Banco de Costa Rica and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2019

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Banco de Costa Rica and subsidiaries (the Conglomerate), which comprise the consolidated balance sheet as of December 31, 2019, and the consolidated income statement, consolidated statement of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Conglomerate as of December 31, 2019, its financial performance and its consolidated cash flows for the year then ended in compliance with the directives issued by the National Financial System Oversight Board (CONASSIF) and the General Superintendence of Financial Entities (SUGEF).

Basis for Opinion

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

Basis of accounting

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

Emphasis Matters – Merger by Absorption

We emphasize on notes 42 and 45 of the consolidated financial statements related to Law 9605, "Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" published on September 19, 2018, indicating the merger of Banco Crédito Agrícola de Cartago (Bancrédito) and Banco de Costa Rica (BCR), the latter absorbing the former and continuing as the prevailing entity. Because at the time of the merger Bancrédito's equity is negative or less than the amount required for Bancrédito to comply with a minimum capital adequacy equal to BCR's capital adequacy indicator at the effective date of the merger, with a minimum limit of ten percent (10%), the difference was contributed by the Government to Banco de Costa Rica; the contribution is disclosed in note 45 of the consolidated financial statements. The equity of Banco Crédito Agrícola de Cartago (Bancrédito), which includes all of its assets, liabilities, contracts, contingent accounts and debit accounts and, in general, all its rights and obligations, in effect on the date of this law and of which it is the owner, were fully integrated into the legal-equity sphere of Banco de Costa Rica (BCR) and, consequently, is reflected in the balance sheet as of the effective date of the merger.

In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica". As of December 31, 2019, Bancrédito Seguros Sociedad Agencia de Seguros, S.A, is in the process of settlement, so as of that date it is not registered as a legal entity and does not present operations.

Key Audit Matters

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

a) Loan portfolio

Key audit matter	**Audit response**
The main asset of the Bank is the loan portfolio, which accounts for 62.72% of total assets and concentrates the main factors of credit risk management related to: recovery of outstanding balances, concentration of balances, diversification of products, among others; these factors affect the recoverable value of the asset. The Bank estimates the loan portfolio based on the SUGEF-1-05 Agreement "General Standards for Classification and Qualification of Debtors", and SUGEF 19-16 "Regulations for the determination and recording of Countercyclical estimates". At	Our audit procedures included selecting a sample of credit operations to which a balances confirmation process has been applied. We also carried out an assessment of the allowance for doubtful accounts of the portfolio by verifying compliance with the functional areas that maintain controls and operational processes whose objective is to comply with the requirements of the SUGEF 1-05 agreement. We selected a sample of files from operations from the loan portfolio in order to verify the internal control procedures established by the Bank, as well as the filing regulations established by the regulator. We verified and reviewed the auxiliary records of the loan portfolio and their estimates.

December 31, 2019, the amount of these estimates is of ¢97,730,957,808 which represents 1.63% of the total assets.	The Bank's management considers that the allowance for doubtful accounts is adequate to absorb any losses in which it may incur in the recovery of that portfolio. The regulator reviews it periodically as an integral part of its examinations and may require modifications based on the evaluation of available information. Notes 1.i, 1.j, 6 and 39 include the disclosures regarding the respective treatment of the allowance for bad loans.

b) Investment in securities

Key audit matter	Audit Response
Fair value estimates are made at a specific date based on market information and on information of financial instruments and are provided by an authorized pricing provider. Fair value does not reflect premiums or discounts that may result from the offer for sale of particular financial instruments at a given date. The valuations are the best possible estimate of the market; by their nature they involve uncertainties and elements of significant judgment. Any change in assumptions may affect the valuation.	Among other procedures, we performed a process of balance confirmation on the total investment portfolio, as well as recalculations of the market valuation of investments, using the values obtained from a price provider, as well as the amortization of premiums and discounts. We checked the consistency of the price source used to value the investment portfolio. Notes 1.h, 5 and 39 include the disclosures on accounting treatment and other aspects related to the investment portfolio.

c) Transfer of charges-Income tax

Key audit matter	Audit Response
Income tax returns for the current and prior periods are subject to review by the tax authorities, which as a consequence may involve the Bank’s exposure to fiscal contingencies arising from non-acceptance of aspects of the methodology used to determine the amount of the income tax for those periods. On January 02, 2019 Banco de Costa Rica proceeds with the payment of ¢14,138,113,417 to the Ministry of Finance, corresponding to the amounts determined in the auditing procedures for	Our audit procedures regarding this matter were as follows: - Review of documentation regarding transfers of charges received and payments made for tax amnesty. - Assessment of the need to account for provisions based on the existence of a present obligation. - Consultations with the Bank´s lawyers to validate their technical and legal criteria.

the periods from 2010 to 2014, accepting the tax amnesty as indicated in Transitory XXIV of the Law No. 9535 on Strengthening Public Finances. In compliance with the accounting standard IFRIC 23, Banco de Costa Rica and Subsidiaries recorded the provision for ¢37,081,820,044 (does not include interest and fines) corresponding to the periods 2015 to 2019 in the event of a possible transfer of charges for part of the Ministry of Finance. In note 45 the Bank has disclosed this matter in the consolidated financial statements.	- Review of documentation supporting the calculation of the different scenarios on the accounting adjustment of the record related to IFRIC 23. The disclosures related to income tax are found in notes 1, 15 y 45.

d) 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. At December 31, 2019, obligations with the public represent 77.55% of the total liabilities.	Among other procedures, we carried out a process of balance confirmation and analytical procedures to verify the cycles and interest rates. Notes 11, 12 and 39 include the disclosures on accounting treatment and other aspects relating to obligations with the public.

