BICSA -Accounts and interest receivable

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

(k) Securities sold under repurchase agreements

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

(l) Accounting for interest receivable

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

(m) Other receivables

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

(n) Held-for-sale assets

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

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

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

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

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) Own assets

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

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

(ii) Leased assets

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

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

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

(iii) Subsequent disbursements

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

(iv) Depreciation and amortization

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

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

Useful lives of assets owned by BICSA:

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

(v) *Revaluation*

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

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

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

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

(q) Deferred charges

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

(r) Intangible assets

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

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

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

(s) Impairment of assets

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

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

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

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

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

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

(t) Obligations with the public

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

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

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

Employees' legal benefits (severance pay)

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

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

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

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

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

BICSA retirement savings plan

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of December 31, 2022, amounted to ¢431,107,313 (¢507,762,911 for December 2021), equivalent to US$716,137 (US$820,627 for December 2021).

BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of December 31, 2022, the severance fund had a balance of ¢673,153,249 (¢876,727,630 for December 2021), equivalent to US$1,118,213 (US$1,358,741 for December 2021) which is disclosed in the consolidated financial statements as prepaid expenses.

(w) Legal reserve

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

(x) Revaluation surplus

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

(y) Use of estimates

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

(z) 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.

(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.

(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).

(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).

(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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

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(With corresponding figures as of December 31, 2021)
(In colones with no cents)

2). Collateralized or restricted assets

Collateralized or restricted assets are as follows:

		December 2022	Decembere 2021
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢	702,568,860,060	642,689,158,709
Restricted cash and cash equivalents (see note 4)		161,362,379	160,295,897
Total cash and cash equivalents		**702,730,222,439**	**642,849,454,606**
Past due and restricted financial instruments (see note 5)		399,433,263,281	218,298,054,365
Other assets		572,473,142,041	975,397,970
	¢	**1,674,636,627,761**	**862,122,906,941**

3). Balances and transactions with related parties

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

		December 2022	December 2021
Assets:			
Loan portfolio	¢	1,084,371,059	1,055,499,867
Other accounts receivable		505,201,469	520,094,412
Interests in other entities		349,295,286	65,417,188
Total assets	¢	**1,938,867,814**	**1,641,011,467**
Income:			
Income from interest in entities		4,969,892	4,048,114
Total income	¢	**4,969,892**	**4,048,114**

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

		December 2022	December 2021
Short-term benefits	¢	2,620,347,138	4,122,824,843
Long-term benefits		164,860,483	141,949,900
Directors' seating fees		251,565,399	304,758,916
	¢	**3,036,773,020**	**4,569,533,659**

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

4). Cash and cash equivalents

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

		December 2022	December 2021
Cash	¢	92,361,994,246	100,543,762,287
Demand deposits in BCCR		622,122,345,509	578,197,960,222
Checking accounts and demand deposits in local financial entities		34,167,612	608,863,646
Checking accounts and demand deposits in foreign financial entities		186,348,821,639	185,996,786,978
Notes payable on demand		291,159,518	481,593,852
Restricted cash and cash equivalents		89,483,497,239	94,679,945,381
Interest receivable		13,709,943	26,046
Total cash and cash equivalents		**990,655,695,706**	**960,508,938,412**
Investments in short-term financial instruments		134,047,099,425	127,870,958,238
Total cash and cash equivalents	¢	**1,124,702,795,131**	**1,088,379,896,650**

As of December 31, 2022, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢702,533,276,665 (¢642,658,686,723 for December 2021).

As of December 31, 2022, BCR Pension´s deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢8,533,646 (¢2,340,736 for December 2021), for a total of ¢6,090,975,102, (¢3,533,534,292 for December 2021).

As of December 31, 2022, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢27,049,750, (¢28,131,250 for December 2021), for a total of ¢25,345,587,903, (¢30,392,950,645 for December 2021).

As of December 31, 2022, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢25,157,175,774, (¢30,204,523,499 for December 2021). (See note 2).

As of December 31, 2022, the Bank has a liability for outstanding checks in the amount of ¢1,071,873,752 (¢638,139,432 for December 2021), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

5). Investments in financial instruments

Investments in financial instruments are as follows:

		December 2022	December 2021
At fair value through profit or loss	¢	232,343,302,158	294,371,792,030
At fair value through other comprehensive income		1,390,086,634,332	1,529,772,010,039
At amortized cost		90,186,040,192	40,227,916,128
Interest receivable for investments at fair value through profit or loss		5,931,787,338	4,116,027,554
Interest receivable for investments at fair value through other comprehensive income		18,737,313,032	22,322,335,234
Interest receivable for investments classified at amortized cost		410,214,991	49,542,940
Allowance for impairment of financial instruments		(91,277,233)	0
	¢	**1,737,604,014,810**	**1,890,859,623,925**

At fair value through profit or loss		**December 2022 Fair value**	**December 2021 Fair value**
Local issuers:			
State-owned Banks		778,649,201	341,202,776
Other (Open Investment Funds)	¢	105,117,749,081	177,486,293,537
		105,896,398,282	**177,827,496,313**
Foreign issuers:			
Government		29,003,876	38,278,164
Private Banks		0	116,145,000,000
Private issuers		126,417,900,000	361,017,553
	¢	**232,343,302,158**	**294,371,792,030**

At fair value through other comprehensive		**December 2022 Fair value**	**December 2021 Fair value**
Local issuers:			
Government	¢	1,160,103,833,205	1,349,321,635,536
State-owned Banks		107,022,856,034	134,182,051,761
Private Banks		8,296,159,016	8,746,861,036
Private issuers		7,902,768,829	11,817,373,282
Other		28,949,085	10,694,988,174
		1,283,354,566,169	**1,514,762,909,789**
Foreign issuers:			
Private issuers		13,084,184,815	15,009,100,250
Other		93,647,883,348	0
	¢	**1,390,086,634,332**	**1,529,772,010,039**

Financial instruments at amortized cost issued by entities		**December 2022 Fair value**	**December 2021 Fair value**
Local issuers:			
Government	¢	19,050,101,818	8,121,527,268
State-owned Banks		25,283,580,000	26,132,625,000
Private Banks		28,152,322,741	0
Private issuers		17,700,035,633	5,973,763,860
	¢	**90,186,040,192**	**40,227,916,128**

As of December 31, 2022, the investment portfolio amounts to ¢158,945,753,812 (¢166.232.001.552 for December 2021) corresponding to the managed amounts of the Development Credit Fund (See note 40).

Maturities for investments in financial instruments are from January 01, 2023, to November 24, 2027.

Purchased financial instruments earn annual yield rates as follows:

	December 2022	**December 2021**
Colones	0,51% to 18.06%	0,42500% to 11.50%
US dollars	0,01% to 9.96%	0,0124% to 9.20%

Investments have been pledged as follows:

		December 2022	**December 2021**
Securities in guarantee, liquidity market	¢	369,692,667,369	50,089,013,557
Manager. Operadora de Pensiones Complementarias S.A.		6,082,441,456	5,066,214,653
Guarantee for obligations for securities repurchase agreements BCR Valores. S.A. Puesto de Bolsa		23,658,154,456	28,558,734,330
Guarantee for deferred term operations (MIL)		0	134,584,091,825
	¢	**399,433,263,281**	**218,298,054,365**

In accordance with Article 37 of the Labor Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of December 31, 2022, amount to ¢6,082,441,456 (¢3,531,193,556 for December 2021).

As of December 31, 2022, BCR Valores holds restricted investments in securities in the amount of ¢25,157,175,774 (¢30,204,523,498 for December 2021).

Repurchase Operations:

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

As of December 31, 2022, purchased financial instruments remain under resale agreements.

Issuer		Asset Balance	Fair Value of Collateral	Resale Date	Resale Price
Others		675,853,841	675,853,841	01/10/2022 to 31/12/2022	100.00%
	¢	**675,853,841**	**675,853,841**		

As of December 31, 2021

Issuer		Asset Balance	Fair Value of Collateral	Resale Date	Resale Price
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%
	¢	**5,455,174,488**	**5,455,174,488**		

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6). Loan portfolio

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

a) Loan portfolio by economic sector

		December 2022	December 2021
Current loans			
Personal loans	¢	1,313,054,163,704	1,268,938,763,207
Loans Development Banking System		70,256,319,853	61,422,876,460
Business loans		199,347,567,133	198,550,432,871
Loans - Corporate		2,250,693,931,615	2,131,037,220,817
Loans - Public sector		55,635,856,560	68,346,748,999
Loans - Financial sector		48,474,746,013	82,551,873,032
		3,937,462,584,878	3,810,847,915,386
Past due loans			
Personal loans		137,373,460,783	138,706,195,554
Loans Development Banking System		3,215,440,608	3,044,541,896
Business loans		17,186,060,098	18,312,716,638
Loans - Corporate		85,481,931,682	98,889,883,940
		243,256,893,171	258,953,338,028
Judicial Collection			
Personal loans		29,306,781,962	29,835,518,345
Loans Development Banking System		952,731,705	53,376,648
Business loans		4,281,509,660	4,569,486,592
Loans – Corporate		19,474,356,582	17,653,279,082
		54,015,379,909	52,111,660,667
	¢	**4,234,734,857,958**	**4,121,912,914,081**

b) Loan portfolio by activity

Activity		**December 2022**	**December 2021**
Agriculture, livestock, hunting and service activities	¢	183,941,629,442	184,399,472,990
Public administration		24,395,604,351	285,486,409,880
Fishing and aquaculture		43,712,963	46,000,000
Manufacturing		409,400,956,418	455,640,113,110
Telecommunications and public services		234,561,181,309	163,842,838,285
Mining and quarrying		28,843,116	35,408,877
Retail		468,339,740,242	513,459,539,620
Services		959,174,202,303	681,309,198,989
Transportation		33,732,957,042	52,369,425,342
Financial activities and stock exchange		3,385,299,600	3,747,089,931
A Real estate, business, and leasing Activities		26,519,811,034	37,403,809,988
Construction, purchase, and repair of real estate		1,499,484,435,274	1,338,672,803,355
Consumer		270,850,551,147	287,633,267,439
Hospitality		119,607,586,829	116,341,025,761
Education		740,142,594	819,434,189
Other activities from the non-financial private sector		528,204,294	707,076,325
		4,234,734,857,958	4,121,912,914,081
Plus, interest receivable		23,482,920,835	19,478,709,205
Deferred income from loan portfolio		(20,333,161,206)	(19,009,378,028)
Less allowance for loan		(160,471,231,286)	(171,218,633,346)
	¢	**4,077,413,386,301**	**3,951,163,611,912**

c) Current loans

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

		December 2022	December 2021
Current			
Personal	¢	1,313,054,163,704	1,268,938,763,207
Development Banking System		70,256,319,853	61,422,876,460
Business		199,347,567,133	198,550,432,871
Corporate		2,250,693,931,615	2,131,037,220,817
Public sector		55,635,856,560	68,346,748,999
Financial sector		48,474,746,013	82,551,873,032
	¢	**3,937,462,584,878**	**3,810,847,915,386**

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

		December 2022	December 2021
Past due			
Personal	¢	137,373,460,783	138,706,195,555
Development Banking System		3,215,440,608	3,044,541,896
Business		17,186,060,098	18,312,716,638
Corporate		85,481,931,682	98,889,883,939
	¢	**243,256,893,171**	**258,953,338,028**

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

		December 2022	December 2021
Judicial collection			
Personal	¢	29,306,781,962	29,835,518,344
Development Banking System		952,731,705	53,376,648
Business		4,281,509,660	4,569,486,592
Corporate		19,474,356,582	17,653,279,083
	¢	**54,015,379,909**	**52,111,660,667**

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

		December 2022	December 2021
Total minimum payments	¢	26,657,265,887	29,615,559,322
	¢	**26,657,265,887**	**29,615,559,322**

The maturities of the financial leases are as follows:

		December 2022	December 2021
Less than a year	¢	1,430,091,146	1,324,044,612
From 1 to 5 years		25,227,174,741	28,291,514,710
	¢	**26,657,265,887**	**29,615,559,322**

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

		December 2022	December 2021
Current	¢	3,937,462,584,878	3,810,847,915,386
1 to 30 days		130,083,501,398	112,146,909,301
31 to 60 days		36,174,862,201	50,533,286,605
61 to 90 days		20,105,965,518	34,081,257,943
91 to 120 days		5,673,686,984	6,379,536,753
121 to 180 days		10,516,023,556	2,784,407,977
Over 181 days		94,718,233,423	105,139,600,116
	¢	**4,234,734,857,958**	**4,121,912,914,081**

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

e) Past due loans

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

		December 2022	December 2021
Number of operations		1,832	1,605
Past due loans in non-accrual status	¢	94,718,233,423	105,139,600,115
Past due loans bearing interest	¢	202,554,039,657	205,925,398,580
Total of unearned interest	¢	16,296,571,125	15,524,346,083

Loans in legal collection as of December 31, 2022:

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

Loans in legal collection as of December 31, 2021:

# of operations	Percentage		Balance
987	1.26%	¢	52,111,660,667

As of December 31, 2022, the average annual interest rate earned on loans is 8.99% (7.47% for December 2021) in colones and 7.47% (6.98% for December 2021) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 7.61% (5.85% for December 2021).

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

		December 2022	December 2021
Personal	¢	9,250,550,721	7,859,738,072
Development Banking System		272,436,252	142,948,325
Business		1,138,731,425	1,068,517,022
Corporate		12,231,158,384	9,812,527,272
Public sector		327,112,407	321,799,756
Financial sector		262,931,646	273,178,758
	¢	**23,482,920,835**	**19,478,709,205**

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Notes to the consolidated financial statements

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(With corresponding figures as of December 31, 2021)
(In colones with no cents)

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

2022 Initial balance	¢	**171,218,633,346**
Currency translation effect		(1,506,459,025)
Adjusted balance at the beginning of 2022		**169,712,174,321**
Plus:		
Allowance charged through profit or loss (see note 29)		15,671,760,725
Adjustments for exchange differences		4,373,505,583
Less:		
Adjustments for exchange differences		(8,467,380,940)
Transfer to unpaid balances		(13,129,039,580)
Reversal of allowance against income (see note 30)		(7,714,046,765)
Transfer of balances		24,257,942
Balance as of December 31, 2022	¢	**160,471,231,286**

2021 Initial balance	¢	**134,225,242,689**
Currency translation effect		898,919,932
Adjusted balance at the beginning of 2021		**135,124,162,621**
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)		(314,295)
Transfer of balances		(2,378,084,879)
Balance as of December 31, 2021	¢	**171,218,633,346**

h) Syndicated loans

As of December 31, 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	74,145,258,987	7,640,656,489	¢	81,785,915,476
2	1	BANCO AGROMERCANTIL DE GUATEMALA ,S .A.	330,283,553,251	3,218,906,749		333,502,460,000
2	12	CREDICORP BANK	4,606,271,565	1,721,147,045		6,327,418,610
3	2	Credit Suisse AG	130,029,840,000	11,437,810,000		141,467,650,000
4	2	PRIVAL BANK	18,025,627,366	10,275,835,339		28,301,462,705
5	1	CITIBANK NEW YORK	40,924,790,593	3,184,394,313		44,109,184,906
6	1	Banistmo	39,695,502,933	7,051,110,122		46,746,613,055
7	1	The Bank of Nova Scotia (Scotiabank)	12,273,538,269	5,883,224,323		18,156,762,592
8	1	SCOTIABANK CR	238,388,040,000	6,019,900,000		244,407,940,000
9	2	BLADEX	138,489,374,306	18,028,025,821		156,517,400,127
10	1	BANCO CENTROAMERICANO DE INTEGRACION ECONOMICA	124,411,266,867	11,036,483,337		135,447,750,204
11	1	BANCOLOMBIA	201,815,714,764	7,676,805,369		209,492,520,133
12	2	Banco Aliado	42,401,359,491	7,563,810,726		49,965,170,217
13	1	MMG Bank Corporation	1,672,324,006	796,586,554		2,468,910,560
14	1	Banco Santander, Natixis, ING Bank	433,614,493,826	9,450,146,228		443,064,640,054
	33		**1,830,776,956,224**	**110,984,842,415**	¢	**1,941,761,798,639**

