Banco de Costa Rica

Separate Financial Statements

December 31, 2022, and 2021

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Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022, and its financial performance, changes in equity and its separate cash flows for the year then ended in accordance with the directives issued by the National Financial System Oversight Board and the General Superintendence of Financial Entities.

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 Separate 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 separate 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.b of the separate financial statements which describes the basis of accounting. The accompanying separate 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 and the General Superintendence of Financial Entities. The Bank issues consolidated financial statements that are its main financial statements; the separate financial statements, with the investment in subsidiaries presented by the equity method, have been prepared to be used only by the Bank's management and by the General Superintendence of Financial Entities. As a result, the separate financial statements could be not suitable for other purposes.

Emphasis matter – Conditions reported by COVID-19

In note 39 of the financial statements, disclosures related to the state of emergency due to the pandemic for COVID-19 are presented and how the administration has managed this condition.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 56.13% 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 for the Loan Portfolio", 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 ¢145,623,881,422 which represents 2.39% of the total assets. Through communication SGF-2584-2020 of August 04, 2020, SUGEF has required credit management plans because of payment arrangements and credit risk caused by the health crisis due to COVID-19, including the recognition of additional allowances.	Our audit procedures included selecting a sample of loan operations to which a balances confirmation process has been applied. We also carried out an evaluation 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 of the loan portfolio to verify the internal control procedures established by the Bank, as well as the filing regulations established by the regulator. We verified and reviewed the auxiliary records of the credit portfolio and their allowance. The Bank's management considers that the allowance for doubtful accounts is adequate to absorb any losses that may be incurred 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.i, 1.k, 6 and 34 includes the Bank's disclosures regarding the respective treatment of the allowance for bad loans.

b) Investment in securities

Key audit matter	Audit Response
Investments are classified and accounted for in accordance with IFRS 9, Financial Instruments, including the recognition of expected credit losses, which requires the application of 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 the 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 20.07% of the total assets.	Among other procedures, we performed a process of confirmation of balances 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 investment classification is adjusted to the contractual cash flows and the design and application of the methodology for determining the expected credit loss, by inspecting the methodology approved by the Board of Directors. Notes 1.h, 5 and 34 includes the Bank's disclosures 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. As of December 31, 2022, obligations with the public represent 86.29% of the total liabilities.	Among other procedures, we carried out a process of confirmation of balances and analytical procedures to verify the cycles and interest rates. Notes 11, 12 and 34 include the Bank's disclosures on accounting treatment and other aspects relating to obligations with the public.

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

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Bank'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 Bank'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 separate 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 Bank to cease to continue as a going concern.

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

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the separate 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 Francine Sojo Mora.

Our responsibility for this report of the audited financial statements as of December 31, 2022, extends until February 10, 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.

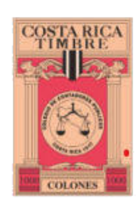
FRANCINE SOJO MORA (FIRMA)

Firmado digitalmente por FRANCINE SOJO MORA (FIRMA)
Fecha: 2023.03.17 12:32:05 -06'00'

Nombre del CPA: FRANCINE SOJO MORA
Carné: 3386
Cédula: 303310706
Nombre del Cliente: Banco de Costa Rica
Identificación del cliente: 4000000019
Dirigido a: Banco de Costa Rica
Fecha: 17-02-2023 05:44:59 PM
Tipo de trabajo: Informe de Auditoria

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

FRANCINE SOJO MORA
Contador Público Autorizado No. 3386
COSTA RICA



Código de Timbre: CPA-1000-3015

San José, Costa Rica
February 10, 2023

Opinion signed by
Francine Sojo Mora N° 3386
Policy 0116 FIG 7 due 30-set.-2023
Stamp Law 6663 ¢1.000
Attached to the original

Schedule A
1 to 2

BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of 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**	¢ **889,861,698,309**	**864,405,461,581**	**733,128,044,604**
Cash		91,663,160,584	99,550,418,210	118,489,634,777
Central Bank of Costa Rica		622,086,762,114	578,167,488,236	557,099,188,822
Financial entities abroad		86,500,889,193	91,692,364,244	56,198,443,455
Demand documents receivable for collection		288,751,558	475,541,407	932,337,980
Restricted availabilities		89,322,134,860	94,519,649,484	408,439,570
Investment in financial instruments	**5**	**1,587,645,659,367**	**1,754,312,982,756**	**1,263,953,609,423**
At fair value through profit or loss		229,977,070,438	292,227,906,832	128,357,115,178
At fair value through other comprehensive income		1,320,061,922,081	1,433,296,430,848	1,064,183,964,567
At amortized cost		13,973,862,699	3,834,335,115	54,863,522,058
Interest receivable		23,632,804,149	24,954,309,961	16,549,460,349
(Allowance for impairment)		0	0	(452,729)
Loan portfolio	**6.b**	**3,151,277,829,847**	**3,038,196,017,415**	**2,832,062,814,548**
Current loans		3,048,329,581,189	2,922,314,277,517	2,763,220,884,473
Past due loans		195,877,347,779	219,463,566,540	125,113,834,464
Loans in legal collection		54,015,379,909	52,111,660,667	47,306,508,117
(Deferred income-loan portfolio)		(20,276,542,716)	(19,009,378,028)	(17,174,110,485)
Interest receivable	**6.e**	18,955,945,108	16,243,877,380	32,602,387,644
(Allowance for impairment)	**6.f**	(145,623,881,422)	(152,927,986,661)	(119,006,689,665)
Accounts and commissions receivable		**31,144,522,215**	**15,609,952,548**	**10,567,281,932**
Commissions receivable		1,191,219,178	1,348,615,046	802,979,752
Accounts receivable for transactions with related parties		1,047,926,438	3,257,979,554	3,582,818,901
Deferred income tax and income tax receivable	**15**	27,825,064,311	9,670,094,125	2,035,927,094
Other accounts receivable		14,620,289,341	13,918,807,842	14,798,778,916
(Allowance for impairment)		(13,539,977,053)	(12,585,544,019)	(10,653,222,731)
Foreclosed assets	**7**	**33,391,023,435**	**42,352,819,264**	**45,392,977,656**
Assets and securities acquired as recovery of loans		97,737,157,773	116,382,688,755	133,540,938,273
Other foreclosed assets		3,008,511,818	3,354,758,800	3,121,125,949
(Allowance for impairment and per legal requirements)		(67,354,646,156)	(77,384,628,291)	(91,269,086,566)
Interest in other companies capital, net	**8**	**118,058,380,855**	**128,725,242,930**	**121,084,071,453**
Property, furniture and equipment, net	**9**	**142,804,777,436**	**131,640,777,150**	**135,405,802,729**
Property investmests		**6,831,625,000**	**6,441,924,521**	**6,441,924,521**
Other assets	**10**	**129,096,208,448**	**73,915,922,393**	**82,013,309,024**
Deferred charges	**10.a**	862,205,085	7,346,980,482	9,282,601,103
Intangible assets, net	**10.b**	22,421,331,263	14,859,851,080	13,073,558,764
Other assets	**10.c**	105,812,672,100	51,709,090,831	59,657,149,157
TOTAL ASSETS		¢ **6,090,111,724,912**	**6,055,601,100,558**	**5,230,049,835,890**

Schedule A
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BANCO DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
As of 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		¢	**4,714,425,599,606**	**4,615,047,205,487**	**3,969,128,326,795**
Demand obligations	11		3,240,787,388,218	3,283,466,617,831	2,558,767,229,179
Term obligations	12		1,456,198,586,872	1,318,752,537,179	1,396,513,269,069
Other obligations with the public			171,582,543	1,106,218,110	535,535,578
Financial charges payable			17,268,041,973	11,721,832,367	13,312,292,969
Obligations with 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			**326,306,685,147**	**422,222,882,801**	**489,297,292,335**
Demand obligations	14		38,630,311,266	35,221,034,718	34,348,836,719
Term obligations	12		286,590,336,108	385,295,377,909	453,867,145,312
Financial charges payable			1,086,037,773	1,706,470,174	1,081,310,304
Accounts payable and provisions			**176,798,687,242**	**205,151,876,692**	**160,198,073,069**
Provisions	16		39,631,662,680	71,435,938,403	77,332,863,797
Accounts payable for brokerage services			130,934	10,943,620	6,492,472
Deferred income tax	15		28,455,219,795	37,531,110,112	7,803,704,977
Other accounts payable	17		108,711,673,833	96,173,884,557	75,055,011,823
Other liabilities			**58,896,184,984**	**16,232,013,808**	**34,156,939,758**
Deferred income			386,432,814	629,842,899	622,260,727
Other liabilities			58,509,752,170	15,602,170,909	33,534,679,031
Subordinated obligations			**50,139,855,636**	**0**	**0**
Subordinated obligations	14		49,955,433,414	0	0
Financial charges payable	14		184,422,222	0	0
TOTAL LIABILITIES		¢	**5,462,486,071,171**	**5,386,939,664,431**	**4,655,280,840,277**
EQUITY					
Capital stock	18	¢	**181,409,990,601**	**181,409,990,601**	**181,409,990,601**
Paid-in-capital			181,409,990,601	181,409,990,601	181,409,990,601
Equity adjustments - Other comprehensive income			**7,399,651,431**	**96,607,343,411**	**55,958,372,953**
Reserves	1.w		**325,313,265,088**	**296,709,547,031**	**283,820,516,011**
Accrued earnings from previous periods			**24,854,115,252**	**4,479,073,617**	**(3,976,718,087)**
Profit of current period			**48,171,909,592**	**53,243,470,057**	**24,247,105,675**
Capital contributions in funds or special reserves			**40,476,721,777**	**36,212,011,410**	**33,309,728,460**
TOTAL EQUITY			**627,625,653,741**	**668,661,436,127**	**574,768,995,613**
TOTAL LIABILITIES AND EQUITY		¢	**6,090,111,724,912**	**6,055,601,100,558**	**5,230,049,835,890**
DEBIT CONTINGENT ACCOUNTS	19	¢	**474,773,322,051**	**319,726,692,051**	**314,178,618,537**
TRUST ASSETS	20		**723,133,806,512**	**927,719,265,552**	**919,788,849,805**
TRUST LIABILITIES			**270,063,360,217**	**362,909,505,260**	**379,680,643,674**
TRUST EQUITY			**453,070,446,296**	**564,809,760,292**	**540,108,206,131**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**18,944,176,688,118**	**15,234,563,101,376**	**20,374,911,227,431**
Own debit memoranda accounts			11,576,333,433,589	7,597,110,442,952	13,950,931,108,630
Third party debit memoranda accounts			110,860,738,441	143,742,191,726	93,322,936,545
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			6,350,102,114,188	6,476,281,695,607	5,577,179,890,338

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.03.29 14:27:53 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.03.23 17:45:36 -06'00'
María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.03.29 10:50:09 -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 11:03:23 -0600

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

COSTA RICA Colegio de Contadores Privados de Costa Rica Aniversario 70 ₡300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: ZYE3O5RS
https://timbres.contador.co.cr

Schedule B

BANCO DE COSTA RICA
SEPARATE STATEMENT OF 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				
Cash		¢	2,030,022,735	748,447,734
Investments in financial instruments	**22**		84,121,319,382	81,466,411,696
Loan portfolio	**23**		242,573,357,923	231,218,677,560
For exchange differences and UD	**1-d**		0	2,726,227,722
For profit from financial instruments at fair value through profit or loss			2,539,594,862	765,304,457
For profit from financial instruments at fair value through other comprehensive income			8,396,344,793	8,950,137,723
For profit in property investments			465,995,959	0
Other financial income			1,003,796,294	1,064,509,803
Total financial income			**341,130,431,948**	**326,939,716,695**
Financial expenses				
Obligations with the public	**24**		114,085,391,114	98,866,228,141
Obligations with the Central Bank of Costa Rica			4,044,552,335	658,470,832
Obligations with financial and no-financial entities			10,977,278,544	6,531,122,864
For subordinated, convertible and preferred obligations			1,146,259,780	0
For exchange differences and UD	**1-d.ii**		3,035,621,514	0
For losses from financial instruments at fair value through profit or loss			186,120,522	179,571,182
For losses from financial instruments at fair value through other comprehensive income			945,158,831	175,726,490
Total financial expenses			**134,420,382,640**	**106,411,119,509**
Allowance for impairment of assets	**25**		14,908,745,505	44,130,674,244
Recovery of asset and decrease in allowance and provisions	**26**		17,784,936,627	16,259,889,956
FINANCIAL INCOME			**209,586,240,430**	**192,657,812,898**
Other operating income				
Service fees	**27**		94,877,262,480	85,622,895,163
Foreclosed assets			29,657,702,721	33,790,926,978
Profit from capital investmets in other companies	**28**		2,597,791,182	1,839,384,461
Profit from capital investments in entities supervised by SUGEVAL	**28**		3,167,657,486	6,191,079,601
Profit from capital investments in entities supervised by SUPEN	**28**		925,726,511	1,092,469,348
Profit from capital investments in entities supervised by SUGESE	**28**		2,814,750,147	3,094,208,787
Foreign currency exchange and arbitrations			26,709,736,979	21,909,380,062
Other income from related parties			3,066,168,042	3,595,325,895
Other operating income			25,433,106,420	26,017,902,930
Total other operating income			**189,249,901,968**	**183,153,573,225**
Other operating expenses				
Service fees			27,572,263,273	26,105,558,415
Foreclosed assets			35,644,742,433	41,119,868,563
Loss from capital investments in other companies	**28**		576,358,561	941,266,721
Loss from capital investments in entities supervised by SUGEVAL	**28**		118,330,911	0
Provisions			5,007,844,659	1,242,520,081
Foreingn currency exchange and arbitration			1,203,345,457	1,436,406,672
For other expenses with related parties			0	13,749,292
Other operating expenses			44,937,431,500	42,202,838,772
Total other operating expenses			**115,060,316,794**	**113,062,208,516**
OPERATING INCOME, GROSS			**283,775,825,604**	**262,749,177,607**
Administrative expenses				
Personnel expenses			101,403,023,569	93,754,886,806
Other administrative expenses			84,020,109,517	74,405,583,767
Total administrative expenses	**29**		**185,423,133,086**	**168,160,470,573**
NET OPERATING INCOME, BEFORE TAXES AND STATUTORY ALLOCATIONS			**98,352,692,518**	**94,588,707,034**
Income tax	**15**		21,418,345,999	21,879,235,843
Deferred income tax	**15**		13,020,488,882	0
Decrease in income tax	**15**		10,036,155,317	1,333,123,874
Statutory allocations of profit	**30**		25,778,103,362	20,799,125,008
RESULTS OF THE PERIOD, NET			**48,171,909,592**	**53,243,470,057**
Attributed to the controller			**48,171,909,592**	**53,243,470,057**
OTHER COMPREHENSIVE INCOME , NET OF TAX				
Real estate revaluation surplus			9,340,541,028	(6,030,158,264)
Adjustment for valuation of investments at fair value through other comprehensive income			(61,477,510,341)	34,031,060,284
Reclassification of unrealized profit to the income statement			(5,215,830,173)	(6,142,087,863)
Adjustment for valuation of restricted finantial instruments, net income tax			(21,976,794,566)	14,054,860,300
Other adjustments			(9,878,097,928)	4,735,296,001
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**31**	¢	**(89,207,691,980)**	**40,648,970,458**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		¢	**(41,035,782,388)**	**93,892,440,515**

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.03.29 14:28:29 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.03.23 17:46:11 -06'00'
María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.03.29 10:51:02 -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 11:03:41 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA

COSTA RICA Aniversario 70 ¢300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: ZYE3O5RS
https://timbres.contador.co.cr

Schedule C

BANCO DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended September 30, 2022
(with corresponding figures as of December 31, 2021)
(In colones without cents)