Other matters

The financial statements of the subsidiary Banco Internacional de Costa Rica for the year ended December 31, 2019 were audited by another Independent Public Accountant who expressed unqualified opinion on March 12, 2020.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conglomerate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

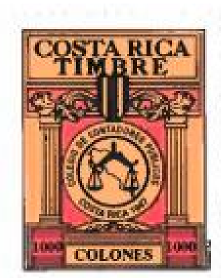
- Obtain sufficient and adequate evidence regarding the financial information of the entities or business activities within the Conglomerate to express an opinion on the consolidated financial statements. We are responsible for the administration, supervision and execution of the audit of the Conglomerate.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

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

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

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

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



San José, Costa Rica
March 17, 2020
Opinion signed by
Fabián Zamora Azofeifa N° 2186
Pólicy 0116 FIG 7 due on 30-set.-2020
Legal stamp 6663 ¢1.000
Attached to the original

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
For the period ended December 31, 2019
(In colones without cents)
(With corresponding figures for 2018)

	Note		December 2019	December 2018
ASSETS				
Availabilities	4	¢	**722,905,067,842**	**814,045,043,709**
Cash			100,479,734,830	112,421,645,617
Central Bank of Costa Rica			510,513,225,354	612,109,039,731
Local financial entities			2,675,366,960	2,179,735,336
Foreign financial entities			106,956,555,992	85,467,310,316
Other			2,280,184,706	1,867,312,709
Investment in financial instruments	5		**1,211,315,542,214**	**1,007,200,167,061**
Held-for-trading			121,105,562,110	47,289,383,174
Available-for-sale			1,080,274,432,582	938,309,963,512
Held-for-maturity			0	9,486,147,702
Interest receivable			10,025,019,727	12,222,338,103
Allowance for impairment			(89,472,205)	(107,665,430)
Loan portfolio	6		**3,749,946,250,450**	**3,861,684,456,126**
Current loans	6.b		3,407,335,886,819	3,562,697,333,504
Past due loans			368,317,170,314	334,601,231,675
Loans in legal collection	6.d		48,122,502,269	45,942,892,209
Interest receivable	6.e		23,901,648,856	26,208,092,489
Allowance for impairment	6.f		(97,730,957,808)	(107,765,093,751)
Accounts and commissions receivable			**9,485,540,702**	**11,947,362,698**
Commissions receivable			3,642,597,889	2,668,740,147
Accounts receivable from stock exchange operations			123,762,679	1,577,769,101
Accounts receivable for related party transactions			82,126,555	134,876,763
Deferred income tax and income tax receivable	15		2,405,223,733	4,744,884,230
Other accounts receivable			11,726,874,950	9,789,974,478
Allowance for impairment			(8,495,045,104)	(6,968,882,021)
Realizable assets	7		**47,562,724,876**	**52,207,111,810**
Assets and securities acquired as recovery of loans			140,489,798,884	131,765,909,620
Other realizable assets			3,884,785,997	4,042,153,644
(Allowance for impairment and per legal requirements)			(96,811,860,005)	(83,600,951,454)
Interest in other companies capital, net	8		**483,611,100**	**78,459,916**
Property, furniture and equipment, net	9		**121,294,668,863**	**114,978,205,799**
Property investmests			**6,441,924,521**	**6,441,924,521**
Other assets			**109,363,071,529**	**106,436,171,786**
Deferred charges	10.a		10,105,400,090	11,367,121,081
Intangible assets, net	10.b		12,575,157,644	12,988,398,132
Other assets	10.c		86,682,513,795	82,080,652,573
TOTAL ASSETS		¢	**5,978,798,402,097**	**5,975,018,903,426**

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
For the period ended December 31, 2019
(In colones without cents)
(With corresponding figures for 2018)

	Note		December 2019	December 2018
LAIBILITIES AND EQUITY				
LIABILITIES				
Obligations with the public		¢	**4,169,351,094,432**	**4,064,935,563,921**
Demand obligations	11		2,188,507,318,100	2,088,771,758,140
Term obligations	12		1,919,112,150,633	1,911,189,859,042
Other obligations with the public	13		39,560,201,670	45,800,643,297
Financial charges payabale			22,171,424,029	19,173,303,442
Obligations with the Central Bank of Costa Rica	14		**0**	**120,169,801,382**
Demand obligations			0	94,396,193
Term obligations			0	120,075,405,189
Obligations with entities	14		**947,122,458,876**	**1,034,067,936,771**
Demand obligations	12		184,149,240,670	174,298,801,442
Term obligations	12		754,765,135,968	852,991,464,729
Financial charges payabale			8,208,082,238	6,777,670,600
Accounts payable and provisions			**175,143,353,312**	**89,627,419,400**
Accounts payable for brokerage services			94,796,835	46,338,540
Deferred income tax	15		9,955,989,360	5,761,110,712
Provisions	16		63,300,228,326	19,039,135,322
Other miscellaneous accounts payable	17		101,777,850,474	64,768,812,337
Financial charges payable			14,488,317	12,022,489
Other liabilities			**56,195,197,474**	**37,477,501,548**
Deferred income			18,311,240,846	17,274,728,796
Allowance for impairment of contingent loans			341,258,036	390,977,867
Other liabilities			37,542,698,592	19,811,794,885
Subordinated obligations			**0**	**6,065,401,676**
Subordinated loans	14		0	6,043,900,000
Financial charges payable			0	21,501,676
TOTAL LIABILITIES		¢	**5,347,812,104,094**	**5,352,343,624,698**
EQUITY				
Capital stock	18.a	¢	**181,409,990,601**	**162,502,557,907**
Paid up capital			181,409,990,601	162,502,557,907
Non-capitalized capital contributions	18.b		**0**	**18,907,432,694**
Equity adjustments			**51,240,522,352**	**37,470,719,004**
Surplus from revaluation of property, furniture and equipment	18.c		37,774,830,067	37,774,830,067
Adjustments for revaluation of available-for-sale investments	18.d		(1,361,609,596)	(17,535,833,711)
Adjustments for valuation of restricted financial instruments	18.d		18,169,815	(1,351,481,972)
Adjustment for translation of financial statements	18.e		14,809,132,066	18,583,204,620
Equity reserves			**264,398,962,426**	**253,327,207,494**
Accrued earnings from previous periods			**974,784,271**	**34,427,953,825**
Profit of current period			**37,069,048,618**	**21,950,383,108**
Equity of the Development Financing Fund			**29,753,932,255**	**27,644,163,794**
Minority interests	8		**66,139,057,480**	**66,444,860,902**
TOTAL EQUITY			**630,986,298,003**	**622,675,278,728**
TOTAL LIABILITIES AND EQUITY		¢	**5,978,798,402,097**	**5,975,018,903,426**
DEBIT CONTINGENT ACCOUNTS	19	¢	**1,252,360,553,691**	**421,967,173,861**
TRUST ASSETS	20		**1,201,536,000,658**	**2,108,221,280,616**
TRUST LIABILITIES			**452,167,187,244**	**461,354,835,718**
TRUST EQUITY			**749,368,813,414**	**1,646,866,444,898**
OTHER DEBIT MEMORANDA ACCOUNTS	21	¢	**22,727,471,736,952**	**10,951,354,523,912**
Own debit memoranda accounts			14,578,029,052,536	4,074,437,160,708
Third party debit memoranda accounts			2,068,793,173,496	1,785,566,219,359
Own debit memoranda accounts for custodial activities			556,439,322,809	327,809,636,986
Third party debit memoranda accounts for custodial activities			5,524,210,188,111	4,763,541,506,859