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
2	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
9	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
	35		**953,906,231,816**	**66,537,460,547**	¢	**1,020,443,692,363**

7). Held-for-sale assets, net

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

		December 2022	December 2021
Financial instruments	¢	115,127,502,923	136,797,715,011
Other assets		658,544,163	668,069,690
Purchased-for-sale		1,044,557,850	1,386,351,974
Idle real property, furniture, and equipment		1,977,878,927	1,982,331,784
		118,808,483,863	140,834,468,459
Allowance for impairment and per legal requirement		(67,864,844,691)	(77,758,592,386)
	¢	**50,943,639,172**	**63,075,876,073**

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

		December 2022	December 2021
At the beginning of the year	¢	**140,834,468,459**	**156,310,686,707**
Translation effect		(1,331,880,003)	858,926,893
Adjusted balance		**139,502,588,456**	**157,169,613,600**
Increase for awarded assets		18,526,514,432	32,550,186,352
Transfer to unused property, furniture, and equipment		1,288,622,589	573,500,629
Increase goods acquired for sale		4,914,343,178	3,944,125,165
Sales of goods		(44,130,509,335)	(52,654,183,943)
Withdrawal of unused property, furniture, and equipment		(1,293,075,457)	(748,773,344)
Balance at the end of the period	¢	**118,808,483,863**	**140,834,468,459**

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

		December 2022	December 2021
Opening balance	¢	**77,758,590,537**	**91,291,928,384**
Currency conversion effect		(24,136,255)	403,738
Adjusted Balance		**77,734,454,282**	**91,292,332,122**
Increase in the allowance		18,521,186,919	19,500,570,248
Reversal in the allowance		(28,546,716,197)	(33,087,363,274)
Transfer of balances		160,372,544	53,053,290
Adjustment of the estimate for appraisal of assets		(4,452,857)	0
Closing balance	¢	**67,864,844,691**	**77,758,592,386**

8). Interest in other companies' capital

Interest in other companies 'capital is detailed as follows:

		December 2022	December 2021
Capital interest in Bolsa Nacional de Valores, S.A.	¢	29,057,201	29,057,201
Capital interest in Interclear Central de Valores, S.A.		36,359,987	36,359,987
Capital interest in Banprocesa. S. R. L.		283,878,098	0
	¢	**349,295,286**	**65,417,188**

As of December 31, 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 December 31, 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 December 31, 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.

As of December 31, 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 December 31, 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 December 31, 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 December 31, 2022, the capital stock of Depósito Agrícola de Cartago S. A., is represented by 1 common and registered shares, which are authorized and issued, with a par value for a total of ¢305,842,762.

As of December 31, 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 December 31, 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 December 31, 2022, includes the amounts of ¢2,002,326,916 (¢1,204,741,412 for December 2021), corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended December 31, 2022, includes an equity decrease of ¢5,350,104,171 (¢3,620,4787,490 for December 2021) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of September December 31, 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 ¢73,316,067,683 (¢76,762,142,376 for December 2021) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢1,923,801,052 (¢1,157,496,759 for December 2021).

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:

	December 2022		**December 2021**	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	13,278,700	132,787,000	13,278,700	132,787,000
Balance at the end of the period	**13,278,700**	**132,787,000**	**13,278,700**	**132,787,000**

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

As of December 31, 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 ¢860,236,658 (¢940,117,721, for December 2021), 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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(In colones with no cents)

9). Property, furniture, and equipment

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

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

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(With corresponding figures as of December 31, 2021)
(In colones with no cents)

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

Cost:		**Property**	**Buildings**	**Furniture and equipment**	**Computer hardware**	**Vehicles**	**Assets for the right-of-use, buildings, and facilities**	**Total**
Balance as of December 31, 2020	¢	**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
Adjusted balance		**35,596,856,602**	**80,856,402,997**	**36,271,162,551**	**48,449,804,325**	**5,625,815,207**	**27,095,057,910**	**233,895,099,592**
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
Balance as of December 31, 2021		**35,822,827,602**	**81,913,344,038**	**38,986,780,302**	**50,694,400,676**	**5,809,582,106**	**28,144,296,674**	**241,371,231,398**
Accumulated depreciation and impairment:								
Balance as of December 31, 2020		**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
Adjusted balance		**0**	**25,508,180,614**	**23,248,319,069**	**31,876,565,974**	**4,110,543,211**	**3,328,071,046**	**88,071,679,914**
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
Balance as of December 31, 2021	¢	**0**	**27,522,164,868**	**24,489,329,401**	**36,343,486,975**	**4,399,535,599**	**7,053,472,004**	**99,807,988,847**
December 31, 2021	¢	**35,822,827,602**	**54,391,179,170**	**14,497,450,901**	**14,350,913,701**	**1,410,046,507**	**21,090,824,670**	**141,563,242,551**

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10). Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		December 2022	December 2021
Improvement of properties in operating lease	¢	872,974,288	1,142,715,512
Pre-issuance cost of financial instruments		0	280,673,715
Other deferred charges		1,291,337,063	7,557,658,235
	¢	**2,164,311,351**	**8,981,047,462**

(b) Intangible assets

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

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

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As of December 2021

Cost:		
Balance as of December 31, 2020	¢	**47,895,898,524**
Currency translation effect		352,740,973
Adjusted balance		**48,248,639,497**
Additions to computer systems		9,572,096,685
Transfers		263,701,538
Withdrawals		(293,971,303)
Balance as of December 31, 2021		**57,790,466,417**
Accumulated depreciation and impairment:		
Balance as of December 31, 2020		**31,345,255,637**
Currency translation effect		263,166,040
Adjusted balance		**31,608,421,677**
Amortization expense on computer systems		8,387,140,727
Transfers		894,972,398
Withdrawals		(280,557,982)
Amortized balance and impairment as of December 31, 2021		**40,609,976,820**
Balance as of December 31, 2021	¢	**17,180,489,597**

(c) Other assets

Other assets are detailed as follows:

		December 2022	December 2021
Prepaid taxes	¢	34,363,327,777	21,910,818,741
Other prepaid taxes		14,073,563	263,012,326
Prepaid leases		78,383	78,383
Prepaid insurance policy		382,800,446	265,096,029
Other prepaid expenses		394,986,914	751,131,642
Prepaid expenses		35,155,267,083	23,190,137,121
Stationery, supplies and other materials		198,957,184	168,756,224
Library and works of art		36,986,766	39,496,776
Construction in process		8,612,541,177	5,266,177,614
Automated applications under development		4,478,123,483	4,942,070,410
Membership in social and professional institutions		36,633,800	36,633,800
Other miscellaneous goods		24,525,107,060	19,324,460,907
Miscellaneous goods		37,888,349,470	29,777,595,731
Missing cash		47,702,442	46,699,731
Transactions to be settled		57,745,803,194	19,067,613,241
Other operations pending allocation		353,394,564	138,719,810
Operations pending allocation		58,146,900,200	19,253,032,782
Guarantee deposits		1,166,642,799	1,199,477,248
Judicial and administrative deposits		2,081,316,906	0
Restricted assets		3,247,959,705	1,199,477,248
	¢	**134,438,476,458**	**73,420,242,882**

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11). Demand obligations with the public

Demand obligations with the public are as follows:

		December 2022	December 2021
Checking accounts	¢	2,237,956,431,734	2,352,095,313,148
Cashier´s checks		451,515,080	124,395,904
Demand savings deposits		1,064,529,165,087	1,008,406,093,095
Overdue term borrowings		1,897,451,094	2,504,906,622
Overnight deposits		3,780,497,200	3,197,213,750
Other demand borrowings		0	1,483,602,032
Other demand obligations with the public		4,100,150,200	4,111,674,629
	¢	**3,312,715,210,395**	**3,371,923,199,180**

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

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

		December 2022 Demand	December 2021 Demand
Obligations with the public			
Deposits from the public	¢	3,308,615,060,195	3,367,811,524,550
Other obligations with the public		4,100,150,200	4,111,674,630
(See note 11)		3,312,715,210,395	3,371,923,199,180
Obligations with entities			
Deposits from state-owned entities		9,856,961,912	3,556,678,202
Deposits from other Banks		4,099,984,761	7,632,836,260
Other obligations with entities		72,277,495,403	50,948,484,687
		86,234,442,076	62,137,999,149
	¢	**3,398,949,652,471**	**3,434,061,198,329**

		December 2022 Term	December 2021 Term
Obligations with the public			
Deposits from the public	¢	1,864,983,147,193	1,691,845,165,742
Other obligations with the public		11,063,795	11,209,498
		1,864,994,210,988	1,691,856,375,240
Obligations with entities			
Deposits from state-owned entities		37,638,852,986	82,772,160,448
Deposits from other Banks		10,022,032,121	10,511,690,020
Other obligations with entities		721,770,058,668	750,376,459,852
		769,430,943,775	843,660,310,320
	¢	**2,634,425,154,763**	**2,535,516,685,560**

As of December 31, 2022, demand deposits with the public include court-ordered deposits for ¢260,468,163,133 (¢247,766,946,452 for December 2021,), which are restricted because of their nature.

As of December 31, 2022, the Bank has a total of de 1,751,780 (1,765,641 for December 2021) employees with demand deposits and with term deposits 36,213 (34,887 for December 2021). The subsidiary BICSA has a total of 855 customers (911 for December 2021) with demand deposits and 1,157 (1,203 for December 2021).

13). Other obligations with the public

Other obligations with the public are as follows:

		December 2022	December 2021
Obligations for confirmed letters of credit	¢	6,642,720,100	11,267,239,574
Obligations for security tripartite agreements forward buyer		5,558,776,494	7,250,003,134
	¢	**12,201,496,594**	**18,517,242,708**

Repurchase agreements:

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

As of December 31, 2022, there are repurchase operations for ¢5,558,776,494 (as of December 2021 for ¢7,250,003,134).

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

		Fair value of the assets	Liability balance	Repurchase date	Repurchase date
Investments	¢	30,204,523,499	7,250,003,134	01/10/2021 to 31/12/2021	100%

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

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

		December 2022	December 2021
Term obligations with the Central Bank of Costa Rica	¢	134,495,032,211	127,689,025,829
Charges payable for obligations with the Central Bank of Costa Rica		1,424,026,345	596,659,814
		135,919,058,556	128,285,685,643
Checking accounts of local financial entities		30,608,697,132	31,450,987,320
Checking accounts of foreign financial entities		410,914,142	4,315,260,364
Overdrafts on demand checking accounts of foreign financial entities		7,249,152,774	5,938,790,633
Obligations for check deposits		1,071,873,752	638,139,432
Overnight deposits		46,893,804,276	19,794,821,401
Term deposits from local financial entities		57,798,344,956	121,297,089,218
Term deposits from financial entities abroad		54,188,524,135	45,730,422,553
Loan from foreign financial entities (See note 14-a)		327,749,783,825	328,149,334,117
Obligations for resources taken from the liquidity market		24,383,913,051	24,673,097,335
Obligations for resources taken from the liquidity market		0	19,835,551,998
Obligations with resources from the Development Credit Fund (DCF)		192,026,399,851	186,862,695,178
Charges payable for obligations with financial and non-financial entities		6,469,427,755	4,568,316,235
		748,850,835,649	793,254,505,784
Loans from local financial entities (See note 14-a)		84,125,694,537	89,809,121,247
Obligations for deferred liquidity operations (See note 14-a)		29,158,283,416	27,302,998,671
		862,134,813,602	910,366,625,702
Subordinated obligations			
Subordinated obligations		49,955,433,414	0
Charges payable for subordinated obligations		184,422,222	0
		50,139,855,636	0
	¢	**1,048,193,727,794**	**1,038,652,311,345**

The maturities of the term obligations with entities are from January 1, 2023, to December 23, 2026.

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

	December 2022	**December 2021**
Colones	0.01 % to 9.75%	0.1999 % to 2.00%
US dollars	0.01% to 7.68%	0.009% to 3.50%

As of December 31, 2022 and December 2021, there are no term obligations with foreign financial entities for the international issuance.

a) Maturity of loans payable

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

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

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

		Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	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
Total	¢	**154,992,024,500**	**109,644,673,245**	**302,020,504,690**	**26,128,829,427**	**592,786,031,862**

b) Lease obligations

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

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

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

		Fee	Interest	Maintenance	Present value
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
	¢	**31,656,168,438**	**6,983,071,103**	**0**	**24,673,097,335**

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

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

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

		Colones	US$ converted to colones
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
	¢	**2,993,134,916**	**24,899,592,126**

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

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

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

	Year		Payments	Present value	Amortization	Interest	Balance of the agreement
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
		¢	**34,738,610,309**	**27,892,727,042**	**21,048,893,979**	**7,050,384,287**	**0**

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

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

As of December 31, 2022, the consolidated balance of income tax payable amounts to ¢21,142,937,266 (¢25,131,041,969 for December 2021) (see note 17) and the income tax advance payments amounted to ¢34,363,327,777, (¢21,910,818,741 for 2021) (see note 10.c), recorded as other assets.

As of December 31, the difference between the expense for income tax and the expense that would result from applying the corresponding income tax rate before income tax (30%) is reconciled as follows:

		December 2022	December 2021
Income before taxes	¢	47,489,362,920	90,417,003,966
Plus:			
Non-deductible expenses		1,714,416,526,775	66,418,502,114
Less:			
Non-taxable income		(1,687,830,809,121)	(64,295,682,329)
Taxable profit		**74,075,080,574**	**92,539,823,751**
Taxable profit of the conglomerate		74,075,080,574	92,539,823,751
Tax rate			
Taxable base, local entities (30%)		69,543,865,431	90,321,764,457
Taxable base, entities abroad (25%)		4,440,398,360	2,127,242,511
Income tax (30%)		20,863,159,629	27,096,529,337
Income tax (25%)		1,110,099,590	531,810,628
Expense for income tax		**21,973,259,219**	**27,628,339,965**
Income tax expense of the previous period		(719,133,155)	(155,005,136)
Current income tax	¢	**21,254,126,064**	**27,473,334,829**

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Income tax expenses are detailed below:

		December 2022	December 2021
Current income tax	¢	26,084,988,435	27,628,619,493
Decrease in income tax		(4,182,365,234)	0
Increase in income tax		0	621,846,510
Advances of settled income taxes		(759,685,935)	(3,119,424,034)
		21,142,937,266	25,131,041,969
Expenses for income taxes:			
Expense for current income tax of the period		26,084,988,435	27,628,619,493
Expense for deferred income tax		14,021,704,080	714,832,424
		40,106,692,515	28,343,451,917
Income for income taxes:			
Decrease of income taxes for the period		(3,587,974,505)	0
Income for deferred income tax		(6,335,574,091)	(1,782,028,885)
Decrease in the deferred income tax		(736,424,170)	(155,284,663)
Income tax	¢	29,446,719,749	26,406,138,369
Realization of deferred income tax	¢	(7,686,129,989)	1,067,196,461

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.