	Note	Capital stock	Non-capitalized equity contributions	Adjustments to equity: Surplus for revaluation of property, furniture and equipment	Adjustments to equity: Adjustment for valuation of investments at fair value through other comprehensive income	Adjustments to equity: Ajustment for valuation of capital investments in other companies	Adjustments to equity: Total equity adjustment	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Total equity
Balance as of December 31, 2020		**¢ 181,409,990,601**	**0**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**283,820,516,011**	**39,077,596,950**	**33,309,728,460**	**593,576,204,975**
Effect on error correction in the tax treatment of uncertainties	40								(18,807,209,362)		**(18,807,209,362)**
Restated balance as of January 1, 2022		**¢ 181,409,990,601**	**0**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**283,820,516,011**	**20,270,387,588**	**33,309,728,460**	**574,768,995,613**
Allocation of legal reserve		0	0	0	0	0	0	12,889,031,020	(12,889,031,020)	0	0
Allocation to the Development Financing Fund		0	0	0	0	0	0	0	(2,902,282,951)	2,902,282,950	(1)
Balance as of December 31, 2021		**181,409,990,601**	**0**	**37,774,830,067**	**7,546,666,277**	**10,636,876,609**	**55,958,372,953**	**296,709,547,031**	**4,479,073,617**	**36,212,011,410**	**574,768,995,612**
Other comprehensive income											
Total other comprehensive income		0	0	(6,030,158,264)	41,943,832,721	4,735,296,001	40,648,970,458	0	53,243,470,057	0	93,892,440,515
Balance as of December 31, 2021		**181,409,990,601**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**296,709,547,031**	**57,722,543,674**	**36,212,011,410**	**668,661,436,127**
Attributed to the Financial Conglomerate		¢ 181,409,990,601	0	31,744,671,803	49,490,498,998	15,372,172,610	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**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**296,709,547,031**	**57,722,543,674**	**36,212,011,410**	**668,661,436,127**
Allocation of legal reserve		0	0	0	0	0	0	28,603,718,057	(28,603,718,057)	0	0
Allocation to the Development Financing Fund		0	0	0	0	0	0	0	(4,264,710,365)	4,264,710,367	2
Balance as of December 31, 2022	**18**	**181,409,990,601**	**0**	**31,744,671,803**	**49,490,498,998**	**15,372,172,610**	**96,607,343,411**	**325,313,265,088**	**24,854,115,252**	**40,476,721,777**	**668,661,436,129**
Other comprehensive income											
Total other comprehensive income		0	0	9,340,541,027	(88,670,135,080)	(9,878,097,928)	(89,207,691,981)	0	48,171,909,592	0	(41,035,782,389)
Balance as of December 31, 2022	**18**	**181,409,990,601**	**0**	**41,085,212,831**	**(39,179,636,082)**	**5,494,074,682**	**7,399,651,431**	**325,313,265,088**	**73,026,024,844**	**40,476,721,777**	**627,625,653,741**
Attributed to minority interests		0	0	0	0	0	0	0	0	0	0
Attributed to the Financial Conglomerate		¢ 181,409,990,601	0	41,085,212,831	(39,179,636,082)	5,494,074,682	7,399,651,431	325,313,265,088	73,026,024,844	40,476,721,777	627,625,653,741

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

DOUGLAS SOTO LEITON (FIRMA) Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA) Fecha: 2023.03.29 14:28:50 -06'00'
Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA) Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA) Fecha: 2023.03.23 17:48:30 -06'00'
María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA) Fecha: 2023.03.29 10:51:24 -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 11:03:45 -0600

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

COSTA RICA
Aniversario 70
₡300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: ZYE3O5RS
https://timbres.contador.co.cr

Schedule D

BANCO DE COSTA RICA
SEPARATE 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					
Profit of the year		¢	**48,171,909,592**	**53,243,470,057**	**24,247,105,675**
Items applied to results not requiring cash outlays			**(95,904,761,345)**	**(114,226,594,989)**	**(105,479,829,988)**
Increase or (decrease) for					
Allowance for impairment or devaluation of investments			305,834,866	1,872,026,669	5,243,892,477
Allowance for impairment of loan portfolio			11,248,195,564	39,307,725,100	44,543,016,343
Allowance for impairment and default of other accounts receivable			3,354,715,075	2,950,922,475	4,195,534,963
Allowance for impairment of assets in lieu of payment			18,521,186,920	19,500,570,250	24,784,945,878
Income from reversal of allowance for impairment or devaluation of investments			(2,077,590,225)	(753,698,507)	(3,830,599,207)
Income from reversal of allowance for impairment of loan portfolio			(7,714,047,174)	(2,378,091,815)	(10,375,781,696)
Income from reversal of allowance for impairment and default of accounts receivable			(1,962,555,568)	(1,099,846,598)	(2,169,523,967)
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)
Profit or loss from the 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			(8,811,235,854)	(11,275,875,476)	(10,946,487,844)
Depreciation			13,150,311,657	12,669,540,793	12,116,179,366
Amortization			16,153,082,854	15,240,198,085	12,040,960,078
Provision for social benefits			1,253,198,421	0	0
Provisions for pending lawsuits			3,754,646,239	1,242,520,081	4,199,552,984
Other provisions			21,130,594,150	1,718,449,429	(17,401,143,449)
Income from provisions			(4,265,812,727)	(8,627,631,932)	(4,232,549,877)
Income tax			21,418,345,999	21,879,235,843	13,624,899,236
Deferred income tax			13,020,488,882	0	0
Decrease in income tax			(9,317,022,162)	(1,177,839,211)	(1,065,758,514)
Decrease in income tax from previous periods			(719,133,155)	(155,284,663)	0
Legal allocations on profit			25,778,103,362	20,799,125,008	8,853,030,094
Interests for obligations with the public			114,085,391,114	98,866,228,141	122,273,344,868
Interests for obligations with financial entities			16,168,090,659	7,189,593,696	10,445,410,502
Income from availabilities			(2,030,022,735)	(748,447,734)	(836,392,144)
Income from investment in financial instruments			(84,121,319,382)	(81,466,411,696)	(58,040,227,405)
Income from loan portfolio			(242,573,357,923)	(231,218,677,560)	(237,105,466,472)
Gain or loss for exchange rate differences and UD (Development Units), net			2,947,350,988	(2,740,793,392)	(5,670,890,555)
Interest for transfer of charges			0	0	
Cash flows from operating activities			**(90,790,769,594)**	**(666,475,175,071)**	**(230,247,846,453)**
Net change in assets, increase or (decrease) for					
Increase in financial instruments - at fair value through profit or loss			(267,520,189,342)	(1,277,587,219,937)	(7,773,075,993)
Decrease in financial instruments - at fair value through profit or loss			329,771,025,736	1,113,716,428,283	0
Increase in financial instruments - at fair value through other comprehensive income			(4,955,104,576,595)	(2,837,139,590,952)	(3,882,969,154,803)
Decrease in financial instruments - at fair value through other comprehesive income			4,963,966,326,694	2,507,281,894,583	3,613,624,709,879
Loan portfolio			(187,712,317,694)	(252,129,343,905)	5,895,171,087
Accounts and commissions receivable			630,769,110	(7,102,126,688)	(9,237,728,936)
Available-for-sale assets			23,569,324,531	30,617,875,936	20,169,511,456
Interest receivable from financial instruments			24,954,309,961	16,549,460,349	8,750,467,339
Interest receivable from loan portfolio			12,185,379,025	29,597,640,775	16,305,959,459
Other assets			(35,530,821,020)	9,719,806,485	4,986,294,059
Net variations in liabilities, increase or (decrease)			**96,773,041,700**	**582,667,706,869**	**157,722,125,160**
Obligations with the public			203,152,980,680	583,204,402,367	169,077,926,958
Obligations with the Central Bank of Costa Rica and other entities			(73,732,289,236)	46,871,721,891	37,100,029,952
Obligations for accounts and commissions payable and provisions			(62,149,430,596)	(14,672,442,401)	(10,332,970,085)
Interest payable for obligations with the public			(11,721,832,367)	(13,312,292,969)	(18,859,209,834)
Interest payable for obligations with BCCR and other entities			(2,303,129,988)	(1,081,310,304)	(2,245,275,924)
Other liabilities			43,526,743,207	(18,342,371,715)	(17,018,375,907)
Interests paid			(110,290,953,460)	(92,030,859,482)	(118,325,152,097)
Dividends received			9,400,000,000	9,000,000,000	15,658,000,001
Collected interest			290,194,449,138	275,240,096,518	249,666,669,021
Paid income tax			(15,870,077,016)	(7,574,467,260)	(18,878,275,109)
Net cash flows provided by operating activities			**131,682,839,015**	**39,844,176,642**	**(25,637,203,790)**
Cash flow from investment activities					
Increase in financial instruments at amortized cost			(3,601,260,205,098)	(15,341,777,570,818)	(4,073,465,727,689)
Decrease in financial instruments at amortized cost			3,591,120,677,514	15,392,803,401,641	4,018,578,642,340
Acquisition of property, furniture and equipment			(32,298,494,529)	(8,620,328,691)	(12,150,490,443)
Decrease for withdrawal and transfer of property, furniture and equipment			8,205,220,785	153,539,135	157,412,181
Acquisition of intangibles			(15,409,079,216)	(9,053,541,095)	(8,638,905,323)
Decrease for withdrawals and transfer of intangibles			(5,185,381,628)	14,227,866	330,910,217
Participations in the capital of other companies			200,000,001	(630,000,000)	0
Return of capital from subsidiaries			0	0	994,878,153
Cash flows (used for) provided by investment			**(54,627,262,171)**	**32,889,728,038**	**(74,193,280,564)**
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			**127,011,010,258**	**72,733,904,680**	**(99,830,484,354)**
Cash and cash equivalents at the beginning of the year			906,345,063,539	817,924,074,792	895,558,712,608
Effect on changes in exchange rates on cash			(25,406,488,835)	15,687,084,067	22,195,846,539
Cash and cash equivalents at the end of the year	4	¢	1,007,949,584,962	906,345,063,539	817,924,074,793

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

DOUGLAS SOTO LEITON (FIRMA)
Firmado digitalmente por DOUGLAS SOTO LEITON (FIRMA)
Fecha: 2023.03.29 14:29:07 -06'00'

Douglas Soto L.
General Manager

MARIA LUISA GUZMAN GRANADOS (FIRMA)
Firmado digitalmente por MARIA LUISA GUZMAN GRANADOS (FIRMA)
Fecha: 2023.03.23 17:48:52 -06'00'

María Luisa Guzmán G.
Accountant

RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
Firmado digitalmente por RAFAEL ENRIQUE MENDOZA MARCHENA (FIRMA)
Fecha: 2023.03.29 10:52:15 -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 11:04:00 -0600

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

COSTA RICA
COLEGIO DE CONTADORES PRIVADOS DE COSTA RICA
Aniversario 70
₡300 COLONES

TIMBRE 300.0 COLONES

VERIFICACIÓN: ZYE3O5RS
https://timbres.contador.co.cr

(1) Summary of operations and significant accounting policies

a. Operations

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

The Banks website is www.bancobcr.com

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing certificates of deposit; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of December 31, 2022, the Bank has 161 distributed among the national territory (162 for December 2021) has in operation 568 automated teller machines (603 for December 2021) and has 3.972 employees (3.657 for December 2021).

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

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

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

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

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

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

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

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

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

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

(Continues)

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

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

b. Accounting policies for financial statement preparation

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

In January 2008, CONASSIF issued the Accounting Regulations Applicable to Entities Supervised by SUGEF, SUGEVAL and SUPEN and to non-financial issuers, and in September 2018 the Financial Information Regulation, SUGEF Agreement 30-18, was issued, in which CONASSIF establishes the accounting policies that must be used when IFRS have alternative treatments and their exceptions, which favors their comparability and the reading of financial information, both for national and foreign users. In addition, it includes the provisions on remission, presentation, and publication of financial statements in a single regulatory body, which provides greater uniformity in the performance of supervisory bodies, as well as avoiding duplication and redundancy.

Issuing new IFRSs or interpretation by the IASB, as well as any amendment to the adopted IFRSs to be applied by the entities under supervision will require a prior authorization by the National 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. Interest in other companies

Valuation of investments by the equity method

i. Subsidiaries

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

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

d. Foreign currency

i. Foreign currency transactions

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

ii. Monetary unit and foreign exchange regulations

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

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

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

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

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

Valuation in colones of monetary assets and liabilities in foreign currency during the period ended December 31, 2022, gave rise to foreign exchange losses of ¢1,632,662,148,837 (¢736.150.970.825 for December 2021) and gains for ¢1,629,626,527,323 (¢738.877.198.547 for December 2021), which are presented net in the income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are recorded in "Other operating income" and "Other operating expenses", respectively. For the period ended December 31, 2022, valuation of other assets gave rise to gains of ¢1,459,439,641 (¢355.956.097 for December 2021) and valuation of other liabilities gave rise to losses of ¢1,582,134,582 (¢462.502.382 for December 2021).

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

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

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

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

Valuation of the participation in the financial statements of this foreign subsidiary gave rise to net profits in the period ended December 31, 2022, for ¢2,002,236,916 (¢1.204.741.412 for December 2021).

e. Basis for the preparation of financial statements

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

f. Financial instruments

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

(i) Classification

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

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

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

(ii) Recognition

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

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

(iii) Measurement

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

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

(Continues)

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

(iv) *Principles for measurement at fair value*

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

(v) Gains and losses on subsequent measurement

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

(vi) Derecognition

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

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

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

1. Collect contractual cash flows

2. Sale of financial assets

3. A combination of both

Given the above, IFRS 9 introduces a new approach to classifying financial assets and requires that they be classified at the time of their initial recording (settlement date) into three valuation categories: (i) amortized cost, (ii) fair value through changes in other comprehensive income (equity) and (iii) fair value through changes in profit and loss.
Classification in these categories will depend on two aspects: the entity's business model (how an entity manages its financial instruments) and the existence or not of contractual cash flows of specifically defined financial assets.

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

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

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

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

g. Cash and cash equivalents

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

(Continues)

h. Investments in financial instruments

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

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

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

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

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

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

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

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

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

   b. Fair value through changes in other comprehensive income.

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

(Continues)

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

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

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

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

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

(Continues)

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

- Main business model

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

- Secondary business model

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

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

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

i. Loan portfolio

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

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

j. Allowance for loan losses

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

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

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

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

- Arrears

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

Risk categories are summarized below:

Risk category	Arrears	Historical payment behavior	Creditworthiness
A1	30 days or 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 o Level 2	Level 1, Level 2, Level 3 or Level 4

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

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

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

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

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

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

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

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

The bank must keep this 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 unhedged borrowers, an additional generic allowance of 1.5% must also be applied on the basis of calculation.

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

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

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

(Continues)

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
More than 61 days	100%	0,5%	Level 1, Level 2, Level 3 or Level 4	Level 1 or Level 2

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

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

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

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

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

As of December 31, 2022, the total estimate of the loan portfolio in the accounting records amounts to ¢145,623,881,422 (¢152.927.986.661 for December 2021).

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

As of December 31, 2022, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

(Continues)

Accounts and accrued interest receivable

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

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

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

k. Securities sold under repurchase agreements

The Bank enters sales of securities under repurchase agreements for a certain date in the future at a fixed price. The obligation to repurchase securities sold is reflected as a liability in the separate balance sheet and stated at the value of the original agreement. The underlying securities are held in asset accounts.
Finance expense recognized is calculated by the effective interest method. Interest is presented as finance expense in the separate income statement and accrued interest payable in the separate balance sheet.

l. Accounting for accrued interest receivable.