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

Douglas Soto L.
General Manager

Ana Lorena Brenes B.
Accountant

José M. Rodríguez G.
General Auditor

Schedule B

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2019
(In colones without cents)
(With corresponding figures for 2018)

	Note	December 2019	December 2018
Financial income			
Availabilities	¢	1,126,652,673	490,952,721
Investments in financial instruments	26	62,531,298,489	66,104,364,126
Loan portfolio	27	335,877,458,712	320,624,052,269
Financial leases	27	6,323,173,947	4,321,103,037
Exchange differences and UD	1-d.ii	0	3,026,005,945
Profit from held-for-trading financial instruments		1,515,149,714	654,183,571
Profit from available-for-sale financial instruments		1,675,241,987	412,335,410
For profit in derivative instruments		11,525	2,868
Othe financial income		5,571,365,597	4,749,819,467
Total financial income		**414,620,352,644**	**400,382,819,414**
Financial expenses			
Obligations with the public	28	171,075,865,645	156,970,321,627
Obligations with the Central Bank of Costa Rica		573,897,769	737,438,590
Obligations with financial entities		38,930,534,975	43,755,954,586
Subordinated, convertible and preferred obligations		527,552,913	1,618,207,548
Exchange differences and UD	1-d.ii	4,027,742,961	0
Loss from available-for-sale financial instruments		61,012,202	26,795,378
Other financial expenses		53,580,817	41,763,350
Total financial expenses		**215,250,187,282**	**203,150,481,079**
Allowance for impairment of assets	29	41,075,919,847	72,026,409,873
Asset recovery and decrease in allowance	30	52,148,603,375	17,557,477,872
FINANCIAL INCOME		**210,442,848,890**	**142,763,406,334**
Other operating income			
Service fees	31	118,596,874,547	105,791,607,096
Realizable assets		27,473,785,292	12,601,793,508
Profit from interests in other companies capital	32	915,365	2,764,988
Profit on investments in entities regulated by SUGESE		0	3,042,727
Foreign currency exchange and arbitrations		22,456,590,075	22,594,669,066
Other income from related parties		341,174,473	0
Other operating income		16,757,405,971	18,266,245,040
Total other operating income		**185,626,745,723**	**159,260,122,425**
Other operating expenses			
Service fees		23,990,011,364	19,987,647,248
Realizable assets		52,627,235,664 A	30,984,201,238
Participation in other companies capital		291,806,089 2	0
Provisions		21,310,119,152	5,709,668,510
Foreingn currency exchange and arbitration		1,049,663,854	302,085,137
For other expenses with related parties		92,806,459	0
Other operating expenses		30,943,393,293	29,576,568,949
Total other operating expenses		**130,305,035,875**	**86,560,171,082**
GROSS OPERATING INCOME		**265,764,558,738**	**215,463,357,677**
Adminsitrative expenses			
Personnel expenses		115,128,789,200	110,129,500,510
Other administrative expenses		77,471,081,743	70,381,841,389
Total administrative expenses	33	**192,599,870,943**	**180,511,341,899**
NET OPERATING INCOME BEFORE TAXES AND PROFIT SHARING		**73,164,687,795**	**34,952,015,778**
Income tax	15	16,386,377,498	5,231,683,582
Deferred income tax	15	124,035,877	180,509,127
Decrease in income tax	15	658,449,874	1,174,090,555
Profit sharing	34	16,953,303,686	6,642,375,967
Decrease of allocations from income	32	0	1,038,143,359
INCOME OF THE YEAR		**40,359,420,608**	**25,109,681,016**
Income of the year attributed to minority interest	8	3,290,371,990	3,159,297,908
Income of the year attributed to the financial conglomerate		**37,069,048,618**	**21,950,383,108**
INCOME OF THE YEAR ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		**37,069,048,618**	**21,950,383,108**
OTHER COMPREHENSIVE INCOME , NET OF TAX			
Adjustment for valuation of available-for-sale investments, net of income tax		15,305,755,280	(5,990,451,612)
Reclassification of unrealized profit to the income statement		(1,129,960,850)	(269,878,022)
Adjustment for valuation of restricted financial instruments, net of income taxe renta		3,397,975,845	(2,512,712,107)
Other		(7,400,142,340)	8,840,303,696
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	35	**10,173,627,935**	**67,261,955**
COMPREHENSIVE INCOME FOR THE YEAR		**50,533,048,543**	**25,176,942,971**
Comprehensive income attributed to minority interest		(305,803,422)	4,712,785,347
Comprehensive income attributed to the controlling entity		**50,838,851,965**	**20,464,157,624**
COMPREHENSIVE INCOME ATTRIBUTEDTO THE FINANCIAL CONGLOMERATE	¢	**50,838,851,965**	**20,464,157,624**

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

Douglas Soto L.	Ana Lorena Brenes B.	José M. Rodríguez G.
General Manager	Accountant	General Auditor

Schedule C

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
For the period ended December 31, 2019
(In colones without cents)
(With corresponding figures for 2018)