Deferred tax assets and liabilities are attributed to the following:

As of December 31, 2022:

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

As of December 31, 2021:

		Assets	**Liabilities**	**Net**
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
	¢	**9,382,660,784**	**(38,955,917,658)**	**(29,573,256,874)**

The movement of temporary differences is as follows:

As of December 31, 2022:

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

As of December 31, 2021:

		December 31, 2020	Effects on income statement	Effects on equity	December 31, 2021
On liabilities account					
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)
On assets account					
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
	¢	**(6,527,130,258)**	**1,067,196,461**	**(24,113,323,076)**	**(29,573,256,873)**

As of December 31, 2022, the consolidated group presents a balance for income tax receivable of ¢120,020,911 (¢86,243,731 for December 2021), in addition to supported value added tax for ¢¢2,224,254,862, (¢1,528,338,723 for December 2022) and deductible value added tax for ¢28,209,555, (¢35,283,163 for December 2021).

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

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

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

		December 2022	**December 2021**
Banco de Costa Rica	¢	14,186,632,789	46,398,003,087
BCR Valores, S. A.- Puesto de Bolsa		635,236,468	635,236,469
BCR Sociedad Administradora de Fondos de inversión, S.A.		155,205,344	233,984,908
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		164,453,335	249,398,960
BCR Corredora de Seguros, S.A.		152,719,661	187,286,522
	¢	15,294,247,597	47,703,909,946

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

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

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

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

As of December 31, 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 ¢7,280,460,002.

16). Provisions

The movement of provision is as follows:

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

As of December 31, 2021:

		Legal benefits	Lawsuits	Other	Total
Balance as of December 31, 2020		**9,569,600,725**	**15,745,248,767**	**54,451,369,064**	**79,766,218,556**
Currency conversion effect		54,058,396	0	0	54,058,396
Adjusted balance		**9,623,659,121**	**15,745,248,767**	**54,451,369,064**	**79,820,276,952**
Provision made		592,407,653	1,117,370,741	2,325,461,046	4,035,239,440
Provision used		(451,812,677)	(699,969,817)	(8,717,265,589)	(9,869,048,083)
Adjustment for exchange rate differences		0	16,053,599	0	16,053,599
Provisions reversed		0	(19,082,027)	(355,654,577)	(374,736,604)
Balance as of December 31, 2021	¢	**9,764,254,097**	**16,159,621,263**	**47,703,909,944**	**73,627,785,304**

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

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

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

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

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

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

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

As of December 3, 2022, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

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

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

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

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.

  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.

17). Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		December 2022	December 2021
Fees payable	¢	83,939,092	306,947,141
Due for goods and services		606,770,053	773,489,566
Current income tax		21,142,937,266	24,628,076,047
Tax on DU propts		(11,447,375)	365,237,441
Value added tax		367,234,741	307,713,776
Other payable taxes		0	22,135,517
Employer contributions		6,429,908,818	9,271,303,832
Court-ordered withholdings		847,422,981	886,348,929
Tax withholdings payable		3,153,820,271	2,219,906,454
Withheld employer contributions payable		2,573,583,492	1,257,135,880
Other third-party withholdings payable		14,178,395,035	11,921,302,103
Compensations and salaries payable		7,880,978,383	7,691,312,943
Interests (distributions) payable on results of the period (see note 33)		25,848,449,806	21,817,111,459
Obligations payable on loans with related parties		880,828	144,573
Accrued vacations		7,616,009,684	6,720,731,531
Accrued statutory Christmas bonus		1,265,061,202	1,185,588,092
Commissions payable from insurance placement		342,200,944	56,068,977
Commissions payable with related parties		24,143,806	6,796,785
Contribution to the Superintendence budget		12,938,089	5,178,786
Miscellaneous creditors		27,945,771,595	24,576,312,997
	¢	**120,308,998,711**	**114,018,842,829**

18). Equity

a) Capital Stock

The Bank's capital stock is as follows:

		December 2022	December 2021
Capital under Law No. 1644	¢	30,000,000	30,000,000
Bank capitalization bonds		1,288,059,486	1,288,059,486
Capital increase per Law No. 7107		118,737,742,219	118,737,742,219
Capital increase per Law No. 8703		27,619,000,002	27,619,000,002
Capital increase per Law No. 9605		18,907,432,694	18,907,432,694
Increase for revaluation of assets		14,130,125,230	14,130,125,230
Other		697,630,970	697,630,970
	¢	**181,409,990,601**	**181,409,990,601**

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

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

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

As of December 31, 2022, the revaluation surplus amounts to ¢41,085,212,831, (¢31,744,671,803 for December 2021).

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

They include variations at the fair value with changes through comprehensive income.
As of December 31, 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 ¢52,858,371,308, (¢40,339,757,529 for December 2021).

d) Adjustments for valuations of interest in other companies

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

As of December 31, 2022, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢19,172,809,908, (¢24,522,914,079 for December 2021).

e) Equity of the Development Financing Fund (FOFIDE)

As of December 31, 2022, the amount for the constitution of the equity of the Development Financing Fund is of ¢40,476,721,777, (¢36,212,011,410 as of December 2021). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

f) Special reserves of retained earnings from BICSA

As of December 31, 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$36,180,744, (51% de US$70,942,635) (US$34,859,224 equivalent to 51% for US$68,351,419 for December 2021) due to changes made to policies concerning the subsidiary.

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

December 31, 2022

(With corresponding figures as of December 31, 2021)
(In colones with no cents)

Regulatory capital

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the consolidated financial statements

December 31, 2022

(With corresponding figures as of December 31, 2021)
(In colones with no cents)

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

Companies of the Financial Conglomerate		Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items		Transferable surplus and individual deficit
Parent Company							
Banco de Costa Rica	¢	502,507,621,065	417,519,457,245	84,988,163,820	0	¢	84,988,163,820
		502,507,621,065	**417,519,457,245**	**84,988,163,820**	**0**		**84,988,163,820**
Regulated entities							
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
		193,865,926,691	**126,172,040,756**	**67,693,885,935**	**21,593,317,060**		**46,100,568,875**
Non-regulated entities							
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
	¢	**1,813,058,600**	**645,571,500**	**1,167,487,100**	**0**		**1,167,487,100**
Global surplus or deficit of the Financial Conglomerate						¢	**132,256,219,795**

19). Contingent accounts

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

Off balance financial instruments with risk are as follows:

		December 2022	December 2021
Guarantees granted:			
Performance bonds	¢	93,774,550,153	138,850,204,989
Bid bonds		779,929,923	630,432,213
Other guarantees		77,966,863,074	114,980,562,493
Issued non-negotiated letters of credit		18,199,014,145	11,350,285,308
Confirmed non-negotiated letters of credit		4,980,696,065	6,511,192,263
Credit lines to be used automatically		118,810,114,853	109,255,132,604
Other contingencies		254,313,912,940	72,902,375,785
Credits pending disbursement		49,499,652	187,598,568
	¢	**568,874,580,805**	**454,667,784,223**

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

		December 2022	December 2021
With prior deposit	¢	10,243,925,114	8,639,339,884
Without prior deposit		304,316,742,751	373,126,068,554
Pending lawsuits and claims		254,313,912,940	72,902,375,785
	¢	**568,874,580,805**	**454,667,784,223**

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

As of December 31, 2022, letters of credit are backed 100% by guarantee deposits or credit facilities.

As of December 31, 2022, floating guarantees in custody are for ¢248,069,572,706, (¢208,389,633,972 for December 2021).

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

Other contingencies

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢22,295,598168 and US$373,625,117. In addition, other contentious processes are filed for preliminary injunction with no estimate.

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

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

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

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

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

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

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

As of December 31, 2022, BCR SAFI maintains an administrative procedure by SUGEVAL, of which the Fondo Evolución No Diversificado (current Fondo de Inversión BCR Mediano Plazo) is a part, and of which the oral and private hearing is pending.

There is also a complaint filed by 10 investors before the superintendence in BCR Real Estate Investment Fund, filed by 10 investors before the superintendence, being in the process of investigation to determine if it dismisses the complaint or, on the contrary, initiates an administrative process.

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$70,31,826. 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.

20). Trusts

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

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

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

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

		December 2022	**December 2021**
Cash and due from banks	¢	41,018,451,979	66,318,923,462
Investments in financial instruments		90,875,843,164	109,424,977,266
Loan portfolio		38,092,792,309	51,108,715,255
Allowance for doubtful accounts		(7,788,596,935)	(8,430,654,646)
Realizable assets		77,402,363,626	67,815,354,875
Investments in other companies		980,209,568	51,961,502,918
Other accounts receivable		43,277,417,175	56,833,488,672
Property, furniture, and equipment		141,968,008,610	355,462,578,061
Other assets		347,968,864,834	234,928,557,658
Buildings		0	76,680,000
	¢	**773,795,354,330**	**985,500,123,521**

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

		December 2022	December 2021
Banco de Costa Rica	¢	723,133,806,513	927,719,265,553
Banco Internacional de Costa Rica, S.A.		50,661,547,817	57,780,857,968
	¢	**773,795,354,330**	**985,500,123,521**

21). Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

		December 2022	December 2021
Own assets and securities held in Custody	¢	8,080,187,921	8,498,847,017
Guarantees received and held in custody		6,936,158,006,564	6,473,512,386,428
Guarantees received and held by third parties		1,920,433,624	2,413,061,267
Granted and unused credit lines		558,968,883,860	563,448,264,572
Write-offs		252,576,020,032	247,563,087,434
Suspense interest receivable		25,195,813,599	24,527,955,166
Backup documentation		58,711,000	58,711,000
Other memoranda accounts		5,170,008,762,369	1,823,472,704,665
Assets and securities held in custody for third parties		110,932,632,446	143,805,933,340
Managed funds assets		2,174,559,466,773	2,403,504,549,907
Management of individual portfolios by the stock market		274,324,321,459	287,844,353,402
Own held-for-trading securities		906,880,401,900	1,017,428,771,091
Cash and accounts receivable for custodial activities		107,674,613,997	187,425,927,624
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)		85,716,817,533	28,744,051,278
Held-for-trading securities pending receipt		6,921,484,223	2,480,093,782
Confirmed spot agreements pending Settlement		17,471,133,239	3,545,219,401
Futures pending settlement		48,988,866,408	46,057,517,880
Third parties held-for-trading securities		6,699,917,358,997	6,807,392,048,306
	¢	**23,386,353,915,944**	**20,071,723,483,560**

Other memoranda accounts by subsidiaries are detailed as follows:

		December 2022	December 2021
Banco de Costa Rica	¢	18,944,176,688,119	15,234,563,101,378
Banco Internacional de Costa Rica, S.A.		1,354,526,507,005	1,524,770,586,279
BCR Valores, S.A.- Puesto de Bolsa (see note 22)		898,922,751,080	895,434,022,840
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)		718,214,471,106	805,087,071,485
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)		1,464,497,077,594	1,606,980,067,052
Depósito Agrícola de Cartago S. A.		6,016,421,039	4,888,634,526
	¢	**23,386,353,915,943**	**20,071,723,483,560**

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

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

		December 2022	December 2021
Other own memoranda accounts			
Other memoranda accounts	¢	8,010,269,413	8,226,506,773
Total other own memoranda accounts	¢	**8,010,269,413**	**8,226,506,773**
Memoranda accounts for third parties			
Portfolio management	¢	274,324,321,460	287,844,353,402
Cash and accounts receivable by custodial activity		1,679,496,362	776,932,064
Held-for-trading pending receipt		6,921,484,223	2,480,093,782
Purchased securities receivable			
Purchased marketable securities pending receipt		14,873,654,533	5,391,468,173
Held-for-trading received s guarantee		17,471,133,239	3,545,219,401
Futures pending settlement-forward buyer (See note 22-a)		36,453,277,536	41,008,544,330
Futures pending settlement-forward seller (See note 22-a)		12,535,588,872	5,048,973,550
Central de Valores private (local custody)		128,092,057,317	131,742,202,598
Central de Valores private (international custody)		66,859,848,287	32,181,833,039
Central de Valores public (BCCR)		331,701,619,838	377,100,395,728
Vault		0	87,500,000
Total memoranda accounts for third parties		**890,912,481,667**	**887,207,516,067**
Total memoranda accounts (see note 21)		**898,922,751,080**	**895,434,022,840**
Total memoranda accounts and trusts	¢	**898,922,751,080**	**895,434,022,840**

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

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

a) Repurchase

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

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

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**		
Third parties		**Colones**	**US Dollars**	**Total**	**Colones**	**US Dollars**	**Total**
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
Third parties total	¢	7,733,634,349	33,274,909,981	41,008,544,330	1,436,662,261	3,612,311,289	5,048,973,550
Total	¢	**7,733,634,349**	**33,274,909,981**	**41,008,544,330**	**1,436,662,261**	**3,612,311,289**	**5,048,973,550**

b) Guarantees granted

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

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of December 31, 2022, the Brokerage House had made contributions for a total of ¢150,362,379, (¢150,295,897 for December 2021). 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.

d) Customer securities and own securities in custody

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

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

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

Place of Custody	Custody Type		Balance
Colones			
Local	Custody free	¢	229,431,647,258
Local	Repurchase operations		12,397,471,745
		¢	**241,829,119,003**
US dollars			
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
		¢	**299,113,319,666**
Canadian dollars			
Internacional	Custody free	¢	169,492,696
Total own custody, colones, US dollars and other currencies		¢	**541,111,931,365**
Total custody, third parties			
US Dollars and others		¢	**541,111,931,365**

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:

Investment Fund	Type of fund		December 2022	December 2021
In Colones				
BCR Short-term colones, undiversified	Financial, open	¢	53,258,109,421	57,824,691,772
BCR Short-term colones, undiversified	Financial, open, medium-term		743,157,084	921,724,006
BCR mixed colones, undiversified	Open, medium-term		43,189,056,031	59,102,365,341
BCR Portfolio Fund colones	Open, medium-term		55,298,593,629	41,430,461,932
BCR Real Estate, colones	Closed, non-financial		16,552,698,857	16,747,304,271
		¢	169,041,615,022	176,026,547,322
In US dollars				
Investment Funds in US Dollars, equivalent in colones (See note 21)			549,172,856,084	629,060,524,163
		¢	**718,214,471,106**	**805,087,071,485**
Investment Funds in US dollars				
BCR Liquidity Dollars, undiversified	Open	US$	100,205,900	198,267,938
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		277,663,687	286,210,916
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		197,837,602	200,736,439
BCR Liquidity Fund Dollars, international, undiversified	Open, money market		132,924,277	154,889,679
BCR Portfolio Fund, US dollars	Open, medium-term		33,014,085	28,958,830
BCR Evolution	Open, medium-term		486,438	1,269,731
BCR Real Estate Progress Fund, undiversified	Real estate, closed		83,075,137	85,177,086
PEL Development Investment Fund	Real estate, closed		87,055,296	19,399,145
		US$	**912,262,422**	**974,909,764**

24). Pension fund management agreements

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

		December 2022	December 2021
Own assets and securities held in custody	¢	8,080,187,921	8,498,847,017
Assets and securities held in custody by third parties		71,894,004	63,741,613
Mandatory pension fund		1,227,528,272,419	1,310,701,779,628
Voluntary pension fund		34,358,171,927	38,255,459,760
Labor capitalization fund		56,003,550,589	63,520,182,909
Supplementary pension funds created by special laws (see note 21)		138,455,000,732	185,940,056,125
	¢	**1,464,497,077,592**	**1,606,980,067,052**