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

m. Other receivables

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

n. Foreclosed assets

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

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

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

(Continues)

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

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

o. Offsetting

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

p. Property, furniture and equipment

(i) Own assets

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

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

(ii) Leased assets

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

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

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

(iii) Subsequent cost

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

(iv) Depreciation

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

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

(Continues)

(v) Revaluation

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

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

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

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

q. Deferred charges

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

r. Intangible assets

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

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

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

s. Impairment of assets

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

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

(Continues)

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

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

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

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

t. Obligations with the public

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

u. Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

v. Legal benefits (severance)

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

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

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

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

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

w. Legal reserve

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

x. Revaluation surplus

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

y. Use of estimates

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

(Continues)

z. Recognition of main types of revenue and expenses

(i) Financial income

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

(ii) Fees and commissions income

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

(iii) Net income on trading securities

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

(iv) Operating lease expenses

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

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

(ii) Deferred

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

bb. Pension, retirement, and outgoing personnel

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

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

cc. Statutory allocations

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

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

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

dd. Development Financing Fund

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

ee. Development Credit Fund

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

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

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

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

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

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

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

ff. Economic period

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

(2) Collateralized or restricted assets

The collateralized or restricted assets are as follows:

		December 2022	December 2021
Cash due from banks (see note 4)	¢	702,533,276,665	642,658,686,723
Investment in financial instruments (see note 5)		369,692,667,371	184,673,105,382
	¢	**1,072,225,944,036**	**827,331,792,105**

(3) Balances and transactions with related parties

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

		December 2022	December 2021
Assets:			
Availabilities	¢	28,533,736,754	31,656,768,349
Loan portfolio		20,828,983	197,687,717
Accounts receivable		1,432,699,383	3,793,619,122
Interest in other companies		118,058,380,855	128,725,242,930
Total assets	¢	**148,045,645,975**	**164,373,318,118**
Liabilities:			
Obligations with the public	¢	4,531,772,037	6,213,938,434
Total liabilities	¢	**4,531,772,037**	**6,213,938,434**
Income:			
Financial income	¢	879,982,310	646,694,969
Income from investments in other companies		9,505,925,326	12,217,142,197
Sundry operating income		3,365,432,114	3,863,921,014
Total income	¢	**13,751,339,750**	**16,727,758,180**
Expenses:			
Finance expense	¢	88,329,518	71,879,539
Expense from investments in other companies		694,689,472	941,266,721
Sundry operating expenses		437,536,408	16,273,212
Total expenses	¢	**1,220,555,398**	**1,029,419,472**
Equity:			
Adjustment for valuation of investments in other companies	¢	**(4,527,993,757)**	**1,114,508,511**

As of December 31, 2022, there are no amounts in investments for participations in funds managed by BCR Sociedad Administradora de Fondos de Inversión, S. A. (subsidiary company). In December 2021 there were no such investments).

(Continues)

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

		December 2022	December 2021
Short-term benefits	¢	1,064,901,924	951,320,781
Board per-diem		62,465,270	116,809,534
	¢	**1,127,367,194**	**1,068,130,315**

(4) Availabilities

Cash and cash equivalents are as follows for purposes of reconciliation with the separate statement of cash flows:

		December 2022	December 2021
Cash	¢	91,663,160,584	99,550,418,210
Demand deposits BCCR		622,086,762,114	578,167,488,236
Checking accounts and demand deposits in local financial entities		86,500,889,193	91,692,364,244
Notes payable on demand		288,751,558	475,541,407
Restricted availabilities		89,322,134,860	94,519,649,484
Total cash and due from Banks		**889,861,698,309**	**864,405,461,581**
Investment in financial instruments to be traded		118,087,886,653	41,939,601,958
Total cash and cash equivalents	¢	**1,007,949,584,962**	**906,345,063,539**

As of December 31, 2022, demand deposits in the Central Bank of Costa Rica (BCCR) are restricted to comply with the minimum legal reserve for ¢702,533,276,665 (¢642,658,686,723 for December 2021).

As of December 31, 2022, there is a liability called "checks receivable" for an amount of ¢1,071,873,752 which are cleared with the account of immediate collection documents. in the clearinghouse the next day (¢638,139,432 for December 2021).

(Continues)

(5) Investments in financial instruments

Investments in financial instruments are as follows:

		December 2022	December 2021
At fair value through profit or loss	¢	229,977,070,438	292,227,906,832
At fair value through other comprehensive income		1,320,061,922,081	1,433,296,430,848
At amortized cost		13,973,862,699	3,834,335,115
Interest receivable for investments at fair value through profit or loss		5,507,118,699	3,707,798,210
Interest receivable for investments at fair value through other comprehensive income		18,125,685,450	21,246,511,751
	¢	**1,587,645,659,367**	**1,754,312,982,756**

		December 2022	**December 2021**
At fair value through profit or loss		**Fair value**	**Fair value**
Local issuers:			
Open investment funds	¢	103,559,170,438	176,082,906,832
		103,559,170,438	**176,082,906,832**
Issuers abroad:			
Private banks		126,417,900,000	116,145,000,000
	¢	**229,977,070,438**	**292,227,906,832**

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		December 2022	December 2021
At fair value through other comprehensive income		**Fair value**	**Fair value**
Local issuers:			
Government	¢	1,122,449,986,214	1,296,769,933,999
State-owned Banks		86,250,250,952	106,948,003,417
Private Banks		3,265,745,952	5,290,013,400
Private issuers		2,981,404,740	11,817,373,282
		1,214,947,387,858	**1,420,825,324,098**
Issuers abroad:			
Private Banks		11,466,650,875	0
Private issuers		93,647,883,348	12,471,106,750
	¢	**1,320,061,922,081**	**1,433,296,430,848**

		December 2022	December 2021
At amortized cost		**Fair value**	**Fair value**
Local issuers:			
Government	¢	13,973,862,699	3,834,335,115
		13,973,862,699	3,834,335,115
	¢	**13,973,862,699**	**3,834,335,115**

As of December 31, 2022, the investment portfolio amounts to ¢158,945,753,812 (¢166.232.001.552 December 2021) corresponding to the managed amounts of the Development Credit Fund (See note 36).

Maturities for investments in financial instruments are from July 01, 2022, 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%

As of December 31, 2022, there are no collateral investments, to ¢369,692,667,371 (¢184,673,105,382 for December 2021) (see note 2).

Repurchase operations

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

As of December 31, 2022, there are no repurchase operations.

As of December 31, 2021, purchased financial instruments remain under resale agreements.

Issuer		Asset´s balance	Guarantee´s fair value	Repurchase date	Repurchase Price
Banco Central de Costa Rica		1,950,281,667	1,950,281,667	30/12/2021 to 03/01/2022	100.00%
Local government	¢	1,884,666,990	1,884,666,990	30/12/2021 to 03/01/2022	100.00%
	¢	**3,834,948,657**	**3,834,948,657**		

(6) Loan portfolio

(a) Loan portfolio by sector

		2022	2021
Current loans			
Loans – Personal	¢	1,304,425,281,479	1,262,405,058,495
Loans Development Banking System		70,256,319,853	61,422,876,460
Loans - Business		95,605,780,080	86,414,336,923
Loans - Corporate		1,473,931,597,204	1,374,296,959,465
Loans – Public Sector		55,635,856,560	55,223,173,142
Loans – Financial Sector		48,474,746,013	82,551,873,032
		3,048,329,581,189	2,922,314,277,517
Past due loans			
Loans – Personal		137,355,086,340	138,706,195,554
Loans Development Banking System		3,215,440,608	3,044,541,896
Loans - Business		17,185,529,892	18,312,186,433
Loans - Corporate		38,121,290,939	59,400,642,657
		195,877,347,779	219,463,566,540
Loans in legal collection			
Loans – Personal		29,306,781,962	29,835,518,344
Loans Development Banking System		952,731,705	53,376,648
Loans - Business		4,281,509,660	4,569,486,592
Loans - Corporate		19,474,356,582	17,653,279,083
		54,015,379,909	52,111,660,667
	¢	**3,298,222,308,877**	**3,193,889,504,724**

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

(b) Loan porfolio by activity

Economic activity		December 2022	December 2021
Agriculture, livestock, hunting and related services	¢	146,823,813,659	149,043,571,577
Public administration		24,395,604,351	285,486,409,880
Fishing and aquaculture		43,712,963	46,000,000
Manufacturing		253,181,690,762	285,047,581,797
Telecommunications and public utilities		234,561,181,309	163,842,838,285
Mining and quarrying		28,843,116	35,408,877
Trade		278,776,453,912	201,575,626,184
Services		574,356,885,439	359,874,194,204
Transportation		33,732,957,042	37,588,886,200
Financial activity and stock exchange		3,385,299,600	3,747,089,931
Real estate, business, and lease Activities		26,519,811,034	37,403,809,988
Construction, purchase, and repair of real estate		1,339,857,477,601	1,271,588,188,876
Consumer		261,682,644,372	280,742,362,650
Hospitality		119,607,586,829	116,341,025,761
Education		740,142,594	819,434,189
Other activities of the non- financial Private sector		528,204,294	707,076,325
		3,298,222,308,877	3,193,889,504,724
Interest receivable		18,955,945,108	16,243,877,380
Deferred income from loan portfolio		(20,276,542,716)	(19,009,378,028)
Less allowance for loan losses		(145,623,881,422)	(152,927,986,661)
	¢	**3,151,277,829,847**	**3,038,196,017,415**

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(c) Loan porfolio by arreas

The loan portfolio by arrears is detailed as follows:

		December 2022	December 2021
Current	¢	3,048,329,581,189	2,922,314,277,517
01 to 30 days		108,126,173,743	97,881,257,243
31 to 60 days		33,218,962,776	50,160,113,927
61 to 90 days		19,126,126,053	33,431,546,719
91 to 120 days		5,540,159,823	6,950,701,209
121 to 180 days		5,085,321,705	3,489,845,313
More than 181 days		78,795,983,587	79,661,762,797
	¢	**3,298,222,308,876**	**3,193,889,504,725**

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

(d) Past due loans

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

		December 2022	December 2021
Number of operations		1,877	1,481
Past due loans in non-accrual Status	¢	78,795,983,586	79,661,762,798
Past due loans in accrual Status	¢	171,096,744,102	191,913,464,409
Total unearned interest	¢	12,686,419,035	12,456,568,838

Loans in legal collections as of December 31, 2022:

No. of loans	**Percentage**		**Balance**
1,145	1.64%	¢	54,015,379,909

As of December 31, 2022, the average annual interest rate accrued on the loans is 8.99% in colones (7.47% for December 2021) and 7.47% in US dollars (6.98% for December 2021).

Loans in legal collections as of December 31, 2021:

No. of loans	**Percentage**		**Balance**
987	1.63%	¢	52,111,660,667

(e) Accrued interest receivable on loan portfolio

Interest receivables by economic sector are detailed as follows:

		December 2022	**December 2021**
Loans – Personal	¢	9,164,279,712	7,826,867,746
Loans Development Banking System		272,436,252	142,948,325
Loans - Business		1,138,731,425	1,068,517,022
Loans - Corporate		7,790,453,665	6,653,617,498
Loans – Public Sector		327,112,407	278,748,030
Loans – Financial Sector		262,931,647	273,178,759
	¢	**18,955,945,108**	**16,243,877,380**

Interest receivable by aging is detailed as follows:

		December 2022	December 2021
Current loans	¢	11,587,638,068	8,689,842,298
Past due loans		4,267,831,565	4,803,207,484
Loans in legal collection		3,100,475,475	2,750,827,598
	¢	**18,955,945,108**	**16,243,877,380**

(f) Allowance for loan impairment

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

2022 opening balance	¢	**152,927,986,661**
Plus:		
Allowance charged to profit or loss (see note 25)		11,248,195,564
Adjustment for foreign exchange differences		4,373,505,583
Less:		
Adjustment for foreign exchange differences		(8,467,380,940)
Transfer paid balances		(6,735,928,098)
Reversal of allowance against income (see note 26)		(7,714,046,765)
Transfer of balances		(8,450,583)
Balance as of December 31, 2022	¢	**145,623,881,422**

Balance as of December 31, 2021

2021 opening balance	¢	**119,006,689,665**
Plus:		
Allowance charged to profit or loss (see note 25)		39,307,725,100
Movement of balances		35,.102
Adjustment for foreign exchange differences		2,460,005,646
Less:		
Adjustment for foreign exchange differences		(97,104,735)
Transfer paid balances		(5,370,964,943)
Reversal of allowance against income (see note 26)		(2,378,084,879)
Transfer of balances		(314,295)
Balance as of December 31, 2021	¢	**152,927,986,661**

(g) Syndicated loans

As of December 31, 2022, and 2021, the Bank does not have a syndicated loan portfolio with other banks.

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

(7) Foreclosed assets, net

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

		December 2022	December 2021
Real estate	¢	97,188,446,168	115,853,794,973
Other acquired assets		548,711,606	528,893,782
Purchased for sale		1,044,557,850	1,386,351,974
Idle property and equipment		1,963,953,967	1,968,406,826
		100,745,669,591	119,737,447,555
Allowance for impairment and per legal requirement		(67,354,646,156)	(77,384,628,291)
	¢	**33,391,023,435**	**42,352,819,264**

The movement of the foreclosed assets is as follows:

		December 2022	December 2021
At the beginning of the year	¢	**119,737,447,555**	**136,662,064,222**
Increase of foreclosed assets		18,526,514,432	31,258,155,819
Transfer of property, furniture, and equipment out of use		1,288,622,589	573,500,629
Increase in acquired-for-sale assets		4,914,343,178	3,944,125,165
Sale of assets		(42,428,182,707)	(51,951,624,937)
Withdrawal of property, furniture and equipment out of use		(1,293,075,456)	(748,773,343)
Balance at the end of the period	¢	**100,745,669,591**	**119,737,447,555**

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

		December 2022	December 2021
Opening balance	¢	**77,384,628,291**	**91,269,086,566**
Increases in allowance		18,521,186,920	19,500,570,250
Reversals in allowance		(28,546,716,197)	(33,087,363,274)
Transfer to unused accounts		0	(297,665,251)
Transfer of balances Bancrédito		(4,452,858)	0
Balance at the end of the period	¢	**67,354,646,156**	**77,384,628,291**

(8) Investments in other companies

Investments in other companies are as follows:

		Diciembre 2022	Diciembre 2021
Local entities:			
BCR Valores, S.A. (Stock Exchange)	¢	18,352,611,612	23,653,664,329
BCR Sociedad Administradora de Fondos Inversión, S.A. (Investment Fund Manager)		7,639,458,543	8,869,014,944
BCR Pensión, Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Operator)		6,762,687,820	6,825,171,934
BCR Corredora de Seguros, S.A. Seguros (Insurance Broker)		7,856,419,558	8,363,202,405
Capital interest in Banprocesa, S.R.L.		160,515,735	192,593,965
Capital interest in Depósito Agrícola de Cartago S.A.		978,113,122	926,303,518
		41,749,806,390	**48,829,951,095**
Foreign entities:			
Banco Internacional de Costa Rica, S.A. and subsidiary		76,308,574,465	79,895,291,835
	¢	**118,058,380,855**	**128,725,242,930**

(Continues)

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

The Bank owns a 51 % ownership interest in BICSA (domiciled in Panamá). As of December 31, 2022, that ownership interest is represented by 6.772.137 ordinary shares of US$10 par value each. Banco Nacional de Costa Rica owns the remaining 49% of shares.

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

The Bank's income statement as of December 31, 2022, includes ¢2,002,326,916 (¢1.204.741.412 for December 2021) for BICSA's result of operations.

The Bank's statement of changes in equity for the period ended December 31 2022, includes an increase in equity for ¢5,350,104,171 (¢3.620.787.490 for December 2021), corresponding to changes arising from translation of BICSA's financial statements.

As of April 26, 2022, BCR Corredora de Seguros, S.A. distributed dividends in the amount of ¢3.100.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-22, of April 19, 2022.

As of April 27, 2022, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢2.750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of April 19,2022.

As of April 26, 2022, BCR Valores, S.A., distributed dividends in the amount of ¢3.000.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of 19 April 2022.

As of April 26, 2022, BANPROCESA, S.R.L., distributed dividends in the amount of ¢300.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 06-2022, of 19 April 2022.

(Continues)

As of March 18, 2021, BCR Corredora de Seguros, S.A. distributed dividends in the amount of ¢3.000.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-21, of March 23, 2021.

As of April 05, 2021, BCR Pension Operadora, S.A., distributed dividends in the amount of ¢750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-21, of March 23, 2021.

As of April 9, 2021, BCR Sociedad Administradora de Fondos de Inversión, S.A., distributed dividends in the amount of ¢2.750.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-2021.
As of April 28, 2021, BCR Valores, S.A., distributed dividends in the amount of ¢2.500.000.000, in compliance with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-2021.