	Note	Capital Stock	Non-capitalized capital contributions	Adjustments of equity: Surplus for revaluation of property, furniture and equipment	Adjustments of equity: Adjustment for valuation of available-for-sale investments and restricted financial instruments	Adjustments of equity: Adjustment for translation of financial statements	Adjustments of equity: Total equity adjustment	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
Balance as of January 1, 2018		¢ **152,513,191,949**	**0**	**38,050,329,461**	**(12,892,534,612)**	**14,074,649,033**	**39,232,443,882**	**233,662,151,966**	**66,722,853,148**	**22,100,921,217**	**61,732,075,555**	**575,963,637,717**
Statutory allocations persuant to Law 9605	**18.b, 42 y 45**	0	18,907,432,694	0	0	0	0	0	0	0	0	18,907,432,694
Transfer of retained earnings	**18.a**	9,713,866,564	0	0	0	0	0	0	(9,713,866,564)	0	0	0
Transfer of surplus for revaluation of assets	**18.a**	275,499,394	0	(275,499,394)	0	0	(275,499,394)	0	0	0	0	0
Allocation to legal reserve		0	0	0	0	0	0	19,665,055,528	(19,665,055,528)	0	0	0
Allocation to the Development Financing Fund		0	0	0	0	0	0	0	(2,915,977,231)	2,915,977,231	0	0
Transfer to the Development Fund persunat to Law 9605	**18.a, 42 y 45**	0	0	0	0	0	0	0		2,627,265,346	0	2,627,265,346
Balance as of December 31, 2018		**162,502,557,907**	**18,907,432,694**	**37,774,830,067**	**(12,892,534,612)**	**14,074,649,033**	**38,956,944,488**	**253,327,207,494**	**34,427,953,825**	**27,644,163,794**	**61,732,075,555**	**597,498,335,757**
Other comprehensive income												
Other total comprehensive income		0	0	0	(5,994,781,071)	4,508,555,587	(1,486,225,484)	0	21,950,383,108	0	4,712,785,347	25,176,942,971
Balance as of December 31, 2018		**162,502,557,907**	**18,907,432,694**	**37,774,830,067**	**(18,887,315,683)**	**18,583,204,620**	**37,470,719,004**	**253,327,207,494**	**56,378,336,933**	**27,644,163,794**	**66,444,860,902**	**622,675,278,728**
Attributed to minority interest											66,444,860,902	
Attributed to the Financial Conglomerate		162,502,557,907	18,907,432,694	37,774,830,067	(18,887,315,683)	18,583,204,620	37,470,719,004	253,327,207,494	56,378,336,933	27,644,163,794	0	537,322,985,132
Balance as of January 1, 2019		**162,502,557,907**	**18,907,432,694**	**37,774,830,067**	**(18,887,315,683)**	**18,583,204,620**	**37,470,719,004**	**253,327,207,494**	**56,378,336,933**	**27,644,163,794**	**66,444,860,902**	**622,675,278,728**
Capital contributions in compliance with Law 9605	**18.b, 42 y 45**	18,907,432,694	(18,907,432,694)	0	0	0	0	0	0	0	0	0
Allocation to legal reserve				0	0	0	0	11,071,754,932	(11,071,754,932)	0	0	0
Allocation to the Development Financing Fund				0	0	0	0	0	(2,109,768,460)	2,109,768,461	0	1
Uncertainty over Income Tax Treatments IFRIC 23		0	0	0	0	0	0	0	(28,083,915,852)	0	0	(28,083,915,852)
Income tax from previous periods	**19**			0	0	0	0	0	(14,138,113,418)	0	0	(14,138,113,418)
Balance as of December 31, 2019		**181,409,990,601**	**0**	**37,774,830,067**	**(18,887,315,683)**	**18,583,204,620**	**37,470,719,004**	**264,398,962,426**	**974,784,271**	**29,753,932,255**	**66,444,860,902**	**580,453,249,458**
Other comprehensive income												
Other total comprehensive income		0	0	0	17,543,875,902	(3,774,072,554)	13,769,803,348	0	37,069,048,618	0	(305,803,422)	50,533,048,544
Balance as of December 31, 2019		**181,409,990,601**	**0**	**37,774,830,067**	**(1,343,439,781)**	**14,809,132,066**	**51,240,522,352**	**264,398,962,426**	**38,043,832,889**	**29,753,932,255**	**66,139,057,480**	**630,986,298,003**
Attributed to minority interest		0	0	0	0	0	0	0	0	0	66,139,057,480	66,139,057,480
Attributed to the Financial Conglomerate		¢ 181,409,990,601	0	37,774,830,067	(1,343,439,781)	14,809,132,066	51,240,522,352	264,398,962,426	38,043,832,889	29,753,932,255	0	564,847,240,523

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

Douglas Soto L.
General Manager

Ana Lorena Brenes B.
Accountant

José M. Rodríguez G.
General Auditor

Schedule D

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended December 31, 2019
(In colones without cents)
(With corresponding figures for 2018)