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

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

		December 2022	December 2021
Voluntary Pension Fund (colones)	¢	**25,168,534,522**	**29,745,337,337**
At fair value through other comprehensive income		**24,799,553,274**	**29,221,672,386**
Entities from the public sector of the country		**17,509,215,981**	**18,559,874,341**
Ministry of Finance		11,981,920,588	13,286,570,819
Banco Central de Costa Rica		1,839,046,397	1,420,190,905
Other issuers from the public sector		3,688,248,996	3,853,112,617
Entities from the private sector of the country		**7,290,337,293**	**10,661,798,045**
Financial		5,260,395,000	8,218,473,819
Non-financial		2,029,942,293	2,443,324,226
At fair value with changes through profit or loss		**368,981,248**	**523,664,951**
Entities from the private sector of the		**368,981,248**	**523,664,951**
country Financial		368,981,248	523,664,951
Voluntary Pension Fund (US$)	**US $**	**7,569,301,423**	**7,070,314,112**
At fair value through other comprehensive income		**7,308,326,598**	**6,991,934,969**
Entities from the public sector of the country		**4,153,074,795**	**3,825,576,461**
Ministry of Finance		3,882,326,253	3,130,089,412
Other issuers from the public sector		270,748,542	695,487,049
Entities from the private sector of the country		**3,155,251,803**	**3,166,358,508**
Financial		3,155,251,803	2,761,477,812
Non-financial		0	404,880,696
At fair value through profit or loss		**260,974,825**	**78,379,143**
Entities from the private sector of the country		**260,974,825**	**78,379,143**
Financial		260,974,825	78,379,143

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	December 2022	December 2021
Mandatory Regime of Supplementary Pensions (colones)	**¢1,315,007,625,090**	**1,279,990,288,161**
At fair value through other comprehensive income	**1,069,602,775,948**	**1,069,168,853,529**
Entities from the public sector of the country	**850,156,466,823**	**855,602,278,890**
Ministry of Finance	734,074,446,444	747,956,670,061
Banco Central de Costa Rica	23,766,636,300	24,574,961,736
Other issuers from the public sector	92,315,384,079	83,070,647,093
Entities from the private sector of the country	**219,446,309,125**	**213,566,574,639**
Financial	192,569,939,326	192,081,974,456
Non-financial	26,876,369,799	21,484,600,183
At fair value through profit or loss	**245,404,849,142**	**210,821,434,632**
Entities from the private sector of the country	**63,275,443,504**	**210,821,434,632**
Financial	58,150,376,949	40,813,320,049
Entities from the foreign the public sector	5,125,066,555	170,008,114,583
Entities from the public sector of the country	**182,129,405,638**	**0**
Financial	182,129,405,638	0
Labor Capitalization Fund (colones)	**¢ 57,813,081,688**	**140,416,697,364**
At fair value through other comprehensive income	**57,091,686,197**	**139,213,467,422**
Entities from the public sector of the country	**39,994,473,978**	**91,575,939,547**
Ministry of Finance	31,077,138,082	77,745,766,728
Banco Central de Costa Rica	3,931,958,236	5,040,386,216
Other issuers from the public sector	4,985,377,660	8,789,786,603
Entities from the private sector of the country	**17,097,212,219**	**47,637,527,875**
Financial	16,211,051,561	43,699,973,563
Non-financial	886,160,658	3,937,554,312
At fair value through profit or loss	**721,395,491**	**1,203,229,942**
Entities from the private sector of the country	**721,395,491**	**1,203,229,942**
Financial	721,395,491	1,203,229,942

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 December 31, 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.

26). Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

		December 2022	December 2021
Interest for investments in financial instruments at fair value through profit or loss	¢	22,738,602	5,944,772
Interests for investments in financial instruments at fair value through comprehensive income		85,730,143,367	82,687,574,667
Interests for investments at amortized cost		2,179,288,464	2,080,723,138
Income from investments in due and restricted financial instruments		2,016,199,250	2,962,288,102
	¢	**89,948,369,683**	**87,736,530,679**

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

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

		December 2022	December 2021
Personal	¢	124,924,393,484	114,865,515,999
Development Banking System		2,678,420,221	2,138,553,834
Business		17,488,052,051	16,235,673,488
Corporate		143,278,205,058	127,497,482,265
Public sector		4,059,370,632	8,060,490,119
Financial sector		5,084,043,308	7,799,906,186
Amortization of the net commission of the incremental direct costs associated with loans		4,719,080,299	4,864,061,490
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts		1,441,864,208	1,504,132,417
	¢	**303,673,429,261**	**282,965,815,798**

28). Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

		December 2022	December 2021
Expenses from demand deposits	¢	52,081,214,053	42,312,277,910
Expenses from term deposits		77,712,058,390	71,560,848,650
Expenses from securities in repurchase agreements		332,292,257	82,525,396
	¢	**130,125,564,700**	**113,955,651,956**

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

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

		December 2022	December 2021
Decrease in specific allowance for loan portfolio (See note 6-f)	¢	15,665,732,331	44,122,834,547
Expense for allowance for impairment and bad debts from other accounts receivable		3,457,058,932	3,026,041,031
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)		6,028,394	84,963,111
Decrease in generic allowance and counter cycle for contingent loans		0	440,000
Expenses for allowance for impairment of investments at fair value through other comprehensive income		308,292,538	2,103,826,013
Expenses for allowance for impairment of financial instruments at amortized cost		0	2,903,392
Expenses for allowance for impairment of expired and restricted financial instruments		94,888,103	72,353,398
Expenses for impairment of investment properties		76,295,480	0
	¢	**19,608,295,778**	**49,413,361,492**

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

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

		December 2022	December 2021
Recovery of written-down loans	¢	6,030,743,660	12,028,253,036
Decrease in specific allowance for the loan portfolio (See note 6-f)		7,469,036,650	2,307,828,997
Decrease in allowance for other bad receivables		2,002,941,318	1,129,250,309
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)		245,010,115	70,255,882
Decrease in generic allowance and counter cycle for contingent loans		408	6,936
Decrease in allowance for bad investment securities		2,415,759,190	1,136,602,819
	¢	**18,163,491,341**	**16,672,197,979**

31). Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

		December 2022	December 2021
Drafts and transfers	¢	3,030,094,263	2,779,616,546
Foreign trade		862,281,356	808,805,383
Certified checks		4,241,640	4,460,994
Trust management		4,291,486,516	4,217,099,400
Custodial services		320,633,514	339,943,318
For mandates		1,003,509	659,464
Collections		535,692,870	525,940,144
Credit Cards		48,043,591,866	44,064,534,900
Commissions for stock operations (Subscription of Emissions)		121,555,173	0
Investment Fund management		7,087,847,598	7,734,838,344
Pension Fund management		6,702,325,429	6,815,088,213
Insurance underwriting		6,609,180,758	6,295,679,117
Brokerage fees (by third parties in local market)		1,012,797,188	1,667,427,992
Brokerage fees (by third parties in other markets)		287,516,548	179,112,024
Individual portfolio management fee		581,662,764	1,303,111,163
Commissions from operations with related parties		513,207,765	620,396,527
Commission from custodial services of authorized securities		762,737,955	638,005,661
Other commissions		39,341,084,006	34,195,405,861
	¢	**120,108,940,718**	**112,190,125,051**

32). Income from interests in other companies

		December 2022	December 2021
Local entities:			
Interest in Bolsa Nacional de Valores, S.A.	¢	123,300,803	4,048,114
	¢	**123,300,803**	**4,048,114**

As of December 31, there is an amount of ¢118,330,911 in the participation expense account referring to BCR Valores.

BANCO DE COSTA RICA AND SUBSIDIARIES

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33). Administrative expenses

Administrative expenses are detailed as follows:

		December 2022	December 2021
Salaries and bonuses, permanent staff	¢	67,640,132,327	61,591,779,008
Salaries and bonuses, contractors		1,094,882,744	2,626,277,594
Compensation for directors and auditors		215,064,989	269,618,869
Overtime		924,922,708	632,021,101
Per diem		476,739,221	313,213,302
Statutory Christmas Bonus		5,941,875,496	5,751,999,534
Vacation		6,475,468,373	5,829,043,391
Incentives		6,601,389	5,729,236
Fixed representation expenses		989,520,083	934,773,386
Other compensation		2,300,452,210	2,016,962,182
Contribution to severance payment		2,888,462,612	2,780,682,177
Social security charges		23,472,252,970	22,194,308,281
Refreshments		48,802,174	22,007,836
Uniforms		5,181,739	7,903,150
Training		671,663,599	496,709,347
Employee insurance		619,624,325	636,300,493
Assets for personal use		624,441	154,462
School bonus		6,014,063,874	5,602,970,769
Labor Capitalization Fund		1,835,568,143	1,848,383,763
Other personnel expenses		928,006,533	801,262,894
Outsourcing expenses		28,208,748,991	21,775,898,128
Transportation and communication expenses		3,049,980,457	3,869,715,384
Property insurance		330,289,923	359,333,314
Property maintenance and repair		7,540,444,773	6,653,821,805
Public utilities		2,104,596,665	2,187,385,464
By right of use-properties		3,386,724,394	2,559,660,603
By right of use-furniture, equipment, and other assets		1,684,105,722	867,000,137
Depreciation of property. plant and equipment, except vehicles		10,215,382,443	10,459,286,474
Amortization of leasehold property		465,378,931	515,341,692
Impairment loss		1,187,186,752	0
Other infrastructure expenses		3,332,310,357	3,843,072,632
Overhead		32,504,261,189	29,042,815,435
	¢	**216,559,320,547**	**196,495,431,843**

34). Legal profit allocation

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

		December 2022	**December 2021**
Allocation for CONAPE	¢	4,477,072,833	3,741,289,924
Allocation for Instituto Nacional de Fomento Cooperativo		5,183,568,329	3,589,191,363
Allocation for National Emergency Commission		3,048,308,590	2,775,226,417
Allocation for Public Pension Fund Operators		840,780,887	1,092,469,348
Allocation for Invalidity. Old Age and Death Regime		13,431,218,500	11,223,869,768
	¢	**26,980,949,139**	**22,422,046,820**

As of December 31, 2022, December 2021 there are no decreases in the legal allocations of the period's profits.

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35). Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

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

		December 2021		
		Amount before taxes	**Tax benefit (expense)**	**Net taxes**
Adjustment for valuation of investments at fair value through other comprehensive income.	¢	(6,030,158,264)	0	(6,030,158,264)
Impairment – Investments at fair value through other comprehensive income.		59,772,153,703	(18,083,164,812)	41,688,988,891
Exchange differences from conversion of financial statements of foreign entities.		1,118,780,891	0	1,118,780,891
	¢	**61,960,359,644**	**(18,083,164,812)**	**43,877,194,832**

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36). Operating leases

Lessee

Non-cancellable operating leases are payable as follows:

		December 2022	December 2021
Less than one year	¢	0	91,189,908
	¢	**0**	**91,189,908**

These leases correspond to furniture and equipment.

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

37). Fair value of financial instruments

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

		December 2022		December 2021	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	990,655,695,707	990,655,695,707	960,508,938,412	960,508,938,412
Investments		1,737,695,292,043	1,712,615,976,682	1,890,859,623,926	1,864,371,718,197
Loan portfolio		4,237,884,617,587	4,402,473,463,543	4,122,382,245,258	3,198,566,472,304
		6,966,235,605,337	7,105,745,135,932	6,973,750,807,596	6,023,447,128,913
Demand deposits		3,345,181,249,975	3,345,181,249,975	3,405,432,886,728	3,405,432,886,728
Term deposits		1,864,994,210,988	1,875,188,559,443	1,691,856,375,240	1,685,247,259,043
Financial obligations		1,048,210,586,185	1,003,338,070,303	1,038,668,463,929	1,014,828,526,882
	¢	6,258,386,047,148	6,223,707,879,721	6,135,957,725,897	6,105,508,672,653

As of December 31, 2022, the financial obligations for subordinated obligations are for ¢50,139,855,636, (for December 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

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

Assets		**Bank**	**Pension Fund Operator**	**Investment Fund Manager**	**Brokerage House**	**Foreign Bank**	**Insurance Broker**	**Depósito Agricola de Cartago**	**Banprocesa**	**Total**	**Eliminations**	**Consolidated**
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
Total assets	¢	**6,055,601,100,560**	**9,757,262,867**	**10,713,900,129**	**55,422,718,352**	**1,161,583,936,480**	**10,255,321,602**	**1,246,800,071**	**1,981,114,488**	**6,310,666,599,761**	**(135,987,147,741)**	**6,174,679,452,020**
Liabilities and Equity												
Liabilities												
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		205,756,812,053	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	228,405,541,762	(1,223,002,335)	227,182,539,427
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
Total liabilities	¢	**5,387,544,599,793**	**2,932,090,933**	**1,844,885,185**	**31,769,054,023**	**1,004,926,502,267**	**1,892,119,197**	**320,496,554**	**848,402,802**	**6,432,078,150,754**	**(42,313,338,825)**	**6,389,764,811,929**
Equity												
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	(34,872,886,978)	296,709,547,031
Prior periods retained earnings		3,874,138,258	0	539,757,627	3,631,489,587	20,520,452,702	2,535,848,001	548,780,963	(179,544,020)	31,470,923,118	(26,991,849,501)	4,479,073,617
Profit for the period		53,243,470,057	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	66,616,960,011	(13,373,489,954)	53,243,470,057
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
Total equity		668,056,500,768	6,825,171,934	8,869,014,944	23,653,664,329	156,657,434,213	8,363,202,405	926,303,517	1,132,711,686	874,484,003,796	(129,060,425,293)	745,423,578,503
Total liabilities and equity	¢	**6,055,601,100,561**	**9,757,262,867**	**10,713,900,129**	**55,422,718,352**	**1,161,583,936,480**	**10,255,321,602**	**1,246,800,071**	**1,981,114,488**	**7,306,562,154,550**	**(171,373,764,118)**	**7,135,188,390,432**
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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(With corresponding figures as of December 31, 2021)
(In colones with no cents)

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

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

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(In colones with no cents)