As of September 15, 2021, BCR grants Operadora de Planes de Pensiones Complementarias S.A resources for ¢500,000,000, for the increase of regulatory operating capital, through the approval in minutes 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, through the approval in minutes 55-21.

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.

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BANCO DE COSTA RICA

Notes to the separate financial statements

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

(9) Property and equipment

As of December 31, 2022, property and equipment is as follows:

Cost:		Land	Building	Furniture and equipment	Computer hardware	Vehicles	Finance leases	Total
Balance on December 31, 2021	**¢**	**35,317,661,377**	**73,872,550,839**	**37,793,963,086**	**48,592,243,511**	**5,315,095,937**	**23,187,060,908**	**224,078,575,658**
Additions		0	100,673,617	2,010,932,548	12,028,995,396	114,259,691	9,208,903,213	23,463,764,465
Withdrawals		333,747,430	0	(86,158,623)	(417,271,278)	0	(5,670,061,643)	(5,839,744,114)
Transfers		0	0	(790,731,631)	(7,774,326,089)	737,926	1,505,314,486	(7,059,005,308)
Revaluation		(9,944,428)	20,019,490,453	25,476,753	0	0	0	20,035,022,778
Balance on December 31, 2022		35,641,464,379	93,992,714,909	38,953,482,133	52,429,641,540	5,430,093,554	28,231,216,964	254,678,613,479
Accumulated depreciation and impairment:								
Balance on December 31, 2021		**0**	**26,108,178,859**	**23,381,125,827**	**34,457,500,885**	**4,046,806,264**	**4,444,186,673**	**92,437,798,508**
Depreciation expense		0	1,901,509,966	2,654,427,157	3,831,741,336	241,198,568	3,242,626,759	11,871,503,786
Withdrawals		0	0	(1,391,555,333)	(402,536,603)	0	(2,193,382,350)	(3,987,474,286)
Transfers		0	0	892,631,242	349,961,891	22,717,323	1,793,570,817	3,058,881,273
Revaluation		0	8,493,126,762	0	0	0	0	8,493,126,762
Balance on December 31, 2022	¢	0	36,502,815,587	25,536,628,893	38,236,667,509	4,310,722,155	7,287,001,899	111,873,836,043
December 31, 2022	¢	**35,641,464,379**	**57,489,899,322**	**13,416,853,240**	**14,192,974,031**	**1,119,371,399**	**20,944,215,065**	**142,804,777,436**

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Notes to the separate financial statements

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As of December 31, 2021, property and equipment is as follows:

Cost:		Land	Building	Furniture and equipment	Computer hardware	Vehicles	Finance leases	Total
Balance on December 31, 2020	¢	**35,091,690,377**	**72,815,609,798**	**35,089,805,265**	**46,440,889,656**	**5,200,024,297**	**23,187,060,908**	**217,825,080,301**
Additions		225,971,000	1,056,941,041	3,280,010,854	3,064,984,085	115,071,640	0	7,742,978,620
Withdrawals		0	0	(1,157,538,257)	(746,741,476)	0	0	(1,904,279,733)
Transfers		0	0	(344,870,248)	(166,888,754)	0	0	(511,759,002)
Revaluation		0	0	926,555,472	0	0	0	926,555,472
Balance on December 31, 2021		**35,317,661,377**	**73,872,550,839**	**37,793,963,086**	**48,592,243,511**	**5,315,095,937**	**23,187,060,908**	**224,078,575,658**
Accumulated depreciation and impairment:								
Balance on December 31, 2020		**0**	**24,237,889,998**	**22,176,989,968**	**30,083,431,088**	**3,795,485,935**	**2,125,480,583**	**82,419,277,572**
Depreciation expense		0	1,870,288,861	2,569,301,040	5,271,404,216	251,320,329	2,707,226,347	12,669,540,793
Withdrawals		0	0	(1,389,442,141)	(754,439,772)	0	0	(2,143,881,913)
Transfers		0	0	24,276,960	(142,894,647)	0	(388,520,257)	(507,137,944)
Balance on December 31, 2021	¢	**0**	**26,108,178,859**	**23,381,125,827**	**34,457,500,885**	**4,046,806,264**	**4,444,186,673**	**92,437,798,508**
December 31, 2021	¢	**35,317,661,377**	**47,764,371,980**	**14,412,837,259**	**14,134,742,626**	**1,268,289,673**	**18,742,874,235**	**131,640,777,150**

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Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
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(10) Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		December 2022	December 2021
Improvements in property in operating lease	¢	862,205,085	1,090,977,686
Pre-issuance costs of financial instruments		0	280,673,715
Other deferred charges		0	5,975,329,081
	¢	**862,205,085**	**7,346,980,482**

(b) Intangible assets

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

		2022
Cost:		
Balance as of December 31, 2021	¢	**45,385,780,627**
Additions to computer systems		15,355,820,015
Transfer balances		10,782,172,164
Withdrawals		(377,489,533)
Balance as of December 31, 2022		**71,146,283,273**
Accumulated amortization and impairment:		
Balance as of December 31, 2021		**30,525,929,547**
Expense for amortization of computer systems		12,979,721,460
Transfer balances		5,479,047,211
Withdrawals		(259,746,208)
Balance of amortization and impairment as of December 31, 2022		**48,724,952,010**
Balance as of December 31, 2022	¢	**22,421,331,263**

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BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
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Balance as of December 31, 2021

Cost:		
Balance as of December 31, 2020	¢	**36,626,210,835**
Additions to computer systems		9,053,541,095
Withdrawals		(293,971,303)
Balance as of December 31, 2021		**45,385,780,627**
Accumulated amortization and impairment:		
Balance as of December 31, 2020		**23,552,652,071**
Expense for amortization of computer systems		7,253,020,913
Transfer balances		814,545
Withdrawals		(280,557,982)
Balance of amortization and impairment as of December 31, 2021		**30,525,929,547**
Balance as of December 31, 2021	¢	**14,859,851,080**

(c) Other assets

Other assets are detailed as follows:

		December 2022	December 2021
Prepaid taxes	¢	30,446,648,962	19,995,273,395
Prepaid rentals		78,383	78,383
Prepaid insurance policy		50,297,342	50,297,343
Prepaid expenses		30,497,024,687	20,045,649,121
Stationery, supplies and other materials		196,704,607	166,254,296
Library and works of art		2,057,477	2,057,436
Constructions in process		8,612,541,177	5,266,177,614
Amortized applications in development		4,148,611,061	4,651,558,418
Rights in social and union institutions		36,633,800	36,633,800
Other sundry assets		2,064,373,130	2,064,373,131
Miscellaneous goods		15,060,921,252	12,187,054,695
Missing cash		47,702,442	46,699,731
Transactions to be settled		57,745,803,193	19,067,613,240
Other charge pending operations		164,932,768	138,719,811
Operations pending ascription		57,958,438,403	19,253,032,782
Deposits in guarantee		214,970,851	223,354,233
Judicial and administrative deposits		2,081,316,907	0
Restricted assets		2,296,287,758	223,354,233
	¢	**105,812,672,100**	**51,709,090,831**

(Continues)

As of December 2022, the net appraisal record is reflected in Buildings for ¢11,447,128,295 and property for ¢456,051,531.

(11) Demand obligations with the public

Demand obligations with the public as follows:

		December 2022	December 2021
Checking accounts	¢	2,175,464,270,557	2,273,166,980,463
Certification checks		146,223,840	33,244,663
Demand saving deposits		1,060,192,631,528	1,003,981,124,100
Matured term deposits		1,897,451,094	2,504,906,622
Other demand obligations with the public		3,086,811,199	3,780,361,983
	¢	**3,240,787,388,218**	**3,283,466,617,831**

(12) Term and demand deposits from clients

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

		December 2022	December 2021
		Demand	**Demand**
Public	¢	3,237,700,577,020	3,279,686,255,848
Other obligations with the public		3,086,811,198	3,780,361,983
		3,240,787,388,218	3,283,466,617,831
State-owned entities		7,905,238,335	2,944,736,524
Deposits from other banks		3,689,070,619	3,317,575,896
Other financial entities		27,036,002,312	28,958,722,298
		38,630,311,266	35,221,034,718
	¢	**3,279,417,699,484**	**3,318,687,652,549**

		December 2022	December 2021
		Term	**Term**
Public	¢	1,456,198,586,872	1,318,752,537,179
		1,456,198,586,872	1,318,752,537,179
State-owned entities		37,638,852,985	82,772,160,448
Deposits from other banks		10,022,032,122	10,511,690,020
Other financial entities		238,929,451,001	292,011,527,441
		286,590,336,108	385,295,377,909
	¢	**1,742,788,922,980**	**1,704,047,915,088**

(Continues)

As of December 31, 2022, demand deposits from customers 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 1,751,780 (1,765,641 for December 2021) customers with demand deposits and has a total 36,213 (34,887 for December).

(13) Repurchase and reverse repurchase agreements

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

As of December 31, 2022, December and September 2021, the Bank does not hold repurchase agreements.

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

Obligations with entities are as follows:

		December 2022	December 2021
Term deposits with the Central Bank de Costa Rica	¢	134,495,032,211	127,689,025,829
Charges payable for obligations with Central Bank of Costa Rica		1,424,026,345	596,659,814
		135,919,058,556	128,285,685,643
Checking accounts of local entities		30,309,284,739	28,644,104,653
Overdrafts on demand checking accounts in foreign financial entities		7,249,152,775	5,938,790,633
Obligations for checks to be cashed		1,071,873,752	638,139,432
Term deposits from local financial Entities		57,798,344,957	119,845,276,717
Loans from foreign financial Entities		3,130,348,000	26,128,829,427
Obligations for the right-of-use leased properties		23,627,835,881	25,155,577,916

(Continues)

	December 2022	December 2021
Obligations for deferred liquidity operations	10,007,407,419	27,302,998,671
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	1,086,037,773	1,706,470,174
	326,306,685,147	422,222,882,801
Subordinated loans	49,955,433,414	0
Charges payable subordinated loans	184,422,222	0
	50,139,855,636	0
	¢ **512,365,599,339**	**550,508,568,444**

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

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

(a) Maturities of loans payable

As of December 31, 2022, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	35,027,717,170	0	0	0	35,027,717,170
From three to five years		109,474,722,460	0	0	3,130,348,000	112,605,070,460
Total	¢	**144,502,439,630**	**0**	**0**	**3,130,348,000**	**147,632,787,630**

As of December 31, 2021, loans payable mature as follows:

		Banco Central de Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	37,304,109,720	0	0	22,773,529,427	60,077,639,147
From three to five years		117,687,914,780	0	0	0	117,687,914,780
Over five years		0	0	0	3,355,300,000	3,355,300,000
Total	¢	**154,992,024,500**	**0**	**0**	**26,128,829,427**	**181,120,853,927**

(b) Lease obligations

As of December 31, 2022, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Present value
Less than one year	¢	4,810,508,916	1,353,083,526	0	3,457,425,391
Between one and five years		23,944,090,805	3,773,680,315	0	20,170,410,490
	¢	**28,754,599,721**	**5,126,763,841**	**0**	**23,627,835,881**

As of December 31, 2021, the Bank has following obligations from financial leases:

		Installment	Interest	Maintenance	Present value
Less than one year	¢	3,965,951,780	1,433,739,475	0	2,532,212,305
Between one and five years		27,735,320,427	5,111,954,816	0	22,623,365,611
	¢	**31,701,272,207**	**6,545,694,291**	**0**	**25,155,577,916**

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

		Colones	US$ converted to colones
1 year		709,650,241	2,747,775,150
2 years		694,316,410	2,663,387,210
3 years		808,489,493	2,614,587,626
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
	¢	**6,148,839,744**	**17,478,996,138**

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

		Colones	US$ converted to colones
1 year		246,831,566	2,285,380,739
2 years		264,208,508	2,422,503,565
3 years		258,499,600	2,348,105,104
4 years		301,007,159	2,708,740,246
5 years		322,198,063	2,871,264,699
Over 5 years		1,143,349,468	9,983,489,199
	¢	**2,536,094,364**	**22,619,483,552**

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

	Year	Payments	Present value	Amortization	Interest	Balance
1	31/12/2022	4,826,297,543	3,340,686,954	1,855,076,365	1,485,610,589	20,287,148,927
2	31/12/2023	4,516,376,115	3,438,300,552	2,360,224,988	1,078,075,563	16,848,848,376
3	31/12/2024	4,592,112,717	3,618,143,005	2,644,173,292	973,969,713	13,230,705,371
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	3,822,674,397	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
		¢ **28,887,126,518**	**23,627,835,881**	**18,368,545,244**	**5,259,290,637**	

(Continues)

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

	Year	Payments	Present value	Amortization	Interest	Balance
1	31/12/2021	3,979,834,637	2,408,689,987	837,545,337	1,571,144,650	22,746,887,643
2	31/12/2022	3,979,834,637	2,701,427,915	1,423,021,194	1,278,406,722	20,045,459,727
3	31/12/2023	3,979,834,637	2,866,261,525	1,752,688,412	1,113,573,112	17,179,198,203
4	31/12/2024	3,979,834,637	3,041,178,406	2,102,522,175	938,656,231	14,138,019,797
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	3,854,638,379	3,729,442,120	125,196,258	0
9	31/12/2029	0	0	0	0	0
10	31/12/2030	0	0	0	0	0
		¢ **31,838,677,096**	**25,155,577,630**	**18,472,478,164**	**6,683,099,466**	

(15) Income tax

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

As of December 31, 2022, the Bank's separate balances of income tax payable and expected income tax amount to ¢17,830,371,494 (¢21.879.235.843 for December 2021) (see note 17) and income tax advances for ¢30,446,648,962 (¢19.995.273.395 for December 2021) are 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	¢	34,140,682,948	70,657,063,860
Plus:			
Non-deductible expenses		1,702,253,836,294	25,326,076,044
Less:			
Taxable income		(1,676,959,947,595)	(23,052,353,759)
Tax base		59,434,571,647	72,930,786,145
Tax rate		30%	30%
Expense for income tax		17,830,371,494	21,879,235,844
Income tax from previous period		0	(155,284,664)
Current income tax	¢	**17,830,371,494**	**21,723,951,180**

(Continues)

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Income tax expense is detailed as follows:

		December 2022	December 2021
Income tax	¢	21,418,345,999	21,879,235,843
Decrease in income tax		(3,587,974,505)	0
		17,830,371,494	21,879,235,843
Income tax expense:			
Expense for current tax of the period		21,418,345,999	21,879,235,843
Expense for deferred income tax		13,995,729,542	0
		35,414,075,541	21,879,235,843
Decrease in income tax		(975,240,660)	0
		34,438,834,881	21,879,235,843
Deferred income tax			
Decrease in income tax of the period		(3,587,974,506)	0
Income for deferred income tax		(5,729,047,656)	(1,177,839,211)
Decrease of income tax from previous periods		(719,133,155)	(155,284,663)
		(10,036,155,317)	(1,333,123,874)
Expense for income tax, net	¢	24,402,679,564	20,546,111,969

		December 2022	December 2021
Realization of deferred income tax	¢	(7,291,441,226)	1,177,839,211

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

As of December 31, 2022, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	18,152,501,095	(382,461,507)	17,770,039,588
Revaluation of buildings		242,823,928	(8,632,345,029)	(8,389,521,101)
Revaluation of property		0	(5,777,104,006)	(5,777,104,006)
Financial leases		7,128,108,882	(6,568,979,369)	559,129,514
Deferred tax on exchange differences		0	(7,094,329,885)	(7,094,329,885)
Total	¢	**25,523,433,905**	**(28,455,219,795)**	**(2,931,785,890)**

(Continues)

As of December 31, 2021, deferred tax assets and liabilities are attributed to the following:

		Assets	Liabilities	Net
Valuation of investments	¢	478,172,726	(19,917,035,990)	(19,438,863,264)
Revaluation of buildings		0	(4,971,062,820)	(4,971,062,820)
Revaluation of property		0	(6,077,988,389)	(6,077,988,389)
Financial leases		7,587,894,926	(6,565,022,913)	1,022,872,013
Total	¢	**8,066,067,652**	**(37,531,110,112)**	**(29,465,042,460)**

Movement of temporary differences is as follows:

As of December 31, 2022:

		December 31, 2021	Income statement	Equity	December 31, 2022
Liabilities account					
Valuation of investments	¢	(19,917,035,990)	0	19,534,574,483	(382,461,507)
Revaluation of buildings		(4,971,062,820)	23,807,231	(3,685,089,440)	(8,632,345,029)
Revaluation of property		(6,077,988,389)		300,884,383	(5,777,104,006)
Financial leases		(6,565,022,913)	(3,956,456)		(6,568,979,369)
For exchange differences		0	(7,094,329,886)		(7,094,329,886)
Assets account					
Valuation of investments		478,172,726		17,674,328,369	18,152,501,095
Income tax for revaluation of assets		0	242,823,928	0	242,823,928
Financial leases		7,587,894,926	(459,786,043)	0	7,128,108,883
Total	¢	**(29,465,042,460)**	**(7,291,441,226)**	**33,824,697,795**	**(2,931,785,890)**

As of December 31, 2021:

		December 31, 2020	Income statement	Equity	December 31, 2021
Liabilities account					
Valuation of investments	¢	(2,679,050,235)	0	(17,237,985,755)	(19,917,035,990)
Revaluation of buildings		(5,124,654,741)	154,967,198	(1,375,276)	(4,971,062,820)
Revaluation of property		0	0	(6,077,988,389)	(6,077,988,389)
Financial leases		0	(6,565,022,913)	0	(6,565,022,913)
Assets account					
Valuation of investments		736,637,755	0	(258,465,029)	478,172,726
Financial lease-tax on asset revaluation		0	7,587,894,926	0	7,587,894,926
Total	¢	**(7,067,067,221)**	**1,177,839,211**	**(23,575,814,449)**	**(29,465,042,459)**

(Continues)

As of December 31, 2022, the Bank has a balance for income tax receivable of ¢85.427.352 (¢85.609.965 for December 2021), in addition to bear value added tax for ¢2,216,201,329 (¢1.518.414.783 for December 2021) and value added tax deductible for ¢1.725 (¢1.725 for December 2021).