	Note		December 2019	December 2018
Cash flow from operating activities				
Profit of the year		¢	**37,069,048,618**	**21,950,383,108**
Adjustments to reconcile the profit of the year with cash from operating activities			**(97,808,943,887)**	**(92,112,243,891)**
Loss on allowance for impairment of assets received as payment in kind and of property, furniture and equipment			8,591,549,543	3,957,175,052
Loss on allowance for impairment of assets received as payment in kind			39,633,888,013	23,985,321,008
Net earnings for exchange rate differences and UD (Development Units)			7,161,430,185	(8,933,900,143)
Loss on allowance for impairment of loan portfolio			37,317,598,305	69,532,601,827
Loss on other allowance			3,758,321,542	2,493,808,046
Deferred income tax			(399,819,057)	(993,581,428)
Decrease in income tax from previous periods			(134,594,940)	0
Expenses for allowance for employees´ legal benefits			682,824,110	805,031,524
Income from reversal of allowance and provisions			(83,058,057,832)	(40,942,842,923)
Depreciation and amortization			23,226,093,477	18,045,371,354
Interest in net profit of other companies			290,890,724	(5,807,715)
Interest expenses			211,107,851,302	203,081,922,351
Income tax expenses			16,386,377,498	5,231,683,582
Interest income			(399,535,409,874)	(387,219,369,116)
Other provisions			20,692,509,995	5,578,256,587
Profit sharing			16,953,303,686	5,604,232,608
Minority interest in net profit of subsidiaries			3,290,371,990	3,159,297,908
Currency translation adjustments of financial statements of the entity abroad			(3,774,072,554)	4,508,555,587
Net variation in assets (increase) or decrease.			**1,703,726,997**	**(86,738,544,956)**
Loans and cash advances			(32,371,242,288)	(121,309,662,841)
Realizable assets			26,710,774,778	32,693,004,998
Interest receivable			36,188,467,271	32,450,431,140
Other assets			(28,824,272,764)	(30,572,318,253)
Net variations in liabilities, increase or (decrease)			**32,302,544,866**	**(340,317,708,130)**
Demand and term obligations			71,446,499,488	(20,649,446,692)
Other accounts payable and provisions			5,987,400,062	(16,408,201,150)
Interest payable			(25,984,498,207)	(30,597,845,686)
Other liabilities			18,906,785,020	44,907,246
Other financial obligations			(38,053,641,497)	(272,707,121,848)
Paid interest			(180,713,856,717)	(177,097,424,144)
Dividends received			0	2,764,988
Collected interest			367,850,704,612	350,200,227,266
Paid income tax			(6,488,135,088)	(4,625,726,209)
Net cash flows provided by operating activities			**153,915,089,401**	**(328,738,271,968)**
Cash flows from investment activities				
Increase in financial instruments (except held-for-trading)			(10,320,029,083,009)	(8,941,256,755,053)
Decrease in financial instruments (except held-for-trading)			10,294,105,070,703	9,182,447,673,082
Acquisition of property, furniture and equipment			(15,942,921,355)	(10,182,267,760)
Decrease for disposal and transfer of property, furniture and equipment			338,520,424	337,912,858
Absorption of banking entity, net of availabilities	42		0	21,814,504,180
Interest in the capital of other companies			(699,084,636)	1,775,426,523
Cash flows provided by (used in) investment activities			**(42,227,497,873)**	**254,936,493,830**
Cash flows from financial activities, net				
Subordinated obligations			(5,797,310,125)	(17,563,631,165)
Cash flows provided (used) for financial activities, net			**(5,797,310,125)**	**(17,563,631,165)**
Net increase (decrease) in cash and cash equivalents			**105,890,281,403**	**(91,365,409,303)**
Cash and cash equivalents at the beginning of the year			949,318,090,485	1,020,677,074,336
Effect of exchange variations on cash			(18,800,269,027)	20,006,425,452
Cash and cash equivalents at the end of the year	4	¢	1,036,408,102,861	949,318,090,485

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

Douglas Soto L.
General Manager

Ana Lorena Brenes B.
Accountant

José M. Rodríguez G.
General Auditor

(1) Summary of operations and significant accounting policies

(a) Operations

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

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

The Bank is mainly dedicated to extending loans and granting bid and performance bonds; issuing deposit certificates; opening checking accounts in colones, U.S. dollars, and euros; issuing letters of credit; providing collection services; buying and selling foreign currency; managing trusts; providing custodial services for assets; and other banking operations. As of December 31, 2019, the Bank has a total 191 branches (194 in December, 2018) distributed across the national territory, has in operation 683 automated teller machines (621 in December, 2018), and has 3.735 employees (3. 692 in December, 2018).

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February, 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. As of December 31, 2019, BCR Valores had 70 employees (68 in December, 2018), and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Sociedad Administradora de Fondos de Inversion, S.A. (BCR SAFI) was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. As of December 31, 2019, it had 105 employees (99 in December, 2018), and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (BCR Pensión) 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. As of December 31, 2019, it had 97 employees (108 in December, 2018), and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. (BCR Seguros) was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. As of December 31, 2019, it had 83 employees (87 in December, 2018), and it is regulated by the General Superintendence of Insurance (SUGESE).

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. As of December 31, 2019, Banprocesa has 28 employees. As of December 31, 2019, SUGEF is evaluating its participation as part of the Conglomerate

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

Depósito Agrícola de Cartago, S.A. has a wholly-owned subsidiary named Almacen Fiscal Agrícola de Cartago, S.A., constituted in December 1991 under the laws of the Republic of Costa Rica. Its main activity is the custody and storage of merchandise on which no import taxes have been paid, regulated by the General Customs Law and supervised by the General Customs Directorate of the Ministry of Finance. Both companies are subject to the oversight of the Comptroller General of the Republic. As of December 31, 2019, the Company had 69 employees (66 as of December, 2018).

Bancrédito Sociedad Agencia de Seguros, S.A., organized in March 2009 under the laws of the Republic of Costa Rica. Its main activity is the insurance underwriting. As of December 31, 2019, since Bancrédito Seguros is in a settlement process, there are no employees.

(Continues)

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

Banco Internacional de Costa Rica, S.A. and subsidiary (BICSA) was organized as a bank under the laws of the Republic of Panama in 1976. It operates under a general license granted by the Superintendence of Banks of Panama to engage in banking transactions in Panama or abroad; its office is located in the city of Panama, Republic of Panama, BICSA Financial Center, 50th floor, Avenida Balboa and Calle Aquilino de la Guardia, and its subsidiary in Miami, Florida, United States of America. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. As of December 31, 2019, BICSA has 247 employees (237 in December, 2018).

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

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

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

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

Miami Branch

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

Panama Branch

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

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

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

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

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

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

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

(Continues)

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

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

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

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

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

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

- Level 3 - unobservable inputs for asset or liability.

(c) Investment in other companies

Valuation of investments by the equity method

i. Subsidiaries

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

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

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

Name	Ownership Percentage
BCR Valores, S.A. - Puesto de Bolsa	100%
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A	100%
BCR Sociedad Administradora de Fondos de Inversión, S.A.	100%
Banco Internacional de Costa Rica, S.A. and Subsidiary (Arrendadora Internacional, S.A., which is wholly-owned).	51%
BCR Sociedad Corredora de Seguros, S.A.	100%
Banprocesa S.R.L.	100%

From September 19, 2018, the subsidiaries that belonged to Bancrédito became part of the BCR Financial Conglomerate, and are detailed as follows:

Name	%
Depósito Agrícola de Cartago, S.A. and subsidiary	100%
BCR Sociedad Administradora de Fondos de Inversión, S.A.	100%

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

(d) Foreign currency

i.Foreign currency transactions

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

ii. Monetary unit and foreign exchange regulations

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

- In this regime, the Central Bank of Costa Rica will allow the exchange rate to be freely determined by the foreign exchange market, but may participate in the market in a discretionary manner, to meet its own requirements of currency and those of the non-banking Public Sector, in order 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, 2019, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢570.09 for US$1.00 (¢604.39 for US$1.00 in December 2018).