As of December 31, 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	¢	326,939,716,696	402,653,912	541,276,423	4,686,080,246	57,320,178,774	703,154,481	18,582,172	5,354,864	390,616,997,568	(727,296,018)	389,889,701,550
Financial expenses		106,411,119,509	28,079,273	34,081,015	391,271,882	30,804,683,812	23,931,467	13,586,798	16,417,728	137,723,171,484	(854,932,562)	136,868,238,922
Expenses from allowance for assets impairment		44,130,674,244	21,497,175	2,185,634	312,404,020	4,900,512,558	44,591,099	1,496,761	0	49,413,361,491	1	49,413,361,492
Income from recovery of assets and decrease in allowance		16,259,889,956	16,852,017	55,482,104	309,474,680	0	29,403,710	1,095,513	0	16,672,197,980	(1)	16,672,197,979
Financial income		**192,657,812,899**	**369,929,481**	**560,491,878**	**4,291,879,024**	**21,614,982,404**	**664,035,625**	**4,594,126**	**(11,062,864)**	**220,152,662,573**	**127,636,542**	**220,280,299,115**
Other operating income		183,153,573,224	7,211,165,084	7,789,725,788	5,066,879,977	1,872,141,809	7,182,230,849	989,583,176	3,380,614,591	216,645,914,498	(20,246,911,020)	196,399,003,478
Other operating expenses		113,062,208,515	1,667,174,340	1,581,693,461	871,184,703	3,564,221,196	675,428,351	158,085,683	161,936,575	121,741,932,824	(4,787,214,078)	116,954,718,746
Gross operating income		**262,749,177,608**	**5,913,920,225**	**6,768,524,205**	**8,487,574,298**	**19,922,903,017**	**7,170,838,123**	**836,091,619**	**3,207,615,152**	**315,056,644,247**	**(15,332,060,400)**	**299,724,583,847**
Personnel expenses		93,754,886,806	2,156,369,699	2,723,819,258	2,773,394,538	10,122,929,775	2,151,304,794	612,496,456	2,292,719,556	116,587,920,882	(2,225,820,110)	114,362,100,772
Other administrative expenses		74,405,583,768	530,182,500	320,446,699	380,432,569	6,726,269,779	442,987,646	166,862,205	50,812,997	83,023,578,163	(890,247,092)	82,133,331,071
Administrative expenses		**168,160,470,574**	**2,686,552,199**	**3,044,265,957**	**3,153,827,107**	**16,849,199,554**	**2,594,292,440**	**779,358,661**	**2,343,532,553**	**199,611,499,045**	**(3,116,067,202)**	**196,495,431,843**
Net operating income before taxes and statutory allocations		**94,588,707,034**	**3,227,368,026**	**3,724,258,248**	**5,333,747,191**	**3,073,703,463**	**4,576,545,683**	**56,732,958**	**864,082,599**	**115,445,145,202**	**(12,215,993,198)**	**103,229,152,004**
Income tax		21,879,235,843	978,383,070	1,107,425,688	1,494,489,019	531,810,628	1,358,190,901	17,884,097	261,200,247	27,628,619,493	0	27,628,619,493
Deferred income tax		0	109,053,293	169,533,172	106,495,982	202,140,656	117,372,461	0	10,236,859	714,832,423	1	714,832,424
Decrease in income tax		1,333,123,874	141,828,074	197,747,839	83,917,286	22,485,992	128,893,427	0	29,317,056	1,937,313,548	0	1,937,313,548
Profit sharing		20,799,125,008	1,189,290,389	110,634,687	160,012,416	0	135,666,961	1,701,989	25,615,373	22,422,046,823	(4)	22,422,046,819
Decrease in Profit Shares		0	0	0	0	0	0	0	0	0	0	0
Net profit for the year		**53,243,470,057**	**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**	**66,616,960,011**	**(12,215,993,195)**	**54,400,966,816**
Results for the period attributable to minority interests		0	0	0	0	0	0	0	0	0	(1,157,496,759)	1,157,496,759
Results for the period attributable to the comptroller		**53,243,470,057**	**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**	**66,616,960,011**	**(13,373,489,954)**	**53,243,470,057**
Net income for the periods	¢	**53,243,470,057**	**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**	**66,616,960,011**	**(13,373,489,954)**	**53,243,470,057**

39). Risk management

Comprehensive risk management

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

Corporate governance of the risk management area

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

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

The 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.
- 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

<table>
<tr><td rowspan="13">Types of relevant risk</td><td rowspan="3">Financial</td><td>Credit</td></tr>
<tr><td>Market</td></tr>
<tr><td>Liquidity</td></tr>
<tr><td rowspan="10">Non- financial</td><td>Strategic</td></tr>
<tr><td>Operating</td></tr>
<tr><td>Legal</td></tr>
<tr><td>Information Technology</td></tr>
<tr><td>Reputational</td></tr>
<tr><td>Environmental and social</td></tr>
<tr><td>Regulatory compliance</td></tr>
<tr><td>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)</td></tr>
</table>

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

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.

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.

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.

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 December 2022, the percentage of arrears greater than 90 days was 2.74% (2,85% as of December 2021). The latter indicator is 1.26 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 24.97% at the closing of december (27.47% as of December 2021) 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.

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 December 2022, the expected loss of the investment portfolio corresponded to 0,14% of the portfolio (0.18%, for September 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 December 2022

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

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

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

		December 2022	December 2021
Banco de Costa Rica			
Loan portfolio, gross	¢	3,298,222,308,878	3,193,889,504,724
Plus, interest receivable		18,955,945,108	16,243,877,380
Less, allowance for impairment		(145,623,881,422)	(152,927,986,661)
Loan portfolio, net	¢	**3,171,554,372,564**	**3,057,205,395,443**
Banco Internacional de Costa Rica, S.A. and subsidiary			
Loan portfolio, gross	¢	936,512,018,876	928,022,879,152
Plus, interest receivable		4,526,975,726	3,234,831,825
Less, allowance for impairment		(14,646,810,058)	(18,289,266,686)
Loan portfolio. Net	¢	**926,392,184,544**	**912,968,444,291**
Total consolidated loan portfolio, net	¢	**4,097,946,557,108**	**3,970,173,839,734**

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	Note		Direct Loan Portfolio December 2022	Direct Loan Portfolio December 2021	Direct Loan Portfolio December 2022	Contingent Loan Portfolio December 2021
Principal	6a	¢	3,298,222,308,876	3,193,889,504,724	2,022	238,184,976,382
Interest			18,955,945,108	16,243,877,380	0	0
			3,317,178,253,984	3,210,133,382,104	2,022	238,184,976,382
Allowance for bad loans			(155,945,127,998)	(152,572,595,665)	(334,497,086)	(355,390,996)
Carrying amount		¢	3,161,233,125,986	3,057,560,786,439	(334,495,064)	237,829,585,386
Loan portfolio						
Total balances						
A1		¢	2,650,156,915,967	2,531,988,166,648	202,845,894,980	226,452,306,640
A2			32,718,449,769	38,737,755,756	1,091,310,182	1,118,547,763
B1			246,314,102,283	193,827,062,547	2,828,286,619	3,942,754,364
B2			26,099,160,500	24,632,906,602	196,280,116	147,721,241
C1			33,229,962,730	71,479,256,554	526,437,814	3,900,594,358
C2			10,785,532,322	20,872,474,608	122,323,954	106,060,267
D			86,127,825,472	116,733,956,940	1,310,532,849	764,642,908
E			157,646,145,552	148,102,200,136	1,281,795,185	1,736,026,639
1			69,961,042,387	61,556,122,926	12,622,297	16,322,202
2			323,583,353	830,276,955	0	0
3			2,117,381,455	1,218,141,671	0	0
4			674,481,203	88,715,637	0	0
5			353,085,467	14,610,311	0	0
6			670,585,524	51,734,813	0	0
			3,317,178,253,984	3,210,133,382,104	210,215,483,996	238,184,976,382
Allowance for bad loans			(91,829,613,987)	(100,038,430,338)	(217,095,533)	(206,640,140)
Carrying amount, net			3,225,348,639,997	3,110,094,951,766	209,998,388,463	237,978,336,242
Carrying amount			3,317,178,253,984	3,210,133,382,104	210,215,483,996	238,184,976,382
Allowance for bad loans			(91,829,613,987)	(100,038,430,338)	(217,095,533)	(206,640,140)
Excess) inadequacy of allowance over structural estimate			(64,115,514,011)	(52,534,165,327)	(117,401,553)	(148,750,856)
Carrying amount, net	6a	¢	3,161,233,125,986	3,057,560,786,439	209,880,986,910	237,829,585,386

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

As of December 31, 2022

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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Loan portfolio

Aging loan portfolio

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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(In colones with no cents)

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)
1		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)

BANCO DE COSTA RICA AND SUBSIDIARIES

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Loan portfolio

Aging loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2,508,828,410,224	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)

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

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

		Loans receivable	
As of December 31, 2021		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
	¢	**3,210,133,382,104**	**3,110,094,951,766**

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In compliance with SUGEF Directive 1-05, as of December 30, 2022, the Bank must maintain a minimum allowance in the amount of ¢92,046,079,520, (¢100,245,070,478 for December 2021) of which ¢91,829,613,987, (¢100,038,430,338 for December 2021) is allocated to the valuation of the direct loan portfolio and ¢¢217,095,533, (¢206,640,140 for December 2021) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢4,779,400,343 (¢4,779,400,343, for December 2021).

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

		December 2022	December 2021
Banco Internacional de Costa Rica, S.A. and subsidiaries			
Principal	¢	936,512,018,786	928,022,879,151
Interest		4,526,975,727	3,234,831,826
		941,038,994,513	**931,257,710,977**
Allowance for doubtful accounts		(14,646,808,792)	(18,290,115,836)
Carrying amount	¢	**926,392,185,721**	**912,967,595,141**
Loan portfolio, net of allowance	¢	**915,394,072,438**	**899,571,741,851**
At amortized cost			
Level 1: Normal or low risk		867,343,534,901	822,817,584,444
Level 2: Special mention		31,131,176,055	69,841,175,390
Level 3: Subnormal		18,411,628,935	17,656,042,211
Level 4: Doubtful		2,661,749,762	7,130,986,182
Level 5: Uncollectable		16,963,929,135	10,577,090,925
		936,512,018,788	928,022,879,152
Allowance for impairment		(14,646,808,792)	(18,290,115,836)
Carrying amount		**921,865,209,996**	**909,732,763,316**
Impaired renegotiated loans			
Gross amount		5,123,722,965	8,786,834,475
Impaired amount		**5,123,722,965**	**8,786,834,475**
Allowance for impairment		1,159,126,139	44,542,254
Total, net		**3,964,596,826**	**8,742,292,221**
Not in arrears or impaired:			
Level 1: Normal or low risk		867,343,534,901	822,817,584,444
Level 2: Special mention		31,131,176,055	69,841,175,390
Sub-total		**898,474,710,956**	**892,658,759,834**
Individually impaired			
Level 3: Subnormal		18,411,628,935	17,656,042,211
Level 4: Doubtful		2,661,749,762	7,130,986,182

		December 2022	December 2021
Level 5: Uncollectable		16,963,929,134	10,577,090,924
Sub-total		**38,037,307,831**	**35,364,119,317**
Allowance for impairment			
Specific		14,646,808,792	17,850,642,513
Collective		0	439,473,323
Total allowance for impairment		**14,646,808,792**	**18,290,115,836**
Clients ‘obligations for acceptances			
Carrying amount	¢	**6,471,137,557**	**10,161,021,465**
Interest receivable	¢	**4,526,975,726**	**3,234,831,825**
Net loan portfolio (carrying amount)	¢	**926,392,185,721**	**912,967,595,141**

As of December 31, 2022, the allowance for impairment of BICSA's loan portfolio is of ¢14,646,808,792, (¢18,290,115,836 for December 2021).

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

		December 2022		December 2021	
		Direct Loan Portfolio	**Contingent Loan Portfolio**	**Direct Loan Portfolio**	**Contingent Loan Portfolio**
Trade	¢	468,339,740,242	31,217,267,872	513,459,539,620	36,740,997,823
Manufacturing		409,400,956,418	3,996,749,218	455,640,113,110	3,277,033,317
Construction, purchase, and repair of real estate		1,499,484,435,274	10,620,139,574	1,338,672,803,355	32,674,738,213
Agriculture, livestock, hunting, and related services		183,941,629,442	25,977,674	184,399,472,990	2,093,810,768
Fishing and aquaculture		43,712,963	0	46,000,000	0
Retail		270,850,551,147	121,390,465,394	287,633,267,439	109,372,549,828
Education		740,142,594	0	819,434,189	0
Transportation		33,732,957,042	46,601,692	52,369,425,342	81,176,250
Stock market financial activity		3,385,299,600	0	3,747,089,931	0
Electricity, telecom, gas, and water		234,561,181,309	0	163,842,838,285	0
Services		959,174,202,303	141,890,034,615	681,309,198,989	193,403,652,614
Hospitality		119,607,586,829	0	116,341,025,761	0
Mining and quarries		28,843,116	0	35,408,877	0
Real estate, business, and leasing activities		26,519,811,034	0	37,403,809,988	0
Public Administration		24,395,604,351	5,354,277,708	285,486,409,880	4,100,919,059
Real estate, business, and leasing activities		528,204,294	19,154,118	707,076,325	20,530,565
See notes 6 and 19	¢	**4,234,734,857,958**	**314,560,667,865**	**4,121,912,914,081**	**381,765,408,437**
Other contingencies		0	254,313,912,940	0	72,902,375,786
	¢	**4,234,734,857,958**	**568,874,580,805**	**4,121,912,914,081**	**454,667,784,223**

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

		December 2022	December 2021
Germany	¢	0	256,013,907
Brazil		300,995,000	5,834,931,225
Chile		7,064,800,079	2,581,000,000
China		1,660,215,338	460,651,718
Colombia		256,851,790	7,254,526,393
Costa Rica		285,856,021,951	314,431,213,509
Denmark		2,111,636,442	1,096,896,609
Ecuador		75,277,715,929	83,511,271,544
El Salvador		90,445,311,961	54,082,028,805
Spain		14,858,360,884	5,530,306,119
United States of America		9,938,438,413	25,624,123,478
Guatemala		43,252,919,399	38,087,244,663
Netherlands		6,019,900,000	53,133,111
Honduras		16,838,156,930	3,233,405,823
England		0	3,869,713,948
British Virgin Islands		0	3,942,415,556
México		50,138,264,760	22,202,744,071
Nicaragua		15,937,961,148	18,929,603,753
Panamá		284,146,546,629	301,780,136,806
Perú		7,427,429,091	22,678,681,761
Dominican Republic		12,039,800,000	5,684,268,576
Russia		0	208,680,303
Switzerland		9,450,146,228	0
Uruguay		0	90,335,000
Others *		3,490,546,905	6,599,552,474
	¢	**936,512,018,877**	**928,022,879,152**

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

		December 2022	December 2021
Costa Rica	¢	3,298,222,308,876	3,193,889,504,725
	¢	**3,298,222,308,876**	**3,193,889,504,725**

As of December 31, 2022, the Bank keeps trust commissions in the amount of ¢166,500, (¢1,125,341 for December 2021).

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

		December 2022	December 2021
Properties	¢	115,127,502,923	136,797,715,011
Others		658,544,163	668,069,690
	¢	**115,786,047,086**	**137,465,784,701**

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

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

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

		December 2022	December 2021
Guarantee			
Pledged assets	¢	41,620,675,381	44,501,923,980
Collections		0	88,100,480,538
Fiduciary		418,584,082,182	930,131,219,106
Mortgage		1,871,410,732,355	1,615,708,776,894
Chattel		201,876,369,632	183,172,106,474
Others		1,701,242,998,408	1,260,298,407,089
	¢	**4,234,734,857,958**	**4,121,912,914,081**

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As of December 31, 2022, 49% of the loan portfolio is secured by mortgage or chattel collaterals, (44% as of December 2021).

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

As of December 31, 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 December 31, 2022:

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

As of December 31, 2021:

No.	Percentage	Band		Total amount	Nº of customers
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
Total			¢	**1,285,141,384,208**	**391**

(b) Management of market risk

Definitions

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

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

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

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

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

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 11.21%, 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 1.30% 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).

Wholesale funding increased year-on-year by 6.93%, 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 December 2022 are observed:

	December 2022	**December 2021**
Liquidity coverage indicator (colones)	1.07	1.23
Liquidity coverage indicator (US Dollars)	1.44	1.67
Regulatory limit	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results as of December 31, 2022:

Regulatory liquidity matches by currency and term		**December 2022**	**December 2021**		
Indicator	Interpretation	Observation	Observation	Approved levels	
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	2.18	2.68	Limit:	1.10
1-month term matching colones		1.89	2.60	Limit:	1.00
3-months term matching US dollars		1.50	1.79	Limit:	0.94
3-months term matching colones		1.56	1.78	Limit:	0.85

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

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

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

As of December 31, 2022

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

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Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More tan 365 days	Items overdue for more than thirty days	Total
Availabilities	¢	434,935,004,597	0	0	0	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
	¢	**804,177,099,120**	**557,135,854,646**	**184,174,353,330**	**144,160,715,576**	**394,681,430,145**	**358,796,959,560**	**1,893,801,849,609**	**2,636,822,555,609**	**6,973,750,807,595**
Liabilities										
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
		3,432,863,324,728	**609,397,402,629**	**254,882,269,009**	**211,149,696,006**	**501,922,011,477**	**588,102,593,034**	**537,640,429,014**	**0**	**6,135,957,725,897**
Asset-liability gap	¢	**(2,628,686,225,608)**	**(52,261,547,983)**	**(70,707,915,679)**	**(66,988,980,430)**	**(107,240,581,332)**	**(229,305,633,474)**	**1,356,161,420,595**	**2,636,822,555,609**	**837,793,081,698**

(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 62.26% is observed in instruments issued by the Ministry of Finance. In this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

		December 2022	December 2021
VaR	¢	23,585,525,696	11,321,149,203

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

(e) Interest rate risk

The Bank has a credit portfolio, investments, and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk. As of December 31, 2022, a sensitivity analysis on possible variations in interest rates was developed.