		December 2022	December 2021
Income tax receivable	¢	85,427,352	85,609,965
Supported value added tax		2,216,201,329	1,518,414,783
Deductible value added tax		1,725	1,725
	¢	**2,301,630,406**	**1,604,026,473**

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

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

As of December 31, 2022, the amount recorded by the Bank as provision is of ¢13,765,703,527 (¢24,890,634,566 for December 2021).

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.

(Continues)

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 ¢7,094,329,886.

(16) Provisions

Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2021	**¢**	**8,886,756,019**	**16,151,179,297**	**46,398,003,087**	**71,435,938,403**
Increase in provision		1,253,198,421	3,754,646,239	1,050,212,141	6,058,056,801
Use of provision		(82,101,156)	(428,503,843)	(33,261,582,440)	(33,772,187,439)
Adjustment for foreign exchange		0	(40,731,997)	0	(40,731,997)
Reversal of provision		0	(4,049,413,088)	0	(4,049,413,088)
Balance on December 31, 2022	**¢**	**10,057,853,284**	**15,387,176,608**	**14,186,632,788**	**39,631,662,680**

As of December 31, 2021, Movement in provisions is as follows:

		Severance benefits	Litigations	Others	Total
Balance on December 31, 2020	**¢**	**8,931,398,706**	**15,611,657,461**	**52,789,807,630**	**77,332,863,797**
Increase in provision		0	1,242,520,081	2,325,461,046	3,567,981,127
Use of provision		(44,642,687)	(699,969,817)	(8,717,265,589)	(9,461,878,093)
Adjustment for foreign exchange		0	16,053,599	0	16,053,599
Reversal of provision		0	(19,082,027)	0	(19,082,027)
Balance on December 31, 2021	**¢**	**8,886,756,019**	**16,151,179,297**	**46,398,003,087**	**71,435,938,403**

As of December 31, 2022, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢25,313,172,429 and US$373,822,285 for which the Bank has provisioned ¢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.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.440.126.674 and $825.001 for which the Bank has provisioned ¢2,021,340,774, corresponding to cases where a provisional judgment has been handed down.

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

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

As of December 31, 2021, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢24.091.229.184 and US$71.714.326 for which the Bank has provisioned ¢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 $5.857, for which the Bank has recorded a provision in the amount of ¢286.918.445.

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢5.143.391.270 and $825.001 de for which the Bank has provisioned ¢2.126.188.640, corresponding to cases where a provisional judgment has been handed down

- There are administrative proceedings at different stages in the amount ¢11.042.195.510 and US$2.000, for which the Bank has provisioned ¢11.027.099.088.

- 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 and recorded in "Others", in the amount of ¢376.774.370.

(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
Current income tax (see note 15)		17,830,371,494	21,879,235,843
UD Income Tax		(11,447,375)	365,237,441
Value added tax payable		145,267,127	164,397,121
Employer contributions		3,942,711,191	1,191,825,051
Withholdings by legal order		847,052,578	885,978,525
Retained taxes payable		3,039,795,182	1,986,203,744
Employer withholdings		2,098,669,937	922,270,180
Other third-party withholdings		14,130,424,355	11,865,702,259
Compensations and salaries payable		7,324,336,608	7,185,257,235
Distributions payable on results of the period (see note 30)		24,645,604,026	20,194,189,647
Accrued vacation payable		6,862,830,917	5,949,176,535
Accrued statutory Christmas bonus payable		684,540,930	540,478,026
Commissions payable for insurance placement		342,200,944	56,068,977
Sundry creditors		26,745,376,827	22,680,916,832
	¢	**108,711,673,833**	**96,173,884,557**

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

(Continues)

(18) Equity

a) Capital Social

The Bank's capital is comprised as follows:

		December 2022	December 2021
Capital under Law 1644	¢	30,000,000	30,000,000
Bank capitalization bonds		1,288,059,486	1,288,059,486
Capital increase under Law 7107		118,737,742,219	118,737,742,219
Capital increase under Law 8703		27,619,000,002	27,619,000,002
Capital increase under Law 9605		18,907,432,694	18,907,432,694
Increase from 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 the Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)". Such law grants funds to capitalize three State-owned banks, including the Bank, in order to stimulate productive sectors, particularly small and medium-sized enterprises. For such purposes, the Bank handed over four securities for a total of US$50.000.000 equivalent to ¢27.619.000.002 (¢27.619.000.002 for December 2021), for its capitalization, to stimulate the productive sectors, especially small and medium enterprises.

b) Surplus from revaluation

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

As of December 31, 2022, revaluation surplus amounts to ¢41.085.212.831 (¢31.744.671.803 for December 2021).

(Continues)

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

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

As of December 31, 2022, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net losses in the amount of ¢39,179,636,082 (¢49.490.498.998 for December 2021).

d) Adjustment for valuations of investments in other companies

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

As of December 31, 2022, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢5,494,074,682 (¢15.372.172.610 for December 2021).

e) Equity Development Financing Fund (FOFIDE)

As of December 31, 2022, the amount for the constitution of the equity of the Development Financing Fund are of ¢40.476.721.777 (¢36.212.011.410 for 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.

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

Regulatory Capital

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

		December 2022	**December 2021**
Primary Capital			
Ordinary paid in capital	¢	181,409,990,601	181,409,990,601
Legal reserve		325,313,265,088	296,709,547,031
Accumulated result of previous periods		24,854,115,252	4,479,073,617
Profit of the current period		48,171,909,592	53,243,470,057
		579,749,280,533	535,842,081,306
Secondary Capital			
Adjustment for valuation of property		30,813,909,624	23,808,503,852
Adjustment for valuation of available-for-sale Investments		(31,253,135,737)	0
Adjustment for valuation of restricted financial Instruments		(7,926,500,345)	0
Adjustment for valuation of shares in other Companies		5,494,074,682	15,372,172,610
Subordinated loan instruments		49,955,433,414	0
Development Financing Fund		40,476,721,777	36,212,011,410
		87,560,503,415	75,392,687,872
Deductions			
Interest in other companies		(118,058,380,855)	(128,725,242,930)
Total regulatory capital	¢	**549,251,403,093**	**482,509,526,248**

BANCO DE COSTA RICA

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(With corresponding figures as of December 31, 2021)
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(19) Commitments and contingencies

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

Off-balance financial instruments with risk are as follows:

		December 2022	December 2021
Guarantees granted:			
Performance bonds	¢	86,321,033,844	125,514,845,178
Bid bonds		779,929,923	630,432,213
Letters of credit issued, not negotiated		14,498,830,839	11,236,307,702
Automatic draw lines of credit		118,810,114,853	109,255,132,604
Other contingencies		254,313,912,940	72,902,375,786
Credits pending disbursement		49,499,652	187,598,568
	¢	**474,773,322,051**	**319,726,692,051**

Off-balance financial instruments with 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		210,215,483,996	238,184,976,382
Pending litigation and Claims		254,313,912,941	72,902,375,785
Total deposits	¢	**474,773,322,051**	**319,726,692,051**

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

As of December 31, 2022, letters of credit are backed up by 100% of the stand-by balance or by lines of credit.

As of December 31, 2022, floating guarantees in custody are for ¢248,069,572,706 (¢211.780.060.580 for December 2021).

Other contingencies:

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

- Administrative suits against the Bank estimated at ¢22,295,598,168 and US$373,625,117. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢3,230,486,292 and US$825,001.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢¢280,426,723 and US$5,857.
- Administrative proceedings against the Bank have been estimated in the amount of ¢15,096,422 and US$2,000.

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

- Administrative suits against the Bank estimated at ¢22.280.702.436 and US$70.318.826. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢3.017.202.630 and US$825.001.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.678.750.429 and US$5.857.
- Administrative proceedings against the Bank have been estimated in the amount of ¢15.096.422 and US$2.000.

(20) Trusts

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

(Continues)

- 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
Investment		67,954,539,347	91,495,384,544
Loan portfolio		10,352,548,308	11,257,450,007
Allowance for loan losses		(7,788,596,935)	(8,430,654,646)
Assets held-for-sale		77,402,363,626	67,815,354,875
Investment in other companies		980,209,568	51,961,502,918
Other receivables		43,277,417,175	56,833,488,672
Property and equipment		141,968,008,610	355,462,578,061
Other assets		347,968,864,834	234,928,557,661
Buildings		0	76,679,998
	¢	**723,133,806,512**	**927,719,265,552**

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(With corresponding figures as of December 31, 2021)
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(21) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		December 2022	December 2021
Guarantees received and held in custody	¢	6,152,297,714,040	5,621,141,497,028
Guarantees received and held by third parties		1,920,433,624	2,413,061,267
Other memoranda accounts			
unused authorized lines of credit		289,043,683,983	343,559,841,167
Write-offs		214,550,929,186	205,966,010,874
Suspense interest receivable		21,585,661,509	21,460,177,921
Other memoranda accounts		4,896,935,011,249	1,402,569,854,696
Assets and securities held in custody for third parties		110,860,738,441	143,742,191,726
Own trading securities		906,880,401,900	1,017,428,771,091
Cash and accounts receivable custodial activities		105,995,117,635	186,648,995,560
Third party trading securities pledged as guarantee (Guarantee Trust)		70,843,163,000	23,352,583,105
Third parties trading securities		6,173,263,833,551	6,266,280,116,941
	¢	**18,944,176,688,118**	**15,234,563,101,376**

(22) Financial income on financial instruments

Finance income on financial instruments is as follows:

		December 2022	December 2021
Interest for investments in financial instruments at fair value through other comprehensive income	¢	83,825,360,122	80,488,437,532
Interest from investments at amortized cost		295,959,260	445,546,471
Interest for investments in overdue and restricted financial instruments		0	532,427,693
	¢	**84,121,319,382**	**81,466,411,696**

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

(23) Financial income on credit portfolio

Financial income on credit portfolio is as follows:

		December 2022	December 2021
Current loans			
Loans – Personal	¢	121,126,521,426	111,516,939,743
Loans - Development Financing Fund		2,629,967,678	2,083,384,114
Loans - Business		6,653,913,631	6,530,069,120
Loans – Corporate		91,264,537,426	82,060,395,484
Loans – Public Sector		3,722,621,343	7,289,677,425
Loans – Financial Sector		5,074,979,240	7,799,906,186
		230,472,540,744	217,280,372,072
Past due loans and loans in legal collection			
Past due loans – Personal		662,084,014	715,234,596
Past due loans - Development Banking System		42,865,489	52,898,545
Past due loans – Business		1,154,913,689	1,543,044,217
Past due loans – Corporate		1,415,644,054	2,102,121,997
Past due loans – Government Sector		0	0
Past due loans – Financial Sector		9,064,069	0
Loans in legal collection		2,655,301,358	3,156,812,226
		5,939,872,673	7,570,111,581
Amortization of the net commission of the direct incremental cost associated to loans		4,719,080,299	4,864,061,490
Interest for accounts receivable associated to credit portfolio and other financial interest, other concepts not included in the previous subaccounts and analytical accounts		1,441,864,207	1,504,132,417
	¢	**242,573,357,923**	**231,218,677,560**

(Continues)

(24) Expenses for obligations with the public

Finance expense for obligations with the public is as follows:

		December 2022	December 2021
Demand deposits	¢	52,486,959,370	42,463,128,829
Term deposits		61,598,431,744	56,403,099,312
	¢	**114,085,391,114**	**98,866,228,141**

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

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

		December 2022	December 2021
Allowance for loan losses (see note 6-e)	¢	11,242,167,170	39,222,321,989
Allowance for other doubtful Receivables		3,354,715,075	2,950,922,475
Expenses generic estimation and against cyclic for loan (see note 6-e)		6,028,394	84,963,111
Expenses generic estimation and against cyclic for contingent credit portfolio		0	440,000
Expenses for allowance for impairment of securities at fair value through other comprehensive income		229,539,386	1,869,123,279
Expense for allowance of impairment of held-to-maturity investments		0	2,903,390
Expense for impairment of property investments		76,295,480	0
	¢	**14,908,745,505**	**44,130,674,244**

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

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

		December 2022	December 2021
Recovery of loan write-offs	¢	6,030,743,660	12,028,253,036
Decrease in allowance for loan losses (see note 6-e)		7,469,036,650	2,307,828,997
Decrease in allowance for other doubtful receivables		1,962,555,568	1,099,846,598
Decrease in generic estimation and Against cyclic for loan (see note 6-e)		245,010,115	70,255,882
Decrease in generic estimation and against cyclic for contingent loans		409	6,936
Decrease in allowance for uncollectible investments securities		2,077,590,225	753,698,507
	¢	**17,784,936,627**	**16,259,889,956**

(27) Income from service fees and commissions

Income from service fees and commissions is as follows:

		December 2022	December 2021
Drafts and transfers	¢	2,701,430,016	2,366,202,483
Foreign trade		734,262,674	671,380,401
Certified checks		1,876,427	2,188,944
Trust management		3,876,288,309	3,911,847,158
Custodial services		244,316,303	260,161,752
By mandate		1,003,509	659,464
Collections		527,530,248	512,623,408
Credit cards		48,043,591,866	44,064,534,900
Authorized custodial services for securities		1,058,136,164	901,342,639
Commissions for transactions with related parties		3,739,787	5,258,144
Other commissions		37,685,087,177	32,926,695,870
	¢	**94,877,262,480**	**85,622,895,163**

(Continues)

(28) Income from interest in other companies

Income from interest in other companies is detailed as follows:

		December 2022	December 2021
Local entities			
Interest in BCR Valores, S.A.- Puesto de Bolsa	¢	1,550,868,345	3,656,667,061
Interest in BCR Sociedad Administradora de Fondos de Inversión, S.A.		1,616,789,141	2,534,412,540
Interest in BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		925,726,511	1,092,469,348
Interest in BCR Corredora de Seguros, S.A.		2,814,750,147	3,094,208,787
Interest in Banprocesa -TI, S.A.		544,280,331	596,347,176
Interest in Depósito Agrícola de de Cartago S.A.		51,183,934	38,295,872
Entities abroad:			
Banco Internacional de Costa Rica, S.A. and subsidiarie		2,002,326,917	1,204,741,413
	¢	**9,505,925,326**	**12,217,142,197**

As of December 31, 2022, there are no capital participations in Depósito Agrícola de Cartago, (¢1.149.000 for December 2021).