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended December 31, 2019 gave rise to foreign exchange losses of ¢1.036.283.163.378 (¢802.281.830.461 in December 2018), and gains of ¢1.032.255.420.416 (¢805.307.836.406 in December 2018), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are recorded in "Other operating income" and "Other operating expenses", respectively. For the period ended December 31, 2019, valuation of other assets gave rise to losses in the amount of ¢489.439.089 (¢114.834.538 in December 2018), and valuation of other liabilities gave rise to losses of ¢655.414.707 (¢1.220.222.099 in December 2018).

(Continues)

iii. Financial statements of foreign subsidiaries (BICSA)

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

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

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

- The equity is measured considering the historical exchange rates and using the exchange rate on the transaction date.

As result of the valuation of BCR's interest in BICSA, net profits in the amount of ¢3.424.672.366 arose for the period ended December 31, 2019 (¢3.288.247.591 in December 2018), which are disclosed in the consolidated income statement.

As result of the translations for the period ended on December 31, 2019 and 2018, gains arose for exchange rate differences in the amount of ¢3.774.072.554 and ¢4.508.555.587, respectively, shown in the equity section, within the account "Currency translation adjustment of the financial statements".

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

The consolidated financial statements have been prepared on the fair value basis for available-for-sale and held-for-trading assets. Other financial and nonfinancial 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

Held-for trading financial instruments are instruments held by the Bank for short-term profit taking.

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.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Bank, or held to maturity. Available-for-sale assets include certain debt securities.

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

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

(ii) Recognition

The Bank recognizes available-for-sale assets on the date on which the Bank becomes a party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in equity.

Held-to-maturity assets and originated loans and other accounts receivable are recognized using settlement date accounting, i.e. on the date they are transferred to the Bank. In 2019 and 2018, the Bank did not classify financial instruments as held to maturity, except for the securities received to capitalize the Bank. (See notes 5 and 18).

(iii) Measurement

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

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

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

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

(iv) Fair value measurement principles

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

(v) Profits and losses on subsequent measurement

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

(vi) De-recognition

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

(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, with the exception of BICSA whose period is ninety days or less.

(h) Investments in financial instruments

Investments in financial instruments that are classified as available-for-sale investments are valued at market prices using the price vector provided by Proveedor Integral de Precios de Centroamérica, S.A. (PIPCA). In accordance with accounting standards issued by CONASSIF, starting January 1, 2008, the Bank no longer classifies investments in financial instruments as held-to-maturity. However, pursuant to Law No. 8703 "Amendment to Law No. 8627 on the Ordinary and Extraordinary Budget of the Republic for Fiscal Year 2008," securities received to capitalize State-owned banks are to be classified as held-to-maturity and are not subject to market price valuation.

The effect of market price valuation of available-for-sale investments and restricted financial instruments are included in the equity account named "Adjustment for valuation of available-for-sale investments" until those investments are realized or sold.

Regular purchases or sales of financial assets are recognized by the settlement date method, date of delivery in exchange for an asset.

Investments in repurchase agreements (forward seller positions) and investment in securities with original maturities of less than 180 days are not valued at market prices.

Held-to-maturity investments are measured at amortized cost by the effective interest method. In accordance with Law No. 8703, the Bank no longer classifies investments as held to maturity, except investments in financial instruments received to capitalize the Bank.

Held-for-trading investments are measured at fair value through profit or loss and are acquired with the intention of selling the financial instrument in the short term.

When a financial asset is acquired with accrued interest, interests are booked in a separate account as interest receivable.

Investments in securities of BICSA:

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

(Continues)

(i) Loan portfolio

Banco de Costa Rica - Loan portfolio:

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

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

BICSA -Loan portfolio:

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

(j) Allowance for doubtful accounts

Banco de Costa Rica - Loan portfolio

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

(Continues)

Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ¢65.000.000 (Group 1 under SUGEF Directive 1-05) are classified by credit risk. From May 23, 2019, the amount of ¢100,000,000 or its equivalent in foreign currency according to the purchase rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. This classification takes into account the following considerations:

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

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

- Arrears

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

Risk categories are summarized as follows:

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

Remaining loan operations, for which the total outstanding balance is lower than ¢65.000.000 (Group 2 under SUGEF Directive 1-05), From May 23, 2019, the amount of ¢100,000,000 or its equivalent in foreign currency according to the purchase rate set by the Central Bank of Costa Rica, is established as the limit of the total outstanding balances from the Credit operations of the debtors referred to in Article 4 of the Regulation for Qualifying Debtors, SUGEF Agreement 1-05. Loans are classified in the following categories based on historical payment behavior and arrears:

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

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

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

Risk Category	Classification Criteria
1	a. Debtors up to date in the attention of their operations with the entity b. Debtors with delinquency of up to 30 days with the entity
2	a. Debtors with delinquency of more than 30 days and up to 60 days with the entity
3	a. Debtors with delinquency of more than 30 days and up to 90 days with the entity. b. Debtors with delinquency less than 60 days with the entity and have presented delinquency with the SBD greater than 90 days in the last 12 month

	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 month
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 pesented delinquency with the SBD greater than 120 days in the last 12 month 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 month
5	a. Debtors with delinquency of more than 120 days and up to 180 days with the entity
6	a. Debtors with delinquency of moe than 180 days with the entity

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

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

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

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

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

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

In the case of loans denominated in foreign currency debtors placed among borrowers that don´t generate cash flows in foreign currency, an additional generic allowance of 1,5% must also be applied on the basis of calculation.

The indicated generic allowance will be applied cumulatively, so that in the case of borrowers that don´t generate cash flows in foreign currency, with an indicator for service coverage greater than the reasonable indicator, the generic allowance applicable will be at least of 3% (0,5% + 1% + 1,5%).