Sensitivity to an increase in the interest rate of investments

		December 2022	December 2021
Investment in financial instruments	¢	1,405,067,101,407	1,508,341,829,584
Increase in rates by 1%		352,390,708	291,722,625
Increase in rates by 2%	¢	704,781,417	583,445,250

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Sensitivity to a decrease in the interest rate of investments

		December 2022	December 2021
Investment in financial instruments	¢	1,405,067,101,407	1,508,341,829,584
Decrease in rates by 1%		352,390,708	291,722,625
Decrease in rates by 2%	¢	704,781,417	583,445,250

Sensitivity to an increase in the interest rate of loan portfolio

		December 2022	December 2021
Loan portfolio	¢	3,207,999,876,911	3,322,631,749,946
Increase in rates by 1%		1,723,044,843	1,806,443,985
Increase in rates by 2%	¢	3,454,768,324	3,626,374,359

Sensitivity to a decrease in the interest rate of loan portfolio

		December 2022	December 2021
Loan portfolio	¢	3,207,999,876,911	3,322,631,749,946
Decrease in rates by 1%		1,707,440,473	1,794,415,508
Decrease in rates by 2%	¢	3,399,901,305	3,586,765,803

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

		December 2022	December 2021
Obligations with the public	¢	4,691,855,488,958	4,595,900,641,742
Increase in rates by 1%		3,264,320,199	1,822,383,143
Increase in rates by 2%	¢	6,528,640,398	3,644,766,286

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

		December 2022	December 2021
Obligations with the public	¢	4,691,855,488,958	4,595,900,641,742
Decrease in rates by 1%		3,264,320,199	1,822,383,143
Decrease in rates by 2%	¢	6,528,640,398	3,644,766,286

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

		December 2022	December 2021
Financial term obligations	¢	3,130,348,000	167,857,238,324
Increase in rates by 1%		2,608,623	139,847,287
Increase in rates by 2%	¢	5,217,247	279,694,574

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

		December 2022	December 2021
Financial term obligations	¢	3,130,348,000	167,857,238,324
Decrease in rates by 1%		2,608,623	139,847,287
Decrease in rates by 2%	¢	5,217,247	279,694,574

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

	Effective interest rate	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones:								
Assets								
Investment in securities	5.16%	¢ 76,684,718,640	65,649,681,510	37,175,640,764	188,866,637,301	282,359,164,029	688,591,760,034	1,339,327,602,278
Loan portfolio	8.99%	1,504,204,560,265	174,250,528,636	121,470,602,938	59,561,392,579	82,024,915,648	1,076,757,278,277	3,018,269,278,343
Total recovery of assets (*)		**1,580,889,278,905**	**239,900,210,146**	**158,646,243,702**	**248,428,029,880**	**364,384,079,677**	**1,765,349,038,311**	**4,357,596,880,621**
Liabilities								
Obligations with the public		150,151,063,221	200,124,626,253	243,695,726,124	267,099,007,341	69,725,881,939	54,143,824,560	984,940,129,438
Obligations with Banco Central de Costa Rica		40,192,309,751	0	0	0	0	0	40,192,309,751
Obligations with financial entities	6.20%	14,145,541,408	13,162,317,334	24,202,037,927	8,039,325,073	109,474,754,546	7,350,610	169,031,326,898
Total matured liabilities (*)		**204,488,914,380**	**213,286,943,587**	**267,897,764,051**	**275,138,332,414**	**179,200,636,485**	**54,151,175,170**	**1,194,163,766,087**
Asset and liability gap		**¢ 1,376,400,364,525**	**26,613,266,559**	**(109,251,520,349)**	**(26,710,302,534)**	**185,183,443,192**	**1,711,197,863,141**	**3,163,433,114,534**
US* dollars*:								
Assets								
Investment in securities	3.73%	¢ 359,044,532,446	80,791,213,037	118,773,726,993	75,400,703,000	36,792,251,395	148,452,301,963	819,254,728,834
Loan portfolio	15.90%	554,255,232,189	40,113,586,468	37,863,923,287	19,294,695,520	16,684,212,226	171,361,075,254	839,572,724,944
Total recovery of assets (*)		**913,299,764,635**	**120,904,799,505**	**156,637,650,280**	**94,695,398,520**	**53,476,463,621**	**319,813,377,217**	**1,658,827,453,778**
Liabilities								
Obligations with the public		73,940,395,074	111,100,378,804	107,576,025,465	106,577,634,694	28,115,100,038	17,548,727,095	444,858,261,170
Demand obligations	0.38%	207,824,296,148	112,880,295,905	46,640,345,519	87,187,201,974	134,943,152,952	24,765,178,719	
Obligations with financial entities	1.07%	(23,522,153,691)	4,120,926,488	458,290,827	10,760,632,611	2,898,533,137	11,994,610,732	6,710,840,104
Total matured liabilities (*)		**50,418,241,383**	**115,221,305,292**	**108,034,316,292**	**117,338,267,305**	**31,013,633,175**	**29,543,337,827**	**451,569,101,274**
Asset and liability gap		**¢ 862,881,523,252**	**5,683,494,213**	**48,603,333,988**	**(22,642,868,785)**	**22,462,830,446**	**290,270,039,390**	**1,207,258,352,504**

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	Effective interest rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones:									
Assets									
Investment in securities	6,28%	¢	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
Total recovery of assets (*)			**1,634,109,386,930**	**207,028,511,905**	**183,925,611,947**	**105,932,295,141**	**234,175,029,435**	**1,613,061,810,070**	**3,978,232,645,428**
Liabilities									
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
Total matured liabilities (*)			**183,656,632,768**	**227,995,769,228**	**247,973,669,440**	**46,597,970,923**	**339,509,736,930**	**55,295,614,471**	**1,101,029,393,760**
Asset and liability gap		¢	**1,450,452,754,162**	**(20,967,257,323)**	**(64,048,057,493)**	**59,334,324,218**	**(105,334,707,495)**	**1,557,766,195,599**	**2,877,203,251,668**
US* dollars*:									
Assets									
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
Total recovery of assets (*)			**919,795,486,729**	**67,240,266,943**	**70,806,357,460**	**64,230,788,430**	**185,020,212,690**	**335,151,573,791**	**1,642,244,686,043**
Liabilities									
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
Total matured liabilities (*)			**(16,819,388,560)**	**21,606,299,854**	**18,894,845,226**	**22,278,751,672**	**20,697,189,628**	**31,864,880,739**	**98,522,578,559**
Asset and liability gap		¢	**936,614,875,289**	**45,633,967,089**	**51,911,512,234**	**41,952,036,758**	**164,323,023,062**	**303,286,693,052**	**1,543,722,107,484**

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of December 31, 2022, for ¢3,163,433,114,534, (¢2,877,203,251,668 for December 2021) while in foreign currency the same difference is of ¢1,207,258,352,504, (¢1,543,722,107,484, for December 2021) 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 ¢757,989,413,761, (¢837,793,081,699 for December 2021) while in foreign currency, the collected data for the compliance of obligations was of ¢384,363,194, (¢427,197,048, for December 2021) 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 0.76%. as of December.

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US$179 million as of December 2022 (US$204 million as of December 2021).

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

		December 2022	December 2021
ASSETS			
Cash and due from banks	US$	733,977,310	756,845,949
Investment in financial instruments		1,202,978,958	1,105,536,961
Loan portfolio		2,818,987,742	2,689,678,310
Accounts and interest receivable		6,403,060	12,985,952
Other assets		27,093,843	33,272,440
Total assets		4,789,440,913	4,598,319,612
LIABILITIES			
Obligations with the public		3,372,710,790	3,247,717,454
Other financial obligations		1,115,872,368	994,050,728
Other accounts payable and provisions		34,179,984	42,696,153
Other liabilities		43,052,610	23,876,866
Total liabilities		4,565,815,752	4,308,341,201
Net position	US$	**223,625,161**	**289,978,411**

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 December 31, 2022, the exchange rate of ¢601.99 for US $1.00 (¢645.25 as of December 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.

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

Sensibility to an increase in the exchange rate

		December 2022	December 2021
Net position	US$	223,625,160	289,978,412
Closing exchange rate		601.99	645.25
5% increase in the exchange rate		30.10	32.26
Profit	¢	6,731,117,316	9,354,703,571

Sensibility to a decrease in the exchange rate

		December 2022	December 2021
Net position	US$	223,625,160	289,978,412
Closing exchange rate		601.99	645.25
5% decrease in the exchange rate		(30.10)	(32.26)
Profit	¢	(6,731,117,316)	(9,354,703,571)

Assets and liabilities in Euros are detailed as follows:

		December 2022	December 2021
Assets:			
Cash and due from banks	EUR€	9,266,142	6,958,224
Other assets		118	6,625
Total assets		9,266,260	6,964,849
Liabilities:			
Obligations with the public		7,043,687	5,748,836
Other financial obligations		997,385	753,785
Other accounts payable and provisions		31,904	18,680
Other liabilities		3,392	204,619
Total liabilities		8,076,368	6,725,920
Net position (surplus assets on monetary liabilities	EUR€	**1,189,892**	**238,929**

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(In colones with no cents)

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

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Past due for over 30 days	Total
Cash and due from banks	US$	405,230,329	0	0	0	0	0	249,776	0	405,480,105
Legal reserve account-BCCR		231,461,169	15,261,122	11,748,790	12,545,870	25,263,267	23,300,566	8,916,416	0	328,497,200
Investments in securities		10,165	486,911,821	52,737,199	65,457,929	164,740,633	128,034,450	297,312,626	0	1,195,204,823
Interest on investments		6	3,251,468	2,827,891	85,405	978,406	65,109	652,847	0	7,861,132
Loan portfolio		11,030,852	174,556,065	168,005,244	165,034,133	337,551,163	188,625,026	1,775,527,395	100,198,176	2,920,528,054
Interest on loans		0	3,928,743	691,378	641,060	964,559	816,295	3,724,596	4,704,048	15,470,679
	US$	**647,732,521**	**683,909,219**	**236,010,502**	**243,764,397**	**529,498,028**	**340,841,446**	**2,086,383,656**	**104,902,224**	**4,873,041,993**
Liabilities										
Obligations with the public	US$	1,911,769,325	167,967,015	192,598,473	147,621,816	277,161,257	321,234,192	343,721,724	0	3,362,073,802
Obligations with financial Entities		97,875,115	344,477,543	95,547,463	48,720,475	125,564,749	185,534,055	209,367,983	0	1,107,087,383
Charges payable on obligations		260,699	4,479,970	2,363,337	1,341,203	3,019,400	3,856,552	4,196,453	0	19,517,614
		2,009,905,139	**516,924,528**	**290,509,273**	**197,683,494**	**405,745,406**	**510,624,799**	**557,286,160**	**0**	**4,488,678,799**
Asset and liability gaps	US$	**(1,362,172,618)**	**166,984,691**	**(54,498,771)**	**46,080,903**	**123,752,622**	**(169,783,353)**	**1,529,097,496**	**104,902,224**	**384,363,194**

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(In colones with no cents)

As of December 31, 2021:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Past due for over 30 days	Total
Cash and due from banks	US$	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
Total Assets	US$	**662,424,745**	**608,183,495**	**210,622,134**	**140,313,095**	**391,169,848**	**299,396,822**	**1,312,410,165**	**1,044,771,662**	**4,669,291,966**
Liabilities										
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
Total Liabilities		**1,856,921,727**	**543,304,959**	**209,683,155**	**149,645,638**	**445,734,296**	**529,439,056**	**507,366,087**	**0**	**4.242.094.918**
Asset and liability gaps	US$	**(1,194,496,982)**	**64,878,536**	**938,979**	**(9,332,543)**	**(54,564,448)**	**(230,042,234)**	**805,044,078**	**1,044,771,662**	**427,197,048**

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

As of December 31, 2022, the financial statements show a net foreign exchange gain of ¢3,894,495,823, (¢3,154,590,435 as of December 2021).

(g) Capital Management

During 2022, 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.

Capital requirements for price risk and exchange risk have increased due to the conflict between Russia and Ukraine, the new diseases detected, the slow growth of the world economy observed in the first half of 2022 and the movements of interest rates related to the global inflationary effect.

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 November 2022 of 15.95% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

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

The systemic risk analysis is carried out considering 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.

Cyber insecurity represents a risk that must be controlled and requires increasing the operational capacity to analyze and respond to alerts, monitoring the efficiency and operating capacity of the equipment.

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.

The results obtained from the compilation of these events have formed the database for operating losses, which allows analyzing by factor and type of risk, the gross losses to which the BCR has been exposed in various periods; this allows studying the effectiveness of the implemented measures. External fraud with debit and credit cards as payment method has increased on a year-on-year for the month of December; however, the Safe Environment (3DS) project has been implemented, with the aim of minimizing fraud using debit and credit cards, showing a decrease from August to December 2022.

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	December 2022	December 2021
Clients, products, and business practices	0.97%	0.97%
Execution, delivery, and management of processes	3.46%	3.46%
External fraud	61.86%	61.86%
Internal fraud	24.01%	24.01%
Business interruption and system failures	9.34%	9.34%
Labor relations and safety in the workplace	0.36%	0.36%
Total	**100.00%**	**100.00%**

Information security and IT risks are managed from the BCR with a conglomerate scope, having within its main pillars the execution of evaluations, definition, and monitoring of risk indicators.

The annual working plan includes assessment related to processes, projects, applications, strategy, services, platforms, and IT security. in line with prudential regulations applicable and best international practices, supporting the fulfillment of technology objectives, as well as institutional strategic objectives. In addition, risk indicators are reviewed and proposed, in order to monitor and control different events to which the BCR Financial Conglomerate may be exposed.

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

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

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

(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 SUGEF Agreement 8015 Regulation on corporate governance.

One of the most relevant phases of the SGCN is the Business Impact Analysis or BIA, 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.

The Business Impact Analysis is a study that considers the business activities and the assets that support them such as: resources, people, infrastructure, technology, among others, to identify the processes, functions, products, and critical services of its operations. Also, the BIA allows establishing a prioritization of the inputs necessary to develop the Disaster Recovery Plan and the Business Continuity Plan. It also allows estimating the magnitude of the operational and financial impact associated with an interruption caused by an incident or disaster.

Likewise, another of the phases of the SGCN are the contingent exercises, which help to develop skills in the collaborators, allowing to identify failure points that, when addressed, avoid interruptions to maintain the continuity of the service and thus protect the corporate image. In this section, in 2022, a total of 258 tests were carried out in Commercial Offices, 24 crisis communication tests, using the Fact-24 tool. For its part, the IT area developed 23 recovery tests for IT configuration elements that support critical business services.

(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.

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.