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 of the Conglomerate, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢860,236,658, corresponding to the profit generated from the service provided to support the Bank's software, in the statement of financial position and in the income statement, (¢940.117.721 for December 2021).

As of December 31, 2022, there are amounts in the account for participation expenses for ¢118,330,911 from operations of BCR Valores.

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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(29) Administrative expenses

Administrative expenses are as follows:

		December 2022	December 2021
Salaries and bonuses, permanent staff	¢	56,231,821,512	50,216,641,117
Salaries and bonuses, contractors		725,417,963	2,401,763,350
Compensation for directors and statutory examiners		62,465,270	116,809,534
Overtime		872,529,117	556,065,495
Per diem		351,231,800	278,684,899
Statutory Christmas bonus		4,913,975,831	4,617,445,827
Vacation		5,890,110,146	5,205,765,517
Other compensation		741,684,976	626,286,243
Severance payments		2,783,596,448	2,665,558,484
Employer social security taxes		20,380,798,418	19,239,643,647
Refreshments		32,067,897	17,290,804
Uniforms		4,688,539	6,195,705
Training		487,539,491	322,808,266
Employee insurance		196,819,415	171,666,228
Assets for personal use		624,441	154,462
“Back-to-school” bonus		5,467,462,339	5,086,056,270
Compulsory retirement savings account		1,747,422,382	1,763,679,712
Other personnel expenses		512,767,582	462,371,247
Outsourcing		22,422,582,135	17,541,667,379
Transportation and communications		2,412,341,021	3,341,492,015
Property insurance		163,512,159	277,829,715
Property maintenance and repairs		7,443,666,925	6,540,650,637
Public utilities		1,963,353,456	2,062,366,429
Leasing of property		3,243,214,876	2,707,226,347
Leasing of furniture and equipment		1,560,708,806	744,240,743
Depreciation of property and equipment, except vehicles		9,643,180,889	9,710,994,117
Amortization of leasehold property		425,285,294	477,647,186
Loss for impairment		1,187,186,752	0
Other infrastructure, expenses		3,330,258,010	3,841,829,967
Overhead		30,224,819,196	27,159,639,231
	¢	**185,423,133,086**	**168,160,470,573**

(Continues)

(30) Statutory allocations of earnings

Statutory allocations of earnings are as follows:

		December 2022	December 2021
Allocation for CONAPE	¢	4,477,072,833	3,741,289,923
Allocation for Instituto Nacional de Fomento Cooperativo		5,183,568,329	3,589,191,363
Allocation for the National Emergencies Commission		2,686,243,700	2,244,773,954
Allocation for Régimen de Invalidéz, Vejez y Muerte		13,431,218,500	11,223,869,768
	¢	**25,778,103,362**	**20,799,125,008**

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

(Continues)

(31) Components of other comprehensive income

The components of other comprehensive income are as follows:

		December 2022		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Surplus from revaluation of property	¢	0	(3,384,205,057)	(3,384,205,057)
Surplus from revaluation of buildings		0	12,724,746,085	12,724,746,085
Adjustment for investments at fair value through other comprehensive income		(125,879,037,932)	37,208,902,852	(88,670,135,080)
Exchange differences for conversion of financial statements, foreign entities		(5,350,104,171)	0	(5,350,104,171)
Changes in equity from foreign subsidiaries		(238,940,115)	0	(238,940,115)
Change in equity of subsidiaries from unrealized profit		(4,289,053,642)	0	(4,289,053,642)
	¢	**(135,757,135,860)**	**46,549,443,880**	**(89,207,691,980)**

		December 2021		
		Amount before income tax	**Profit (expense)**	**Net taxes**
Surplus for revaluation of property	¢	0	(6,030,158,264)	(6,030,158,264)
Adjustment for investments at fair value through other comprehensive income		59,489,488,906	(17,545,656,185)	41,943,832,721
Exchange differences for conversion of financial statements, foreign entities		3,620,787,490	0	3,620,787,490
Changes in equity from foreign subsidiaries		(260,798,698)	0	(260,798,698)
Change in equity of subsidiaries from unrealized profit		1,375,307,209	0	1,375,307,209
	¢	**64,224,784,907**	**(23,575,814,449)**	**40,648,970,458**

(32) Operating leases

The Bank as tenant

Non-cancellable operating leases are payable as follows:

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

(33) Fair value

Fair values of financial instruments are as follows:

		December 2022		December 2021	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	889,861,698,310	889,861,698,310	864,405,461,582	864,405,461,582
Investment		1,587,645,659,368	1,564,012,855,218	1,754,312,982,756	1,729,358,672,795
Loan portfolio		3,296,901,711,269	3,478,460,812,697	3,191,124,004,077	2,275,380,295,718
		5,774,409,068,947	5,932,335,366,225	5,809,842,448,415	4,869,144,430,095
Demand deposits		3,258,227,012,733	3,258,227,012,733	3,296,294,668,308	3,296,294,668,308
Term deposits		1,456,198,586,872	1,460,363,494,191	1,318,752,537,179	1,307,309,370,695
Financial obligations		512,365,599,339	443,514,700,648	550,508,568,444	493,905,987,812
	¢	5,226,791,198,944	5,162,105,207,572	5,165,555,773,931	5,097,510,026,815

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

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

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

(Continues)

(b) Investments in financial instruments

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

(c) Securities sold under repurchase agreements

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

(d) Loan portfolio

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

(e) Deposits and loans payable

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

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

(34) Risk Management

Comprehensive Risk Management

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

Corporate governance of the risk management area

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

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

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

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

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Classification of significant risks

The relevant risks to the Bank are classified as follows:

<table>
<tr><th colspan="3">Risk classification of Banco de Costa Rica</th></tr>
<tr><td rowspan="11">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="8">Non-financial</td><td>Strategic</td></tr>
<tr><td>Operating</td></tr>
<tr><td>Legal</td></tr>
<tr><td>Technological</td></tr>
<tr><td>Reputational</td></tr>
<tr><td>Environmental and social</td></tr>
<tr><td>Regulatory compliance</td></tr>
<tr><td>Money laundering, financing of terrorism, financing of proliferation of weapons of mass destruction and financing of organized crime (LC/FT/FPADM/FDO)</td></tr>
</table>

(Continues)

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Types of risks related to the strategic plan

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

Related strategic objective	Process	Type of risk	Risk Appetite Statement Indicator
1. Guarantee the financial solidity of the Conglomerate 2. Support the development of the country	1. Organizational strategy	Capital	Equity sufficiency index
	1. Financial treasury operations		
	1. Security management	Operative	Expected loss due to operational risk (last 12 months)
	2. Management of processes and regulations		Availability of the technology platform
	3. IT Security		Vulnerability analysis
			Change management
	1. Loan granting	Credit	Expected credit loss of the loan portfolio, SUGEF Non-high-risk generators
	2. Monitoring of loans		
	3. Loans recovery		
	1. Financial treasury operations	Market	VaR 03-06
			Elasticity of the financial margin to movements in interest rates
			PPME (Own position in foreign currency) sensitivity to changes in the exchange rate
	2. Investment services	Liquidity	Liquidity coverage ratio by currency

(Continues)

Risk Appetite Statement

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

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

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

Process of comprehensive risk management

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

Types of risk assessments

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

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

Risk control framework

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

(Continues)

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

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

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 Sigir using self-assessment tools for continuous improvement. Annually, a Model of Corporate Maturity is applied to evaluate the progress in management by type of risk. The results of this assessment are used to define strategies and work plans.

Information generated by the Comprehensive Risk Management System

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

Credit risk management

Definition

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

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

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

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

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

Management methodology

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

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In addition, statistical support is complemented with expert criteria for the analysis of debtors' payment capacity, where macroeconomic and microeconomic factors are considered, as well as the Bank's own variables. For the analysis of the credit portfolio and considering the pandemic for decision making, the methodology associated with the Credit Portfolio Management Plan is used.

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

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

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

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

Exposure and risk management

Considering the uncertainty generated by the pandemic for COVID 19, the Bank has been using 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% for 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.

(Continues)

The dollar portfolio accounts for 24.97% by the end of September (27.47% as December 2021) of the total portfolio. It is important to mention, 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 trade, as shown in Note 6.a (Loan portfolio by activity) to the financial statements; in addition, the exposure limits for the loan portfolio are monitored, as well as all its indicators, to maintain a credit portfolio structure according to the risk appetite defined by the General Board of Directors.

On the other hand, adequate and timely communication mechanisms are implemented on the Bank's exposure to credit risk at all levels of the organizational structure, allowing to obtain a prospective view of the impact on credit estimates and capital. The reports of this management consider both the exposure resulting from the taking of positions, as well as the deviations that may occur with respect to the limits and the 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, as well as new credit instruments the Bank is planning to offer.

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 starts. The foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of December 2022, the expected loss of the investment portfolio was of 0.14%, (0.18% in September 2022).

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Expected losses are shown in the following table:

Banco de Costa Rica, expected losses of the investment portfolio
by currency
December 2022 and December 2021

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of December 31, 2022			
Colones	1,352,956,981	116,852,886	5,733,000,000
US dollars	856,310	0	0
UDES	0	50,098	1,862,000
Value correction for losses As of December 31, 2021			
Colones	2,052,373,299	156,737,605	5,753,000,000
US dollars	2,006,601	0	0
UDES	0	92,251	14,024,800
Rollover to 12-month expected credit losses			
Colones	(699,416,318)	(39,884,720)	0
US dollars	(1,150,291)	0	0
UDES	0	(42,153)	(12,162,800)

(Continues)

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Banco de Costa Rica, expected losses of the investment portfolio
by currency
January and December 2021

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of December 31, 2021			
Colones	251.345.978	312.164.576	70.823.900.000
US dollars	304.137	97.453	21.065.000
UDES	0	206.725	14.024.800
Value correction for losses As of December 31, 2020			
Colones	1.410.973.478	174.719.197	6.733.000.000
US dollars	1.337.064	14.672	21.065.000
UDES	0	183.900	14.024.800
Transfer to 12-month expected credit losses			
Colones	1.159.627.500	(137.445.379)	(64.090.000.000)
US dollars	1.032.927	(82.780)	0
UDES	0	(22.826)	0

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

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

As of December 31, 2022

	Note		**Direct loan portfolio** December 2022	**Direct loan portfolio** December 2021	**Contingent 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 loan losses			(155,945,127,998)	(152,572,595,665)	(334,497,086)	(355,390,996)
Carrying amount, net		¢	3,161,233,125,986	3,057,560,786,439	(334,495,064)	237,829,585,386
Carrying amount						
Loan Portfolio						
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 loan losses			(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, net			3,317,178,253,984	3,210,133,382,104	210,215,483,996	238,184,976,382
Allowance for loan losses			(91,829,613,987)	(100,038,430,338)	(217,095,533)	(206,640,140)
(Excess) inadequacy of allowance over structural estimate estructural			(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

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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)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

Loan Portfolio

Aging of loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Up to date	¢	2,616,972,841,350	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
Equal or less 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)

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BANCO DE COSTA RICA

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2021

Loan Portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance	Principal	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)

(Continues)

BANCO DE COSTA RICA

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

Loan Portfolio Aging of loan portfolio		Direct Loan Portfolio				Contingent Loan Portfolio	
		Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance							
Up to date	¢	2,508,828,410,224	1,738,431,164,833	770,397,245,391	(12,697,021,048)	227,570,854,404	(151,336,785)
Equal or less than 30 days		60,911,049,025	49,554,785,659	11,356,263,366	(308,120,127)	0	0
Equal or less than 60 days		983,668,109	841,906,800	141,761,309	(4,999,964)	0	0
More than 180 days		2,795,037	0	2,795,037	(13,975)	0	0
		2,570,725,922,395	1,788,827,857,292	781,898,065,103	(13,010,155,114)	227,570,854,404	(151,336,785)
Direct specific allowance							
Up to date		422,175,709,581	329,136,134,750	93,039,574,831	(26,249,282,176)	10,613,586,420	(55,021,346)
Equal or less than 30 days		35,461,121,096	26,717,833,836	8,743,287,260	(5,483,953,052)	535,558	(282,009)
Equal or less than 60 days		52,296,255,885	42,016,448,037	10,279,807,848	(5,006,028,932)	0	0
Equal or less than 90 days		33,287,535,966	24,980,466,979	8,307,068,987	(5,962,834,410)	0	0
Equal or less than 180 days		11,924,632,862	6,359,736,467	5,564,896,395	(4,874,431,625)	0	0
More than 180 days		84,262,204,319	43,675,260,249	40,586,944,070	(39,451,745,029)	0	0
	¢	639,407,459,709	472,885,880,318	166,521,579,391	(87,028,275,224)	10,614,121,978	(55,303,355)
	¢	3,210,133,382,104	2,261,713,737,610	948,419,644,494	(100,038,430,338)	238,184,976,382	(206,640,140)

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

		Loans receivable from customer	
On 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

(Continues)

		Loans receivable from customer	
On 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**

In compliance with SUGEF Directive 1-05, as of September 30, 2021, the Bank must maintain a minimum allowance in the amount of ¢92,046,709,520 (¢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. Additionally, the countercyclical allowance is of ¢4.779.400.343 (¢4.779.400.343 for December 2021).

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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

		December 2022		December 2021	
		Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts
Trade	¢	278,776,453,912	21,688,013,627	201,575,626,184	22,218,278,320
Manufacturing		253,181,690,762	6,554,821	285,047,581,797	7,754,821
Construction. purchase and repair of real estate		1,339,857,477,601	44,000,000	1,271,588,188,876	45,321,317
Agriculture. livestock. hunting and related services		146,823,813,659	0	149,043,571,577	7,000,000
Fishing and aquaculture		43,712,963	0	46,000,000	0
Consumer		261,682,644,372	118,815,614,502	280,742,362,650	109,333,834,828
Education		740,142,594	0	819,434,189	0
Transportation		33,732,957,042	46,601,692	37,588,886,200	81,176,250
Financial and stock Exchange		3,385,299,600	0	3,747,089,931	0
Telecommunications and public utilities		234,561,181,309	0	163,842,838,285	0
Services		574,356,885,439	74,485,192,643	359,874,194,204	111,009,501,105
Hospitality		119,607,586,829	0	116,341,025,761	0
Mining and quarrying		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
Other activities from the non financial private sector		528,204,294	19,154,118	707,076,325	20,530,565
		3,298,222,308,877	220,459,409,111	3,193,889,504,724	246,824,316,265
Other contingencies		0	254,313,912,940	0	72,902,375,786
	¢	**3,298,222,308,877**	**474,773,322,051**	**3,193,889,504,724**	**319,726,692,051**

(Continues)

As of December 31, 2022, and December 2021, the Bank's risk associated to the loan portfolio is concentrated in Costa Rica.

As of December 31, 2022, the Bank has banking mandates for ¢166,500 (¢1.125 for December 2021).

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

		December 2022	December 2021
Properties	¢	97,188,446,168	115,853,794,973
Other		548,711,605	528,893,782
	¢	**97,737,157,773**	**116,382,688,755**

The loan portfolio by type of guarantee is as follows:

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

		December 2022		**December 2021**	
		Loan portfolio	**Contingent accounts**	**Loan portfolio**	**Contingent accounts**
Guarantee:					
Fiduciary	¢	418,583,551,977	0	394,185,654,977	0
Mortgage		1,504,067,528,515	0	1,498,236,202,119	73,166,667
Chattel mortgage		98,552,589,728	0	115,244,334,786	0
Other		1,277,018,638,656	220,459,409,111	1,186,223,312,842	246,751,149,598
	¢	**3,298,222,308,876**	**220,459,409,111**	**3,193,889,504,724**	**246,824,316,265**

See notes 6 and 19.

As of December 31, 2022, 49% of the loan portfolio is secured by mortgage or chattel collaterals (51% for December 2021).