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

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

From 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	Crediworthiness (Brorrowers Group 1)	Crediworthiness (Brorrowers Group 2)
30 days or les	20%	0,5%	Level 1	Level 1
60 days or les	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

From July 2016, pursuant to SUGEF Directive 19-16, Agreement, "Regulation for the determination and recording of countercyclical allowance", a generic allowance is applied to that credit portfolio that shows no evidence of current impairment, as determined by the level of allowance expected in periods of economic recession and whose purpose is to mitigate the effects of the economic cycle on the financial results derived from the allowance for non-payment of loan portfolio. On a monthly basis, the Bank must record the expense per counter-cyclical component equivalent to a minimum of 7% of the positive result of the difference between income and expenses, before taxes and profit sharing of each month, until the balance of the account of the countercyclical component reaches the amount corresponding to the required balance of allowance for the entity. At the entry into force of this regulation, the required minimum percentage level of countercyclical allowance is 0,33%.

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

As of December 31, 2019, an allowance was recorded for ¢86.438.271.205 (¢95.986.082.280 as of December 31, 2018).

As of December 31, 2019 and 2018, increases in the allowance for loan impairment resulting from the minimum allowance are included in the accounting records in compliance with article 17 of SUGEF Directive 1-05 "Regulation for Rating Debtors", prior authorization from SUGEF in compliance with article 10 of IRNBS.

As of December 31, 2019, and 2018, management considers the allowance to be sufficient to absorb any potential losses that could be incurred on recovery of the portfolio.

Accounts and interest receivable - Banco de Costa Rica

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

Arrears	**Allowance**
30 days or less	2%
60 days or less	10%
90 days or less	50%
120 days or less	75%
More than 120 days	100%

BICSA- Allowance for loan impairment

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

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

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

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

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

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

As of December 31, 2019, a consolidated allowance for ¢98.072.215.844 has been recorded (¢108.156.071.618 in December, 2018).

(Continues)

BICSA -Accounts and interest receivable

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

(k) Securities sold under repurchase agreements

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

(l) Accounting for interest receivable

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

(m) Other receivables

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

(n) Realizable assets

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

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

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

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) Own assets

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

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

(ii) Leased assets

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

At the beginning of the lease term, the financial leasing is recognized in the statement of financial position as an asset and a liability by the same amount, equal to the fair value of the leased assets or the present value of the minimum lease payments, if this were the lowest between the present value of the stipulated payments in the agreement discounted at the interest rate implicit in the operation, determined at the beginning of the lease. To calculate the present value of the minimum lease payments, the interest rate implicit in the lease is used as the discount factor, wherever practicable to determine; otherwise the incremental interest rate of the tenant loans is used. Any initial direct cost of the tenant will be added to the amount recognized as an asset.

(iii) Subsequent disbursements

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

(Continues)

(iv) Depreciation and amortization

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

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

Building	50 years
Vehicles	10 years
Furniture and equipment	10 years
Computer hardware	5 years
Leasehold improvements	5 years

Useful lives of assets owned by BICSA:

Properties	40 years
Improvements	5 years
Furniture and equipment	5 years
Computer hardware	3 years
Vehicles	3 years

(v) Revaluation

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

If the realizable value of the assets is different from the one disclosed in the accounting records, the Bank must adjust the 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 made in 2015, and it was recorded on November 30, 2015.

(q) Deferred charges

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

(Continues)

(r) Intangible assets

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

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

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

(s) Impairment of assets

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

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

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

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

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

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

(t) Obligations with the public

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

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

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

Employees' legal benefits (severance pay)

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

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

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

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

The amounts of severance benefits not transferred to the Employee Association is provisioned in accordance with the employers legal obligation.

BICSA retirement savings plan for employees

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of December 31, 2019 amounted to ¢449.972.209, equivalent to US$780.852 (¢444.111.522, equivalent to US$774.202 in December, 2018).

BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of December 31, 2019, the severance fund had a balance of ¢563.991.023, equivalent to US$1.041.925 (¢525.382.930, equivalent to US$869.278 in December, 2018), which is disclosed in the consolidated financial statements as prepaid expenses.

(w) Legal reserve

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

(x) Revaluation surplus

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

(y) Use of estimates

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

(z) Recognition of main types of income and expenses

(i) Interest

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

(ii) Income from fees and commissions

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

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

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

(iv) Operating lease expenses

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

(Continues)

(aa) Income tax

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

(i) Current:

Current tax is the expected tax payable on taxable income for the year, using tax rates valid on the consolidated balance sheet date, and any adjustment to tax payable 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. Deferred tax assets are recognized only to the extent there is a reasonable probability that they will be realized.

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

(bb) BICSA - Financial leases

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

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

(Continues)

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

A fund was created by Law No. 16 as of November 5, 1936, which has been amended on a number of occasions. The most recent amendment was included in Law No. 7107 dated October 26, 1988. Pursuant to this Law, the fund was established as a special wage protection and retirement system for the Bank's employees. The fund is comprised of allotments established by the related laws and regulations, and monthly contributions made by the Bank and employees equivalent to 10% and 0,5% of total wages and salaries, respectively. Starting October 1, 2007, this fund is managed by BCR Pension Operadora de Planes de Pensiones Complementarias, S.A. (subsidiary) under a comprehensive management agreement.

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

(dd) Profit sharing

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

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

Pursuant to article 78 of the 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 Order number 37127-MTSS, starting in 2013 a progressive yearly contribution from net earnings must be set aside starting with 5% in 2013, up to 7% in 2015 and 15% as of 2017.

(ee) Development Financing Fund

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

(ff) Development Credit Fund

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

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

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

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

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

c) The Banks may allocate in accordance with Article, 35 Law 8634 the resources of the Development Credit Fund through: associations, cooperatives, foundations, NGOs, producer organizations or other entities if they have credit operations in programs that meet the objectives established in the Law 8634 and are duly approved by the Governing Board.