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 December 31, 2022
Financial Information
(In colones without cents)

		December 2022	December 2021
ASSETS			
Loan portfolio	¢	**46,399,647,681**	**39,240,945,857**
Current loans		43,099,794,086	36,712,482,834
Past due loans		2,854,564,730	2,943,144,718
Loans in legal collection		949,313,288	49,958,231
(Deferred income – loan portfolio)		(387,798,164)	(343,722,100)
Interest receivable		196,788,486	72,838,659
(Allowance for impairment)		(313,014,745)	(193,756,485)
Accounts and commissions receivable		**322,984**	**451,276**
Other accounts receivable		1,900,715	1,546,404
(Allowance for impairment)		(1,577,731)	(1,095,128)
Other assets		**9,559,394**	**4,334,310**
Other assets		9,559,394	4,334,310
TOTAL ASSETS		**46,409,530,059**	**39,245,731,443**
LIABILITIES			
Obligations with entities	¢	**4,184,417,953**	**2,045,264,177**
Other Obligations with entities		4,184,417,953	2,045,264,177
Accounts payable and provisions	¢	**61,392,925**	**38,656,637**
Other miscellaneous accounts payable		61,392,925	38,656,637
Other liabilities		**10,792,037**	**1,367,853**
Other liabilities		10,792,037	1,367,853
TOTAL LIABILITES	¢	**4,256,602,915**	**2,085,288,667**
EQUITY			
Contributions from Banco Central de Costa Rica	¢	**29,330,665,472**	**26,014,386,470**
Accumulated results from previous periods		**11,146,056,305**	**10,197,624,940**
Result of the current period		**1,676,205,367**	**948,431,366**
TOTAL EQUITY	¢	**42,152,927,144**	**37,160,442,776**
TOTAL EQUITY AND LIABILITIES	¢	**46,409,530,059**	**39,245,731,443**
Contingent debit memoranda accounts	¢	**12,622,297**	**16,322,202**
Other debit memoranda accounts	¢	**7,168,010,637**	**8,870,052,639**

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DEVELOPMENT FINANCING FUND
STATEMENT OF INCOME
For the periods ended December 31, 2022
Financial Information
(In colones without cents)

		December 2022	December 2021
Financial income			
For loan portfolio		2,054,014,580	0
For income from exchange differences		0	1,445,301,587
For income from held-for-trading financial instruments		0	4,766,568
Other financial income		0	4,588,745
Total financial income		**2,054,014,580**	**1,454,656,900**
Financial expenses			
For losses in Exchange differences		1,144,037	0
Total financial expenses		**1,144,037**	**0**
For allowance on loan portfolio		121,599,940	49,925,648
For recovery of assets and decrease in allowance		105,547,178	18,699,522
Financial income		**2,036,817,781**	**1,423,430,774**
Other operating income			
For other operating income		137,660	443,108
For currency exchange and arbitration		0	249
For commissions for services		20,183,843	12,122,294
Total other operating income		**20,321,503**	**12,565,651**
Other operating expenses			
For foreclosed assets		0	411,364
For other operating expenses		380,933,917	487,153,695
Total other operating expenses		**380,933,917**	**487,565,059**
OPERATING RESULT, GROSS		**1,676,205,367**	**948,431,366**
Income of the period	¢	**1,676,205,367**	**948,431,366**

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Loan Portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		December 2022	December 2021
Sector			
Agriculture. livestock. hunting and related services	¢	13,555,793,433	11,215,641,480
Public administration		80,655,030	265,916,544
Fishing and aquaculture		43,712,963	46,000,000
Manufacturing		1,240,205,614	6,213,506,208
Trade		20,730,783,572	10,997,670,095
Services		7,799,465,538	8,323,269,288
Transportation		934,489,821	558,739,301
Financial activity and stock exchange		577,925,284	881,672,399
Real estate, business, and lease activities		165,159,122	264,973,366
Building, purchase, and repair of real estate		657,256,633	642,304,505
Retail		10,371,351	0
Hotels and restaurants		1,107,853,743	295,892,597
		46,903,672,104	39,705,585,783
Plus: interest receivable		196,788,486	72,838,659
Less: Deferred income – loan portfolio		(387,798,164)	(343,722,100)
Allowance for impairment		(313,014,745)	(193,756,485)
	¢	**46,399,647,681**	**39,240,945,857**

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		December 2022	December 2021
Up to date	¢	43,099,794,086	36,712,482,834
1 to 30 days		1,996,268,803	1,624,793,688
31 to 60 days		237,828,072	587,091,721
61 to 90 days		524,840,646	715,753,544
91 to 120 days		44,053,040	14,329,505
121 to 180 days		5,129,667	185,129
Over 180 days		46,444,502	991,131
Legal collection		949,313,288	49,958,231
	¢	**46,903,672,104**	**39,705,585,783**

c) Past due loans

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

		December 2022	December 2021
Number of operations		20	6
Past due loans in non-accrual status of interest	¢	995,757,790	50,949,362
Past due loans for which interest is recognized	¢	2,808,120,228	2,942,153,587
Total unearned interest		1,250,024	2,341,043

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

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

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

# Of operations	Percentage		Balance
4	0.13%	¢	49,958,231

d) Interest receivable on loan portfolio

Interest receivable is as follows:

		December 2022	December 2021
Current loans	¢	145,886,232	55,229,565
Past due loans		30,273,797	16,825,643
Loans in legal collection		20,628,457	783,451
	¢	**196,788,486**	**72,838,659**

e) Allowance for bad loans

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

As of December 31, 2022:

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

As of December 31, 2021:

Opening balance 2021	¢	**139,084,406**
Plus:		
Allowance charged to profit or loss		49,304,710
Transfer of balances		6,022,483
Adjustment for exchange rate differences		212,127
Plus:		
Adjustment for exchange rate differences		(2,078)
Reversal of allowance against income		(865,163)
Balance as of December 31. 2021	¢	**193,756,485**

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		December 2022	December 2021
Guarantee			
Fiduciary	¢	594,397,403	720,275,520
Mortgage		27,823,325,592	27,342,362,474
Chattel		991,014,906	876,842,095
Others		17,494,934,203	10,766,105,694
	¢	**46,903,672,104**	**39,705,585,783**

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

			Direct Loan Portfolio	
			December 2022	**December 2021**
Principal		¢	46,903,672,104	39,705,585,783
Interest receivable			196,788,486	72,838,659
			47,100,460,590	39,778,424,442
Allowance for bad loans			(313,014,745)	(193,756,485)
Carrying amount		¢	46,787,445,845	39,584,667,957
Loan portfolio				
Total balances:				
A1		¢	579,810,321	884,524,017
1			42,774,047,931	36,792,311,640
2			230,097,335	728,386,349
3			1,818,352,809	1,218,141,672
4			674,481,203	88,715,638
5			353,085,467	14,610,312
6			670,585,524	51,734,814
			47,100,460,590	39,778,424,442
Minimum allowance			(283,346,310)	(164,542,618)
Carrying amount. net		¢	46,817,114,280	39,613,881,824
Carrying amount			47,100,460,590	39,778,424,442
Allowance for bad loans			(283,346,310)	(164,542,618)
Allowance (surplus) deficit				
Allowance (surplus) deficit			(29,668,435)	(29,213,867)
Carrying amount. net	6a	¢	46,787,445,845	39,584,667,957

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(In colones with no cents)

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

As of December 31, 2022

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

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	579,810,320	0	579,810,320	(109,923,062)
		579,810,320	0	579,810,320	(109,923,062)
Direct specific allowance					
Up to date		42,665,869,997	26,371,864,973	16,294,005,024	(92,176,736)
Equal or less than 30 days		1,872,939,501	1,589,993,336	282,946,165	(32,142,297)
Equal or less than 60 days		369,675,851	358,943,818	10,732,033	(2,715,996)
Equal or less than 90 days		512,893,225	507,070,850	5,822,375	(5,306,319)
Equal or less than 180 days		429,800,682	428,562,118	1,238,564	(3,133,795)
Over 180 days		669,471,014	634,696,391	34,774,623	(37,948,105)
	¢	46,520,650,270	29,891,131,486	16,629,518,784	(173,423,248)
	¢	47,100,460,590	29,891,131,486	17,209,329,104	(283,346,310)

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As of December 31, 2021

Loan portfolio		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
1	¢	36,792,311,640	25,823,207,897	10,969,103,743	(92,191,906)
A1		884,524,017	0	884,524,017	(4,422,620)
		37,676,835,657	25,823,207,897	11,853,627,760	(96,614,526)
Direct specific allowance					
2		728,386,349	420,493,795	307,892,554	(17,497,097)
3		1,218,141,672	1,082,479,236	135,662,436	(39,328,005)
4		88,715,638	86,852,875	1,862,763	(1,365,646)
5		14,610,312	8,647,766	5,962,546	(4,217,021)
6		51,734,814	46,446,724	5,288,090	(5,520,323)
		2,101,588,785	1,644,920,396	456,668,389	(67,928,092)
	¢	39,778,424,442	27,468,128,293	12,310,296,149	(164,542,618)

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	884,524,017	0	884,524,017	(96,614,526)
		884,524,017	0	884,524,017	(96,614,526)
Direct specific allowance					
Up to date		35,883,188,382	24,960,268,104	10,922,920,278	(10,925,253)
Equal or less than 30 days		1,598,337,649	1,375,011,414	223,326,235	(11,884,539)
Equal or less than 60 days		624,506,126	437,824,585	186,681,541	(11,782,947)
Equal or less than 90 days		721,523,142	639,929,700	81,593,442	(23,598,009)
Equal or less than 180 days		14,610,312	8,647,766	5,962,546	(4,217,021)
Over 180 days		51,734,814	46,446,724	5,288,090	(5,520,323)
	¢	38,893,900,425	27,468,128,293	11,425,772,132	(67,928,092)
	¢	39,778,424,442	27,468,128,293	12,310,296,149	(164,542,618)

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

		Loans receivable from clients	
As of December 31, 2021		**Gross**	**Net**
Risk category:			
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
	¢	39,778,424,442	39,613,881,824

41). Situation of the Development Credit Fund

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

DEVELOPMENT CREDIT FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2022
Financial Information
(In colones without cents)

		December 2022	December 2021
Assets			
Cash and due from banks	¢	**810,456,884**	**677,887,264**
Banco Central de Costa Rica		810,456,884	677,887,264
Investments in financial instruments		**160,172,908,416**	**168,330,359,602**
At fair value through profit or loss		1,271,137,156	9,980,757,065
At fair value through other comprehensive income		145,206,450,032	153,559,065,746
At amortized cost		12,468,166,624	2,692,178,741
Interest receivable		1,227,154,604	2,098,358,050
Loan portfolio		**27,275,134,211**	**24,599,730,190**
Current loans		27,143,284,667	24,694,451,340
Past due loans		360,875,877	101,397,179
(Deferred income – loan portfolio)		(209,340,642)	(166,848,988)
Interest receivable		75,348,575	69,853,373
(Allowance for impairment)		(95,034,266)	(99,122,714)
Accounts and commissions receivable		**827,577,117**	**31,619,907**
Tax and deferred income tax			
Other assets		827,577,117	31,619,907
Other assets		**2,002,095,388**	**1,142,830,562**
Accounts and commissions receivable		2,002,095,388	1,142,830,562
Total assets	¢	**191,088,172,016**	**194,782,427,525**
Liabilities			
Obligations with entities	¢	**192,026,399,855**	**186,862,695,178**
Term		192,026,399,851	186,862,695,178
Charges payable to financial entities		4	-
Accounts payable and provisions		**164,237,148**	**1,306,845,253**
Deferred income tax		164,237,148	1,306,845,253
Other liabilities		**159,353,005**	**899,772,214**
Other liabilities		159,353,005	899,772,214
Other liabilities	¢	**192,349,990,008**	**189,069,312,645**
EQUITY			
Result of the previous period	¢	**(1,299,622,220)**	**3,517,319,433**
Income of the current period		**37,804,228**	**2,195,795,447**
Total equity	¢	**(1,261,817,992)**	**5,713,114,880**
Total liabilities and equity	¢	**191,088,172,016**	**194,782,427,525**
Other debit memoranda accounts			
Own debit memoranda accounts	¢	23,755,283,621	21,119,325,983
Interest receivable memoranda accounts	¢	5,409,472	6,235,038

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December 31, 2022

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(In colones with no cents)

DEVELOPMENT CREDIT FUND
STATEMENT OF INCOME
As of December 31, 2022
Financial Information
(In colones without cents)

		December 2022	December 2021
Financial income			
For investments in financial instruments	¢	8,164,004,425	7,284,373,823
For loan portfolio		1,032,470,268	1,242,514,983
For exchange rate differences		0	1,404,739,414
Other financial income		0	233,867,773
Total financial income		**9,196,474,693**	**10,165,495,993**
Financial expenses			
For obligations with the public		2,370,147,426	1,196,724,137
For losses of exchange rate differences		1,817,222,915	0
Other financial expenses		475,144,129	17,247,692
Total financial expenses		**4,662,514,470**	**1,213,971,829**
For allowance of assets impairment		117,152,205	304,995,921
For recovery of assets and decrease in allowance		409,243,344	158,282,313
Financial income	¢	**4,826,051,362**	**8,804,810,556**
Oher operating income			
For service commissions and fees		2,065	10,522
For exchange and arbitration, foreign currency		231,666,179	284,102,924
For other operating income		569,280,507	14,256,774
Total other operating income	¢	**800,948,751**	**298,370,220**
Other operating expenses			
For exchange and arbitration. foreign currency		48,514,477	111,746,775
For other operating expenses		1,334,708,720	71,634,755
Total other operating expenses	¢	**1,383,223,197**	**183,381,530**
Gross operating	¢	**4,243,776,916**	**8,919,799,246**
Profit transferred to the National Development Trust		4,205,972,685	6,724,003,799
Total comprehensive income of the period	¢	**37,804,231**	**2,195,795,447**
Profit allocation			
Transfer to the National Development Trust	¢	4,205,972,685	6,724,003,799
Commission for managing the Development Credit Fund and the utilities fund's own profits		37,804,231	2,195,795,447
	¢	**4,243,776,916**	**8,919,799,246**

BANCO DE COSTA RICA AND SUBSIDIARIES

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(With corresponding figures as of December 31, 2021)
(In colones with no cents)

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

		December 2022	December 2021
At fair value through profit or loss	¢	1,271,137,156	9,980,757,065
At fair value through other comprehensive income		145,206,450,032	153,559,065,746
At amortized cost		12,468,166,624	2,692,178,741
Interest receivable for investments at fair value through other comprehensive income		1,227,154,604	2,098,358,050
	¢	**160,172,908,416**	**168,330,359,602**

		December 2022 Fair value	December 2021 Fair value
At fair value through other comprehensive income			
Local issuers:			
Government	¢	1,271,137,156	9,980,757,065
	¢	**1,271,137,156**	**9,980,757,065**
At fair value through other otro resultado integral			
Local issuers:			
Government	¢	0	128,414,839,127
State-owned Banks		145,206,450,032	25,144,226,619
	¢	**145,206,450,032**	**153,559,065,746**

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.