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

(Continues)

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 value	Nº customers
1	0-4,99%	25,336,162,784	88,992,203,599	1
2	5-9,99%	50,672,325,569	359,072,947,313	5
3	10-14,99%	76,008,488,353	0	0
4	15-20%	101,344,651,138	0	0
Total		¢	**448,065,150,912**	**6**

As of December 31, 2021:

No.	Percentage	Band	Total value	Nº customers
1	0-4,99%	23,905,976,882	94,983,200,042	1
2	5-9,99%	47,811,953,763	262,135,305,013	3
3	10-14,99%	71,717,930,645	0	0
4	15-20%	95,623,907,526	0	0
Total			**357,118,505,055**	**4**

Management of market risk

Definitions

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

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

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

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

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

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

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

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

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

Tolerance limits and risk indicators

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

- Liquidity risk: maximum expected collection received from the public by currency, term matching to one and three months by currency and coverage of Liquidity Index (ICL) by currency.

(Continues)

- Price risk: VaR of the Investment portfolio through internal models and regulations.
- Exchange risk: Sensibility of the equity position in foreign currency through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

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

Exposure and risk management

Liquidity risk

Liquidity conditions in the financial system have normalized after the extraordinary increase during 2020, which is reflected in the growth of term bank deposits. In addition, the increase in rates has also caused changes in the term structure and currency of deposits.

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 show a year-on-year increase of 6.93% on a year-on-year basis, mainly due to the decrease in the overdraft account in demand checking accounts in foreign financial entities. (See table of obligations with financial institutions and the Central Bank in note 5 of this document).

In the following table, the 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

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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 Indicator	Interpretation	December 2022 Observation	December 2021 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 Bank’s assets and liabilities mature 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 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	¢	296,721,756,211	0	0	0	0	0	0	0	296,721,756,211
Cash reserve- 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
Investments		0	283,172,467,608	66,578,966,027	40,401,781,957	116,917,349,379	193,215,731,044	863,726,559,203	0	1,564,012,855,218
Interest on investments		0	12,535,870,553	7,648,772,526	2,104,355,832	1,286,991,022	56,814,216	0	0	23,632,804,149
Loan portfolio		0	47,044,681,651	30,730,740,714	54,131,865,750	129,537,342,540	137,739,151,956	2,729,060,542,633	149,701,440,917	3,277,945,766,161
Interest on loans		0	9,671,205,956	693,119,268	121,447,130	899,360,604	18,077,860	19,048,038	7,533,686,252	18,955,945,108
	¢	**706,049,541,347**	**379,322,578,396**	**124,095,923,896**	**116,792,263,494**	**291,812,260,150**	**384,146,506,756**	**3,614,954,867,737**	**157,235,127,169**	**5,774,409,068,945**
Liabilities										
Obligations with the public	¢	3,240,787,388,218	212,955,531,334	145,826,163,913	158,418,390,901	341,669,656,125	421,583,980,045	175,916,447,097	0	4,697,157,557,633
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		38,630,311,266	207,343,532,270	7,210,473,273	9,631,226,680	23,592,774,157	18,657,707,864	20,154,621,863	0	325,220,647,373
Charges payable		1,527,021,045	5,050,085,196	3,453,011,269	1,728,456,138	2,762,827,119	2,901,424,919	2,355,280,406	0	19,778,106,092
		3,280,944,720,529	**450,369,458,551**	**156,489,648,455**	**169,778,073,719**	**368,025,257,401**	**443,143,112,828**	**307,901,071,826**	**0**	**5,176,651,343,309**
Assets and liabilities spread	¢	**(2,574,895,179,182)**	**(71,046,880,155)**	**(32,393,724,559)**	**(52,985,810,225)**	**(76,212,997,251)**	**(58,996,606,072)**	**3,307,053,795,911**	**157,235,127,169**	**597,757,725,636**

(Continues)

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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	More than 30 days past due	Total
Cash and due from banks	¢	338,991,823,664	0	0	0	0	0	0	0	338,991,823,664
Cash reserve- 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
Investments		0	320,583,968,405	13,571,638,451	15,988,917,175	73,068,296,720	74,137,179,920	1,232,008,672,124	0	1,729,358,672,795
Interest on investments		0	19,193,388,815	2,990,680,001	1,429,944,850	1,340,296,295	0	0	0	24,954,309,961
Loan portfolio		0	43,007,877,252	36,112,876,001	30,477,696,695	105,363,484,658	142,008,718,393	181,124,362,782	2,636,785,110,916	3,174,880,126,697
Interest on loans		0	5,708,878,553	773,116,267	156,224,283	729,848,592	252,151,373	8,586,743,824	36,914,488	16,243,877,380
	¢	**687,950,214,642**	**424,262,366,953**	**73,912,522,796**	**64,310,201,719**	**220,712,868,901**	**257,775,524,663**	**1,444,096,723,336**	**2,636,822,025,404**	**5.809.842.448.414**
Liabilities										
Obligations with the public	¢	3,283,466,617,831	260,126,383,161	154,502,001,965	125,618,930,132	299,405,484,983	315,333,276,086	164,872,678,962	0	4,603,325,373,120
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		35,221,034,718	219,633,212,087	15,186,450,676	32,362,257,758	46,609,776,057	47,880,315,707	23,623,365,624	0	420.516.412.627
Charges payable		1,219,462,589	2,357,782,517	2,626,094,604	1,571,020,695	2,825,614,790	1,906,214,713	1,518,772,447	0	14,024,962,355
		3,319,907,115,138	**492,118,488,814**	**172,314,547,245**	**159,552,208,585**	**348,840,875,830**	**365,119,806,506**	**307,702,731,813**	**0**	**5.165.555.773.931**
Assets and liabilities spread	¢	**(2,631,956,900,496)**	**(67,856,121,861)**	**(98,402,024,449)**	**(95,242,006,866)**	**(128,128,006,929)**	**(107,344,281,843)**	**1,136,393,991,523**	**2,636,822,025,404**	**644,286,674,483**

(Continues)

Price risk of the portfolio

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

In the case of own funds, a concentration of 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.

The results of the VaR SUGEF 03-06 methodology are detailed below, 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 securities because of the global pandemic, as well as changes in the portfolio structure and the market value of the portfolio.

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, 2021, a sensitivity analysis on possible variations in interest rates has been 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

(Continues)

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 rates 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

Sensitivity to a decrease in rates 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

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

Sensitivity to an increase in rates of term financial obligations

		December 2022	December 2021
Obligations with the public	¢	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 to a decrease in rates of term financial obligations

		December 2022	December 2021
Term financial 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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(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2022

	Effective rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones									
Assets									
Investments	5.05%	¢	72,743,569,374	62,925,680,123	35,201,677,513	181,687,488,000	274,746,965,402	663,961,553,604	1,291,266,934,015
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	3,018,269,278,344
Total recovered assets (*)			**1,576,948,129,639**	**237,176,208,759**	**156,672,280,451**	**241,248,880,579**	**356,771,881,050**	**1,740,718,831,881**	**4,309,536,212,359**
Liabilities									
Obligations with the public			149,292,938,536	198,023,015,725	243,695,726,124	269,061,174,420	69,725,881,939	54,143,824,560	983,942,561,305
Obligations with the Central Bank of Costa Rica			25,020,309,751	0	0	0	0	0	25,020,309,751
Obligations with financial entities	6.21%		13,937,930,758	13,160,312,251	24,200,689,163	8,035,220,216	109,529,842,461	0	168,863,994,848
Total matured liabilities (*)			**188,251,179,045**	**211,183,327,977**	**267,896,415,287**	**277,096,394,635**	**179,255,724,400**	**54,143,824,560**	**1,177,826,865,904**
Assets and liabilities spread		¢	**1,388,696,950,594**	**25,992,880,782**	**(111,224,134,836)**	**(35,847,514,056)**	**177,516,156,650**	**1,686,575,007,321**	**3,131,709,346,454**
Dollars									
Assets									
Investments	3.99%	¢	259,805,832,016	62,942,134,246	108,428,056,244	63,025,945,040	27,311,684,310	127,084,904,920	648,598,556,776
Loan portfolio	7.47%		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 recovered assets (*)			**814,061,064,204**	**103,055,720,715**	**146,291,979,531**	**82,320,640,560**	**43,995,896,536**	**298,445,980,174**	**1,488,171,281,719**
Liabilities									
Obligations with the public			75,353,053,406	109,646,841,484	107,576,025,465	106,577,634,694	28,115,100,038	17,548,727,095	444,817,382,183
Demand	0.76%								
Term	2.40%								
Obligations with financial entities	3.09%		1,505,403,075	4,127,755,312	458,290,827	10,760,632,611	2,898,533,137	12,067,833,777	31,818,448,740
Total matured liabilities (*)			**76,858,456,481**	**113,774,596,796**	**108,034,316,293**	**117,338,267,305**	**31,013,633,175**	**29,616,560,873**	**476,635,830,922**
Assets and liabilities spread			**737,202,607,723**	**(10,718,876,081)**	**38,257,663,238**	**(35,017,626,746)**	**12,982,263,362**	**268,829,419,301**	**1,011,535,450,797**

(Continues)

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Notes to the separate financial statements

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2021

	Effective rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones									
Assets									
Investments	6.24%	¢	130,564,386,560	29,141,565,195	59,756,361,130	49,928,700,000	161,257,550,000	778,990,666,280	1,209,639,229,165
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 recovered assets (*)			**1,621,671,645,692**	**205,531,379,158**	**181,881,670,911**	**98,765,754,341**	**226,396,550,687**	**1,585,362,840,453**	**3,919,609,841,242**
Liabilities									
Obligations with the public			130,252,520,961	189,438,304,198	211,699,837,641	45,495,388,592	179,980,510,078	55,152,400,273	812,018,961,743
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%		29,556,351,028	38,540,261,637	36,261,565,236	1,065,250,000	159,531,201,325	0	264,954,629,226
Total matured liabilities (*)			**169,809,983,038**	**227,978,565,835**	**247,961,402,877**	**46,560,638,592**	**339,511,711,403**	**55,152,400,273**	**1,086,974,702,018**
Assets and liabilities spread		¢	**1,451,861,662,654**	**(22,447,186,677)**	**(66,079,731,966)**	**52,205,115,749**	**(113,115,160,716)**	**1,530,210,440,180**	**2,832,635,139,224**
Dollars									
Assets									
Investments	3.92%	¢	248,408,426,626	33,712,771,968	47,805,339,782	37,674,857,000	170,688,627,750	164,713,612,750	703,003,635,876
Loan portfolio	6.98%		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 recovered assets (*)			**886,003,462,751**	**64,223,397,039**	**61,671,220,610**	**52,891,802,560**	**181,320,911,880**	**309,988,876,674**	**1,556,099,671,514**
Liabilities									
Obligations with the public			13,820,110,879	11,671,450,224	12,783,631,968	9,613,462,687	18,019,787,052	14,357,713,279	80,266,156,089
Obligations with financial entities	2.03%		3,322,118,825	9,937,193,901	6,111,213,258	12,665,288,985	2,677,402,576	20,166,674,133	54,879,891,678
Total matured liabilities (*)			**17,142,229,704**	**21,608,644,125**	**18,894,845,226**	**22,278,751,672**	**20,697,189,628**	**34,524,387,412**	**135,146,047,767**
Assets and liabilities spread		¢	**868,861,233,047**	**42,614,752,914**	**42,776,375,384**	**30,613,050,888**	**160,623,722,252**	**275,464,489,262**	**1,420,953,623,747**

(*) Interest rate sensitive

(Continues)

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of December 31, 2022, for ¢3,131,709,346,455 (¢2.832.635.139.224 for December 2021) while in foreign currency the same difference is of ¢1,011,535,450,799 (¢1.420.953.623.747 for December 2021) is shown, being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities) as of December 2022, the total amount in local currency was of ¢493,547,862,783 (¢519.819.857.087 for December 2021) while in foreign currency, the collected data for the compliance of obligations was of ¢104,209,862,857 (¢124.466.817.698 for December 2021) however, on a consolidated basis it shows the necessary solvency to meet the liquid liabilities of the Organization.

Foreign exchange risk

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

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

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

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$205 million for December 2021).

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

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

		December 2022	December 2021
Assets:			
Cash and due from banks	US$	566,647,160	607,947,793
Investments in financial instruments		1,035,763,394	981,445,965
Loan portfolio		1,280,531,029	1,275,266,944
Accounts and accrued interest receivable		3,685,177	1,716,121
Investments in other companies		126,760,535	123,820,677
Other		25,530,488	5,074,689
Total assets		**3,038,917,783**	**2,995,272,189**
Liabilities:			
Obligations with the public		2,550,858,202	2,503,270,146
Other financial obligations		251,322,510	256,885,258
Other account payable and provisions		22,986,372	22,145,587
Other liabilities		32,093,904	7,784,599
Total liabilities		**2,857,260,988**	**2,790,085,590**
Net position (excess of monetary assets over monetary liabilities	US$	**181,656,795**	**205,186,599**

From January 2020, monetary assets and liabilities in foreign currency are valued by using the reference sale rate established by BCCR on the last business day of each month (previously the purchase exchange rate was used); as of December 31, 2022, that rate was ¢601.99 for US $1.00 (¢645.25 for US $1.00 in December2021).

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

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

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

(Continues)

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

Sensitivity to an increase in the exchange rate

	December 2022	December 2021
Net position	181,656,794	205,186,599
Closing exchange rate	601.99	645.25
Increase in the exchange rate by 5%	30.10	32.26
Profit	**5,467,869,499**	**6,619,319,684**

Sensitivity to a decrease in the exchange rate

	Diciembre 2022	Diciembre 2021
Net position	181,656,794	205,186,599
Closing exchange rate	601.99	645.25
Decrease in the exchange rate by 5%	(30.10)	(32.26)
Loss	(5,467,869,499)	(6,619,319,684)

Monetary 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 (excess of monetary assets over monetary liabilities)	EUR€	**1,189,892**	**238,929**

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2022, complying with SUGEF´s regulations, the term matching of the most important US dollar accounts is as follows:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due from banks	US$	238,149,961	0	0	0	0	0	0	0	238,149,961
Cash reserve- 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		0	428,122,599	49,260,126	50,388,273	149,346,260	104,941,595	246,853,864	0	1,028,912,717
Interest on investments		0	3,072,283	2,815,161	11,330	951,903	0	0	0	6,850,677
Loan portfolio		0	13,202,457	11,518,977	15,760,211	83,925,651	58,819,253	1,081,503,731	100,198,176	1,364,928,456
Interest on loans		0	3,067,373	53,423	118,248	0	0	7,569	4,704,048	7,950,661
		469,611,130	**462,725,834**	**75,396,477**	**78,823,932**	**259,487,081**	**187,061,414**	**1,337,281,580**	**104,902,224**	**2,975,289,672**
Liabilities										
Obligations with public		1,793,368,349	118,243,648	91,029,994	97,205,789	195,740,581	180,533,510	69,084,666	0	2,545,206,537
Obligations with financial Entities		18,601,427	182,698,108	1,137,724	5,591,060	764,220	17,960,370	24,444,646	0	251,197,555
Charges payable		260,699	945,792	739,204	760,290	989,381	1,402,440	678,814	0	5,776,620
		1,812,230,475	**301,887,548**	**92,906,922**	**103,557,139**	**197,494,182**	**199,896,320**	**94,208,126**	**0**	**2,802,180,712**
Assets and liabilities spread	US$	**(1,342,619,345)**	**160,838,286**	**(17,510,445)**	**(24,733,207)**	**61,992,899**	**(12,834,906)**	**1,243,073,454**	**104,902,224**	**173,108,960**

(Continues)

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For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2021, complying with SUGEF´s regulations, the term matching of the most important US dollar accounts is as follows:

Assets		**Demand**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**More than 365 days**	**More than 30 days past due**	**Total**
Cash and due from banks	US$	224,652,480	0	0	0	0	0	0	0	224,652,480
Cash reserve- 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		0	374,706,318	9,184,847	18,446	33,927,218	37,144,039	516,303,244	0	971,284,112
Interest on investments		0	4,753,146	4,634,917	0	773,792	0	0	0	10,161,855
Loan portfolio		0	7,098,342	12,603,600	10,052,567	59,669,983	91,469,737	130,480,342	1,044,751,638	1,356,126,209
Interest on loans		0	1,794,542	88,216	44,670	1,627	285,408	5,297,994	20,024	7,532,481
		479,885,344	**420,647,493**	**40,139,113**	**18,482,730**	**124,723,323**	**153,941,752**	**670,461,032**	**1,044,771,662**	**2,953,052,449**
Liabilities										
Obligations with public		1,662,984,935	210,420,940	88,791,002	54,515,996	197,751,817	163,166,344	119,752,418	0	2,497,383,452
Obligations with financial Entities		12,696,743	168,221,358	576,070	14,692,439	9,414,053	19,738,178	31,513,526	0	256,852,367
Charges payable		245,750	901,175	1,257,309	481,546	1,344,297	1,026,353	663,153	0	5,919,583
		1,675,927,428	**379,543,473**	**90,624,381**	**69,689,981**	**208,510,167**	**183,930,875**	**151,929,097**	**0**	**2,760,155,402**
Assets and liabilities spread	US$	**(1,196,042,084)**	**41,104,020**	**(50,485,268)**	**(51,207,251)**	**(83,786,844)**	**(29,989,123)**	**518,531,935**	**1,044,771,662**	**192,897,047**

(Continues)

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

For the period ended December 31, 2022, the separate accumulated financial statements show a net foreign exchange loss of ¢3,035,621,514 (¢2,726,227,722 net income, for December 2021)

Capital Management

During 2022, the 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 equity adequacy index was affected by the indicated increase in interest rates that affected the prices of already issued instruments; however, portfolio management allows it to remain at a normal level.

Systemic risk

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

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

(Continues)

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 relation, so that the information generated can be easily used in decision-making at different levels of the organization.

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.

(Continues)

Regarding the calculation of regulatory capital, the BCR uses the basic method and continuously provides efforts in the prevention and mitigation of 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 internal and external fraud is considered as relevant, for which periodic training programs are implemented on elements that collaborate in the early detection of cases, as well as prevention announcements that warn of the different types of fraud and their evolution in our environment. Likewise, there are plans that will be activated in case of non-compliance of the parameters established.

Through the automated OpRisk tool, the operational risks detected in the risk evaluations 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 Regulation on operational risk management.

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 and IT security risk management is carried out at the Conglomerate as a whole, and there is an annual assessment plan related to processes, contracts, 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.

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

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

For each of them there are corrective actions or a mitigation plan that is activated in the event of non-compliance with the tolerance or the established limit; they are regularly reviewed and updated in conjunction with risk takers, as part of the continuous improvement of the management process.

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

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

(Continues)

Business Continuity

The BCR Financial Conglomerate has a Business Continuity Management System (hereinafter SGCN) with a defined regulatory framework (policy, provision, procedures, and protocols). The system is designed from the best international practices such as ISO 22301, additionally it seeks to meet regulatory requirements such as SUGEF Agreement 14-17 General Information Technology Management Regulations, SUGEF Agreement 02-10, Regulations on Comprehensive Risk Management and SUGEF Agreement 8-15 Regulation on corporate governance.

Business Impact Analysis: This phase is one of the most relevant of the SGCN and requires the process map as input to establish the scope of business continuity management. In the analysis process, the priority of the services must be determined (according to the scope established at the strategic level) and the resources required to be recovered during an unexpected interruption. The prioritization is guided by the potential loss in time that an interruption of each service-product, process and critical activity can generate, starting from the most negative interruption scenario and without considering the probabilities.

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.

(Continues)

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.

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, this to ensure a desire for zero tolerance in terms of non-compliance with the applicable external regulatory framework.

Through the automated GRC tool, 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, 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.

(Continues)

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Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

(35) Financial Information of the Development Financing Fund

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

Development Financing Fund
Statement of financial position
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 on 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 sundry 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 LIABILITIES	¢	**4,256,602,915**	**2,085,288,667**
EQUITY			
Contributions from Banco de Costa Rica	¢	**29,330,665,472**	**26,014,386,470**
Retained earnings from previous periods		**11,146,056,305**	**10,197,624,940**
Result of 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**
DEBIT CONTINGENT ACCOUNTS	¢	**12,622,297**	**16,322,202**
OTHER DEBIT MEMORANDA ACCOUNTS	¢	**7,168,010,637**	**8,870,052,639**

(Continues)

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Development Financing Fund
Income Statement
As of December 31, 2022
Financial Information
(In colones without cents)

		December 2022	December 2021
Financial income			
For loan portfolio		2,054,014,580	0
For profit on exchange differences		0	1,445,301,587
For profit on held-for-trading financial instruments		0	4,766,568
For other financial income		0	4,588,745
Total financial income		**2,054,014,580**	**1,454,656,900**
Financial expenses			
For losses on exchange differences		1,144,037	0
Total financial expenses		**1,144,037**	**0**
For allowance of asset impairment		121,599,940	49,925,648
For recovery of assets and decrease in estimates and provisions		105,547,178	18,699,522
FINANCIAL RESULT		**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 services commissions		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**
RESULT OF THE PERIOD	¢	**1,676,205,367**	**948,431,366**

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(With corresponding figures as of December 31, 2021)
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Loan portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		December 2022	December 2021
Activity			
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 and stock exchange activities		577,925,284	881,672,399
Real estate, business, and rental activities		165,159,122	264,973,366
Construction, purchase, and repair of real estate		657,256,633	642,304,505
Retail		10,371,351	0
Hospitality		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 in 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**

(Continues)

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
From 1 to 30 days		1,996,268,803	1,624,793,688
From 31 to 60 days		237,828,072	587,091,721
From 61 to 90 days		524,840,646	715,753,544
From 91 to 120 days		44,053,040	14,329,505
From 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) Delinquent and past due loan portfolio

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

		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

Loans on legal collection as of December 31, 2022:

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

Loans on legal collection as of December 31, 2021:

# operations	Percentage		Balance
4	0,13%	¢	49.958.231

d) Interest receivable on loan portfolio:

Interest receivables are 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 judicial collection		20,628,457	783,451
	¢	**196,788,486**	**72,838,659**

e) Allowance for bad loans:

The movement of allowance for bad loans is as follows:

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 differences		458,983
Less:		
Adjustment for exchange 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**

(Continues)

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 differences		212,127
Less:		
Adjustment for exchange 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 detailed 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**

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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
D			42,774,047,931	36,792,311,640
E			230,097,335	728,386,349
1			1,818,352,809	1,218,141,672
2			674,481,203	88,715,638
3			353,085,467	14,610,312
4			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 on minimum allowance			(29,668,435)	(29,213,867)
Carrying amount, net	6a	¢	46,787,445,845	39,584,667,957

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The assessed loan portfolio including allowance is detailed as follows:

As of Dcember 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	16,294,005,025	(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	1,238,563	(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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For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
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As of Dcember 31, 2021

		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered Balance	Overdraft	Allowance
1	¢	36,792,311,641	25,823,207,897	10,969,103,744	92,191,906
A1		884,524,017	0	884,524,017	4,422,620
		37,676,835,658	25,823,207,897	11,853,627,761	96,614,526
Direct specific allowance					
2		728,386,349	420,493,795	307,892,554	17,497,097
3		1,218,141,671	1,082,479,235	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
		2,101,588,784	1,644,920,395	456,668,389	67,928,092
	¢	39,778,424,442	27,468,128,292	12,310,296,150	164,542,618

Loan Portfolio					
Aging of loan portfolio		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

(Continues)

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For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

As of December 31, 2022		Loans receivable from clients 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**

As of December 31, 2021		Loans receivable from clients 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**

(36) 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			
Availabilities	¢	**810,456,884**	**677,887,264**
Central Bank of Costa Rica		810,456,884	677,887,264
Investment 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		827,577,117	31,619,907
Other assets		**2,002,095,388**	**1,142,830,562**
Other assets		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
TOTAL LIABILITIES	¢	**192,349,990,008**	**189,069,312,645**
EQUITY			
Results of the previous period	¢	**(1,299,622,220)**	**3,517,319,433**
Results 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**
Own debit memoranda account			
Own debit memoranda account	¢	23,755,283,621	21,119,325,983
Interest receivable memoranda accounts	¢	5,409,472	6,235,038

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

DEVELOPMENT CREDIT FUND

INCOME STATEMENT

Fort the period ended 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 incomes		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 in exchange 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 asset impairment		117,152,205	304,995,921
Asset recovery and decrease in allowance		409,243,344	158,282,313
Financial result	¢	**4,826,051,362**	**8,804,810,556**
Other operating income			
For commission for services		2,065	10,522
For arbitrage and currency exchange		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 income	¢	**4,243,776,916**	**8,919,799,246**
Earnings transferred to the National Development Trust		4,205,972,685	6,724,003,799
Result of the period	¢	**37,804,231**	**2,195,795,447**
Profit allocation			
Profit transferred to the National Development Trust	¢	4,205,972,685	6,724,003,799
Commission for management of the Development Credit Fund, and the fund's own profits		37,804,231	2,195,795,447
	¢	**4,243,776,916**	**8,919,799,246**

(Continues)

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

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

		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 comprehensive income		1,227,154,604	2,098,358,050
	¢	**160,172,908,416**	**168,330,359,602**

At fair value through profit or loss		**December 2022 Fair value**	**December 2021 Fair value**
Local issuers:			
State-owned Banks	¢	1,271,137,156	9,980,757,065
	¢	**1,271,137,156**	**9,980,757,065**

At fair value through other comprehensive income		**December 2022 Fair value**	**December 2021 Fair value**
Issuers abroad:			
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**

(Continues)

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Notes to the separate financial statements

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

Loan portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

		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 property		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:

Loan portfolio by arrears is detailed as follows:

		December 2022	December 2021
Up to date	¢	27,143,284,667	24,694,451,340
From 1 to 30 days		268,305,416	101,397,179
From 31 to 60 days		92,570,461	0
	¢	**27,504,160,544**	**24,795,848,519**

(Continues)

c) Delinquent and past due loans

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

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

d) Interest receivable for loan portfolio

Interest receivables are detailed 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 bad loans

December 2022

Balance at the beginning of 2022	¢	**99,122,714**
Plus:		
Allowance charged to profit or loss		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**

December 2021

Balance at the beginning of 2021	¢	**66,444,007**
Plus:		
Allowance charged 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**

(Continues)

f) Loan portfolio by type of guarantee:

The loan portfolio detailed by guarantee is as follows:

		December 2022	December 2021
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) The financial instruments of the Development Credit Fund exposed 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 loans			(71,711,266)	(64,842,970)
(Surplus) inadequacy of Allowance			(23,323,000)	(34,279,744)
Carrying amount. net	6a	¢	27,484,474,853	24,766,579,178

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

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(With corresponding figures as of December 31, 2021)
(In colones without cents)

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 or less than 30 days		270,180,678	270,180,678		(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 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)

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

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 generic allowance		Principal	Covered balance	Overdraft	Allowance
Up to date					
Equal or less than 30 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

(Continues)

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

As of December 31, 2022, transfers of resources have been made 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**

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

(Continues)

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

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

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

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

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c) IAS 7: Statement of Cash Flows

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

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

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

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

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

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

(Continues)

e) IAS 12: Income tax

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

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

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

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

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

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

f) IAS 16: Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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.

(Continues)

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) <u>IAS 28: Investments in Associates and Joint Ventures</u>

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

Regulated entities must present their separate financial statements.

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

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 be recorded for contingent assets. IAS 37 does not allow such provisions.

l) IAS 38: Intangible Assets

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

Automatic applications should be amortized systematically by the straight-line method during the term which produces economic benefits; such term could not exceed five years. Similar proceeding applies to obtained goodwill.
IAS 38 allows different methods to distribute an asset amortizable amount during useful life. Useful life of automatic applications could be longer than five years as stated by CONASSIF standards.

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

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

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

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

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

(Continues)

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

m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business Combinations

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

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

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

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

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

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

(Continues)

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

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

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

p) <u>IFRS 9: Financial Instruments</u>

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

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

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

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

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

b. At fair value through other comprehensive income.

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

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

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

q) IFRS 13: Fair Value Measurement

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

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

(38) Figures for 2022

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 6-18: "Financial Information Regulations" approved by the National Supervisory Board of the Finance System.

(39) Relevant and subsequent events

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

Transfer of charges and observations

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

(Continues)

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

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

As of December 31, 2021, an adjustment for reversal of the IFRIC 23 provision corresponding to 2016 is carried out for ¢8,717,265,589, (¢1,734,981,794.69 for December 2020) 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 ¢32,663,336,584 to the Treasury.

Period		Income tax		Penalties		Interest		Total
2017	¢	16,755,470,469	¢	7,865,771,439	¢	8,042,094,675	¢	32,663,336,584

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

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

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

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

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

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

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

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

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

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

Financial Information Regulation

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

The CONASSIF approved

a. Extend to September 30, 2021, the option to renegotiate the agreed conditions of the loans up to twice in a 24-month period, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC).

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

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

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

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

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

g. Measures with respect to Credit Policies and Procedures: A measure that will facilitate the procedures for both the granting of new credits and the readjustments and / or refinancing thereof, where financial entities may omit, in their credit policies and procedures, the information that they ask on a daily basis to their clients to verify their payment ability. The provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities - Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity as “type 2 irregularity”, when the institution presents losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a sanitation plan to counter the situation. It is important to note that SUGEF must amend the parameters for determining liquidity indicators. This measure will be in force for 12-months period.

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

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

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

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

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General Superintendence of Financial Entities

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

b. It was agreed to establish in 0,00% the value of the “M” factor referred to in Article 6 of the SUGEF 19-16 Agreement.

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

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

Central Bank of Costa Rica

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

a. In article 6 of the minutes of session 6082-2022, held on September 14, 2022; an increase the level of the Monetary Policy Rate by 100 basis points has been approved, to place it at 8.50% per year.

b. In addition, it agreed to set the gross interest rate on overnight electronic deposits (DON) to 6.38% per year as of March 17, 2020, and

c. The changes previously included are effective as of September 15, 2022.

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

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

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

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

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

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

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

Measures were issued in three areas:

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

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

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

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

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

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

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

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

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

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

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

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

December 31, 2022

		Loans – Colonized balances	
Activity		**Colons**	**Colonized 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
Consumer goods		64,241,759,419	2,531,696,450
Cattle raising		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 in ¢	**¢**	**393,382,263,690**	**173,363,731,599**
Total	**¢**	**566,745,995,289**	

(Continues)

BANCO DE COSTA RICA

Notes to the separate financial statements

For the period ended December 31, 2022
(With corresponding figures as of December 31, 2021)
(In colones without cents)

Activity	Colones	Amount in US dollars	Total
Agriculture	77	5	82
Trade	704	52	756
Construction	19	14	33
Consumer goods	7,217	357	7,574
Cattle raising	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**

December 31, 2022

Loans – Colonized balances			
Activity		**Colones**	**Colonized 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
Consumer goods		77,269,995,248	4,714,700,744
Cattle raising		3,884,370,495	114,878,942
Industry		33,347,876,145	2,533,929,316
Services		31,682,713,592	23,149,480,952
Transportation		23,558,277,903	140,791,730
Tourism		7,244,072,181	60,568,680,636
Housing		190,125,832,131	57,921,507,901
Total by currency in ¢	**¢**	**464,748,614,526**	**231,592,116,966**
Total	**¢**	**696,340,731,492**	

(Continues)

Activity	Colons	Amount in US dollars	Total
Agriculture	92	10	102
Trade	920	74	994
Construction	17	14	31
Consumer goods	8,312	531	8,843
Cattle raising	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 implementation of the Financial Information Regulation

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

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

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

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

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

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

Gradual increase of the Minimum Legal Requirement

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

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

Maximum annual interest rates for credits and microcredits

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

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

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.

(40) Restatement of 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.

(41) Date of authorization for the issuance of financial statements

The Bank's General Management authorized the issuance of the separate financial statements on January 27, 2023.

The SUGEF has the possibility of requesting modifications to the financial statements after their issuance date.