Loan Portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

		December 2022	December 2021
Sector			
Agriculture. livestock. hunting and related services	¢	11,546,560,131	14,910,502,113
Manufacturing		13,368,732,554	9,885,346,406
Trade		1,042,995,091	0
Services		1,094,082,029	0
Transportation		190,188,779	0
Construction, purchase and repair of real estate		82,204,817	0
Hotels and restaurants		179,397,143	0
		27,504,160,544	24,795,848,519
Plus Interest receivable		75,348,575	69,853,373
Less Deferred income loan portfolio		(209,340,642)	(166,848,988)
Allowance for impairment		(95,034,266)	(99,122,714)
	¢	**27,275,134,211**	**24,599,730,190**

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

		December 2022	December 2021
Up to date	¢	27,143,284,667	24,694,451,340
1 to 30 days		268,305,416	101,397,178
31 to 60 days		92,570,461	0
	¢	**27,504,160,544**	**24,795,848,518**

c) Delinquent and past due loan portfolio

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

		December 2022	December 2021
Delinquent and past due loans recognizing interest	¢	360,875,877	101,397,179
Total of not received interest	¢	5,409,472	6,235,038

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		December 2022	December 2021
Current loans	¢	72,557,757	69,359,946
Past due loans		2,790,818	493,427
	¢	**75,348,575**	**69,853,373**

e) Allowance for impairment of loan portfolio

Balance at the beginning of 2022	¢	**99,122,714**
Plus:		
Transfer of balances		13,449,837
Adjustment for exchange differences		4,441,912
Less:		
Adjustment for exchange differences		(21,980,197)
Balance as of December 31, 2022	¢	**95,034,266**

As of December 31, 2021:

Balance at the beginning of 2021	¢	**66,444,007**
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)
Balance as of December 31, 2021	¢	**99,122,714**

f) Loan portfolio by kind of guarantee:

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

		December 2022	**December 2021**
Guarantee			
Fiduciary		250,823,118	0
Mortgage	¢	2,265,318,557	382,491,506
Chattel		222,995,792	357,729,087
Other		24,765,023,077	24,055,627,926
	¢	**27,504,160,544**	**24,795,848,519**

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

			Direct Loan Portfolio	
			December 2022	**December 2021**
Principal		¢	27,504,160,544	24,795,848,519
Interest receivable			75,348,575	69,853,373
			27,579,509,119	24,865,701,892
Allowance for bad loans			(95,034,266)	(99,122,714)
Carrying amount		¢	27,484,474,853	24,766,579,178
Loan portfolio				
Total balances:				
1		¢	27,186,994,456	24,763,811,286
2			93,486,017	101,890,606
3			299,028,646	0
			27,579,509,119	24,865,701,892
Minimum allowance			(71,711,266)	(64,842,970)
Carrying amount, net		¢	27,507,797,853	24,800,858,922
Carrying amount			27,579,509,119	24,865,701,892
Allowance for bad loans			(71,711,266)	(64,842,970)
Allowance (surplus) deficit on minimum allowance			(23,323,000)	(34,279,744)
Carrying amount, net	6a	¢	27,484,474,853	24,766,579,178

The assessed loan portfolio including allowance is detailed as follows:

As of December 31, 2022

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
		27,186,994,456	13,865,345,852	13,321,648,604	(68,416,796)
Direct specific allowance					
2		93,486,017	93,486,017	0	(467,431)
3		299,028,646	293,592,335	5,436,311	(2,827,039)
		392,514,663	387,078,352	5,436,311	(3,294,470)
	¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	27,215,842,424	13,888,757,509	13,327,084,915	(68,138,095)
Equal to or less than 30 days		270,180,678	270,180,678	0	(278,701)
		27,486,023,102	14,158,938,187	13,327,084,915	(68,416,796)
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
Equal to or less than 60 days		93,486,017	93,486,017	0	(3,294,470)
		93,486,017	93,486,017	0	(3,294,470)
	¢	27,579,509,119	14,252,424,204	13,327,084,915	(71,711,266)

As of December 31, 2021

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	24,763,811,286	9,039,547,128	15,724,264,158	(64,333,517)
		24,763,811,286	9,039,547,128	15,724,264,158	(64,333,517)
Direct specific allowance					
2		101,890,606	101,890,606	0	(509,453)
		101,890,606	101,890,606	0	(509,453)
	¢	24,865,701,892	9,141,437,734	15,724,264,158	(64,842,970)

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date	¢	24,763,811,286	9,039,547,128	15,724,264,158	(64,333,517)
		24,763,811,286	9,039,547,128	15,724,264,158	(64,333,517)
Direct specific allowance		Principal	Covered balance	Overdraft	Allowance
Equal to or less than 60 days		101,890,606	101,890,606	0	(509,453)
		101,890,606	101,890,606	0	(509,453)
	¢	24,865,701,892	9,141,437,734	15,724,264,158	(64,842,970)

		Loans receivable from clients	
As of December 31, 2022		**Gross**	**Net**
Risk category:			
1	¢	27,186,994,456	27,118,577,660
2		93,486,017	93,018,587
3		299,028,646	296,201,606
	¢	27,579,509,119	27,507,797,853

		Loans receivable from clients	
As of December 31, 2021		**Gross**	**Net**
Risk category:			
1	¢	24,763,811,286	24,699,477,769
2		101,890,606	101,381,153
	¢	24,865,701,892	24,800,858,922

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

As of December 31, 2022, resources have been transferred from the Development Credit Fund.

		December 2022	December 2021
Banco Scotiabank	¢	0	19,870,101,543
Banco Promerica	¢	7,768,261,881	2,984,281,895
	¢	**7,768,261,881**	**22,854,383,438**

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

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

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

Revised IAS 1 changes the name of some financial statements, using “statement of financial position” instead of balance sheet.

IAS 1 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes retrospective restatement.

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

c) IAS 7: Statements of Cash Flows

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

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

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

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

Any change in accounting estimates is prospective and is recorded in income for the period.

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

e) IAS 12: Income tax

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

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

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

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

a. Record against results of the period in the event that, according to the assessment by senior management, it is concluded that the entity has an immediate enforceable obligation with the Tax Administration.

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

f) IAS 16: Property, Plant and Equipment

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

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

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

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

g) 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.

h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Supervised entities must present their separate financial statements.

j) Amendments to IAS 32: Financial Instruments 0 Presentation and IAS 1: Presentation of Financial Statements 0 Puttable Financial Instruments and Obligations Arising on Liquidation

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

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

SUGEF requires that a provision for possible losses must be booked for contingent assets. IAS 37 does not allow this type of provision.

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the straight0line method over a maximum of five years. Similar procedure and term must be used for the amortization of goodwill acquired.

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

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

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

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

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

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

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

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

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business combinations (revised)

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

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

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

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

a) its carrying amount; and
b) its fair value les selling costs.

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

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

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

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

p) IFRS 9: Financial Instruments

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

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

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

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

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

b. b. At fair value through other comprehensive income.

c. At fair value through profit or loss: Participations in open investment funds must be registered in this category.

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

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

q) IFRS 13: Fair Value Measurement

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

Expenses or losses from equity reserves created by law or voluntarily by regulated entities cannot be directly recorded, without having previously gone through profit or loss of the period.

43). Figures for 2021

As of December 31, 2022, financial statement figures have not been reclassified for comparison with those of 2022, per modifications to the Chart of Accounts and SUGEF Directive 30-18: "Regulation on the financial information" approved by CONASSIF.

44). Relevant and subsequent events

As of December 2022, there are relevant and subsequent events to disclose as follows:

a) Transfer of charges and observations

As of July 3, 2020, the BCCR publishes Law 9859 "Law to fight Usury" defining a maximum on interest rates on loans and credit cards equivalent to 37.69% per year in colones and 30.36% in US dollars, in force for the second quarter of 2020. BCR credit cards offer an interest rate of 32% per year, one of the lowest in the market at the time of the entry into force of Law 9859, therefore it did not generate a financial impact on the income for credit card interest.

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

As of December 31, 2022, an adjustment for ¢11,124,931,039 for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2017, (¢1,734,981,794.69, for December 31, 2020, corresponding to 2016).

As of December 31, 2022, BCR Operadora de Pensiones Complementarias does not make a provision reversal adjustment corresponding to 2017 for ¢84,945,625, (¢51,013,093 for December 31, 2020, corresponding to 2015. By prescription, for December 2021, the entity did not perform a reversal adjustment of the IFRIC23 provision).

As of December 31, 2022, BCR Corredora de Seguros carried out the reversal of the respective contingency for ¢34,566,861corresponding to the 2017 period (¢40,880,144, for December 31, 2020, and ¢54,313,692 for December 2021. Corresponding to the 2015 period).

As of December 2022, BCR Valores S.A. did not perform an adjustment for reversal of provision CINIIF23 (¢194,676,459, for December 31, 2020, and ¢264,905,511 as of December 31, 2021, corresponding to 2015).

As of December 31, 2022, BCR Sociedad Administradora de Fondos de Inversión S.A. performed the reversion corresponding to 2017 for ¢78,779,564, (¢42,457,128, for December 31, 2020, and ¢36,435,373 as of December 2021, corresponding to 2015.)

On 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 ¢32,663,336,583 to the Treasury.

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

b) Value added tax

With the enactment of Law No. 9635, Law on Strengthening Public Finances of December 3, 2018, the sales tax system is comprehensively reformed, derogating entirely the General Sales Tax Law, Law No. 6826 of November 8, 1982, and its reforms, migrating its Title I to a new regulatory framework, called the Value Added Tax Law. This tax is regulated in Article 1 of the Law. In this new regulatory framework, all goods and services are taxed generally, presupposing an improvement in the control and oversight of the tax, since the list of exempt goods and services is considerably reduced, according to what is established in Article 8 of the Law. Likewise, the essential elements of the tax, being the taxable event, the accrual, the taxable persons, and the taxable base, were modified with Article 1 of the Law for Strengthening Public Finances.

c) New administration of the Notarial Guarantee Fund

On October 8, 2019, BCR Pensiones started managing the Notarial Guarantee Fund; this fund was created with the enactment of the Notarial Code started ruling in 1998.

The National Directorate of Notaries carried out a comprehensive market study to determine the existence of options to manage its fund, thus transferring the Fund to BCR Pensiones.

In official letter BCROPC-048-20 dated February 11, 2020, the deadline for delivery of the audited financial statements of the Individual Capitalization Fund of Notarial Guarantee is extended once the National Directorate of Notaries delivers the corresponding audited financial statements to the period from January 1 to October 7, 2020, which was administered by another Complementary Pension Operator.

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the decree of Fiscal Relief for COVID-19 is approved, establishing moratorium measures in the payment of income tax (VAT, selective consumption, and duties, from April to June 2020 they be declared and may be paid free of charge for interest or penalties until December 2020, a postponement of the payment term is granted, there is no forgiveness or amnesty).
In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and the VAT exemption on commercial rentals in the months of April to June 2020.

On March 18, 2020, directive 075-H was signed to instruct the State commercial banks, in exercise of their constitutional autonomy, to carry out all the necessary and effective measures to readjust the credits of the debtors affected by the current situation.

The guideline urges banks to assess measures such as the following:

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

Financial Information Regulation

As of March 2020, multiple regulations have been issued with the aim of mitigating the impact of COVID-19 related to the banking and financial sector, as follows:

Approved by CONASSIFF

a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).

b. This measure covers loans of more than ¢100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.

c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending June 30, 2021, without qualifying as a special operation.

d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.

e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.

f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This particular measure aims to facilitate the readjustments and / or refinancing of the credits. This measure is temporary; it is in force until March 31, 2021.

g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.

h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.

i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

General Superintendence of Financial Entities

a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the "M" factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.

b. It was agreed to establish the value of the "M" factor referred to in Article 6 of the SUGEF 19-16 Agreement.

c. This minimum required percentage level of countercyclical allowance ("M") will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.

d. This measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

Central Bank of Costa Rica

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

a. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020,

b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and

c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: "during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights". This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).

d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones with one-day and up to thirty-days terms.

e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in an one-day term.

f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.

g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.

h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

<u>Measures adopted by the Bank in the face of the health emergency due to COVID-19. Measures were generated in three areas:</u>

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

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

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

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

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

2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest.

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

3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution.

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

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

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

As of December 31, 2022, Loans are detailed by activity in operations readjusted by Covid-19:

		Loans – Balances converted to colones	
		Colones	Converted US dollars
Agriculture		1,869,154,251	29,396,612,154
Trade		59,588,289,374	29,403,105,392
Construction		5,429,447,377	9,029,425,826
Retail		64,241,759,419	2,531,696,450
Livestock		3,146,799,788	0
Industry		30,279,656,003	2,118,138,910
Services		27,901,602,062	11,811,450,962
Transportation		20,224,288,897	55,138,491
Tourism		6,174,538,898	42,976,318,039
Housing		174,526,727,621	46,041,845,375
Total by currency	**¢**	**393,382,263,690**	**173,363,731,599**
Total	**¢**	**566,745,995,289**	

As of December 31, 2022

Activity	Colones	Amount in US Dollars	Total
Agriculture	77	5	82
Trade	704	52	756
Construction	19	14	33
Retail	7,217	357	7,574
Livestock	78		78
Industry	83	2	85
Services	401	28	429
Transportation	146	2	148
Tourism	38	36	74
Housing	8,033	1,084	9,117
Total	**16,796**	**1,580**	**18,376**

As of December 31, 2021

		Loans – Balances converted to colones	
		Colones	**Converted US dollars**
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		3,168,213,592	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
Total by currency	**¢**	**436,234,114,527**	**231,592,116,967**
Total	**¢**	**667,826,231,494**	

		Colones	Amount in US Dollars	Total
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
Total	¢	**18,894**	**1,994**	**20,888**

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).

Faced with the pandemic, Grupo BICSA was forced to respond quickly to critical questions in the operational and financial areas. In particular, the recalibration and updating of IFRS 9 models is of particular importance as a fundamental task in the current context because of various factors that in turn have an impact on provisions. These reviews considered adjustments to conventional methodological aspects such as the probability of default (PD), the loss given default (LGD) and the forward-looking adjustment (prospective economic effect of the IFRS 9 model). The classification criteria in Stages have also been revised to incorporate the effects that the COVID-19 environment could bring to customers, in this case it is necessary to define criteria for a significant increase in credit risk (ISRC) based on the risk of the economic sector, the activity within the economic sector and the particular characteristics of each client. Finally, based on the methodology defined taking as reference the international regulations and the local regulatory context, the Bank defined the Post Model Adjustments (Overlays) with general guidelines for the classification process of modified loans in the different stages established by IFRS 9. After applying the adjustments, the bank resulted in an increase in its IFRS 9 reserve estimate of $1.3 million.

Management and impacts of the pandemic for COVID-19 at BICSA

As of the second quarter of 2020, the Group increased its volume of current assets to an average greater than 63.65% of the Legal Liquidity indicator, doubling the minimum 30% required (see Note 5 - Liquidity Risk). Finally, the Group's solvency level has improved compared to the previous closing ended on December 31, 2019 and remains well above the requirements of the SBP in 12.76% of weighted equity/assets based on risk (see Note 5 - Capital Management). The final magnitude of the impact of the pandemic for COVID-19 on the Group's business, financial situation and results will depend on future and uncertain events, including the intensity and persistence over time of the consequences derived from the pandemic in the different geographies in which the Group operates.

Financial Information Regulation

Through articles 6 and 5 of the minutes of sessions 1442-2018, held on September 11, 2018, CONASSIF approved the Financial Information Regulation, in effect from January 1, 2020.

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

Distribution of dividends

As of April 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.

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.

Maximum annual interest rates for credits and microcredits

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

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

Every type of credit (except microcredits)	
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.

Asset appraisal

As of September 2022, a net appraisal was recorded in buildings for ¢11,447,128,295 and in property for ¢456,051,531.

45). Restatement of BCR Consolidated Financial Statements

For the 2021 audited period, the financial statements were restated due to the transfer of charges for the audit of the 2017 period by the Ministry of Finance, informed in official letter DGCN-SF-PD-28-2021-4-321-03, of March 9 of 2022, using the provision created for uncertain tax treatments of IFRIC 23 for an amount of ¢32,663,336,584, which contained a balance for the 2017 period of ¢11,124,931,039 and should reinforce the provision for the uncovered balance of ¢21,130,594,150. The previous adjustments produced that the accumulated profits registered with initial balances of 2020 had to be adjusted by ¢19,430,594,150, since the transfers were not implicit at the time of the creation of the provision, additional amounts that were paid under protest.

46). Date of authorization for the issuance of financial statements

The Bank's General Management authorized the issuance of the consolidated financial statements on January 27, 2023. The SUGEF has the possibility of requesting modifications to the financial statements after their issuance date.