(Continues)

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

(gg) BICSA - Trusts

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

(hh) Fiscal year

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

(2) Collateralized or restricted assets

As of December 31, 2019, collateralized or restricted assets are as follows:

		December 2019	December 2018
Cash and cash equivalents deposited in the Central of Costa Rica (see note 4)	¢	507.466.331.988	576.043.170.977
Restricted cash and cash equivalents (see note 4)		107,088,734	134.662.550
Total cash and cash equivalents		**507.573.420.722**	**576.177.833.527**
Investments in financial instruments (see note 5)		34.651.705.113	176.539.680.484
Other assets		756.594.373	730.859.816
	¢	**542.981.720.208**	**753.448.373.827**

(Continues)

(3) Balances and transactions with related parties

As of December 31, the consolidated financial statements include balances and transactions with related parties as follows:

		December 2019	December 2018
Assets:			
Loan portfolio	¢	1.033.272.162	1.026.700.608
Other accounts receivable		110.039.797	119.309.119
Interests in other entities		418.193.911	13.042.727
Total assets	¢	**1.561.505.870**	**1.159.052.454**
Incomes:			
Financial income		(14.042.310)	0
Income from investments in other companies		0	3.042.727
Sundry operating income		341.174.473	0
Total incomes		**327.132.163**	**3.042.727**
Expenses:			
Expenses from investments in other companies		291.806.089	0
Sundry operating expenses		5.106.157	3.920.078
Total expenses	¢	**296.912.246**	**3.920.078**

As of December 31, the amount paid for the compensation for key staff is as follows:

		December 2019	December 2018
Short-term benefits	¢	3.765.464.558	3.858.716.695
Long-term benefits		133.016.477	36.144.322
Directors' seating fees		302.948.882	419.642.421
	¢	**4.201.429.917**	**4.314.503.438**

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

(4) Availabilities

As of December 31, for purposes of reconciliation with the consolidated statement of cash flows, availabilities are as follows:

		December 2019	December 2018
Cash	¢	100.479.734.830	112.421.645.617
Demand deposits in BCCR		510.513.225.354	612.109.039.731
Checking accounts and demand deposits in local financial entities		2.675.366.960	2.179.735.336
Checking accounts and demand deposits in foreign financial entities		106.956.555.992	85.467.310.316
Notes payable on demand		1.844.108.611	1.426.570.588
Restricted cash and cash equivalents		436.076.095	440.742.121
Total availabilities		**722.905.067.842**	**814.045.073.709**
Investments in short-term financial instruments		313.503.035.019	135.273.046.776
Total availabilities	¢	**1.036.408.102.861**	**949.318.090.485**

As of December 31, 2019, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢507.440.251.062 (¢576.019.736.685 in December, 2018).

As of December 31, 2019, the Pension Fund Manager's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢1.176.696 (¢1.346.492 in December, 2018).

As of December 31, 2019, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢24.904.230 (¢22.087.800 in December, 2018), for a total of ¢507.466.331.988 (¢576.043.170.977 in December, 2018).

As of December 31, 2019, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢107.088.734 (¢134.662.550 in December, 2018). (See note 2).

As of December 31, 2019, the Bank has a liability for outstanding checks in the amount of ¢1.457.201.557 (¢2.108.702.083 in December, 2018), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

(5) Investments in financial instruments

As of December 31, investments in financial instruments are as follows:

		December 2019	December 2018
Held for trading	¢	121.105.562.110	47.289.383.174
Available for sale		1.080.274.432.582	938.309.963.512
Held to maturity (See note 18)		0	9.486.147.702
Interest receivable on available-for-sale Investments		10.025.019.728	12.222.338.103
Allowance for impairment		(89.472.206)	(107.665.430)
		1.211.315.542.214	**1.007.200.167.061**

		December 2019 Fair value	December 2018 Fair value
Held for trading:			
Local issuers:			
State-owned Banks		283.484.967	168.463.833
Priate Banks		238.037.958	106.971.010
Other (Open Investment Funds)		41.496.093.668	9.239.573.331
		42.017.616.593	**9.515.008.174**
Foreign issuers:			
Priate Banks		79.087.945.517	37.774.375.000
		121.105.562.110	**47.289.383.174**
Available for sale:			
Local issuers:			
Government		899.577.537.815	727.363.149.899
State-owned Banks		100.582.335.318	130.124.282.803
Private Banks		2.450.133.297	4.706.982.366
Private Issuers		5.885.926.614	8.064.882.489
Other		7.197.942.328	6.581.369.575
		1.015.693.875.372	**876.840.667.132**
Foreign issuers:			
Government		1.406.885.769	757.197.319
State-owned Banks		48.971.803.299	57.659.370.355
Private Banks		2.850.450.000	1.800.974.691
Private Issuers		11.351.418.142	1.251.754.015
	¢	**1.080.274.432.582**	**938.309.963.512**
Fair value of held-to-maturity investments:		**Fair Value**	**Fair Value**
Local Issuers			
Government (See note 18)	¢	0	9.486.147.702

(Continues)

¢	**0**	**9.486.147.702**

As of December 31, 2019, the investment portfolio amounts to ¢106.529.939.477 (¢111.242.505.527 in December, 2018) corresponding to the managed amounts of the Development Credit Fund (See note 41).

Maturities for investments in financial instruments are from January 02, 2020 to July 23, 2031.

Purchased financial instruments earn annual yield rates as follows:

	December 2019	**December 2018**
Colones	2.6100% a 9.8500%	3.7500% a 9.85000%
US Dollars	1.0000% a 8.9800%	0.1000% a 5.5200%

As of December 31, investments have been pledged as follows:

		December 2019	**December 2018**
Deposited in the Central Bank of Costa Rica as guarantee of clearing house (SINPE)	¢	0	138.666.567.987
Guarantee National Development Trust		644.410.832	131.509.267
Deposited as bid bonds		0	130.000.000
Deposited as guarantee of credit Operations		0	10.428.545
Minimum restricted operating capital of BCR Pension Fund Manager, Operadora de Pensiones Complementarias, S.A.		2.714.533.485	2.309.786.008
Guarantee for obligations for securities repurchase agreements BCR Valores S.A. - Puesto de Bolsa		31.292.760.796	35.291.388.677
	¢	**34.651.705.113**	**176.539.680.484**

(Continues)

In accordance with Article 37 of the Workers Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of December 31, 2019 amount to ¢2.714.533.485 (¢2.309.786.008 in December, 2018).

As of December 31, 2019, the Brokerage House holds restricted investments in securities in the amount of ¢35.305.520.797 (¢35.361.388.679 in December, 2018).

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, 2019, purchased financial instruments remain under resale agreements.

Issuer		**Asset Balance**	**Fair value of collateral**	**Resale Date**	**Resale Price**
Banco Central of Costa Rica	¢	949.843.405	957.000.000	06-09-19 al 25-11-19	100.00%
Local government		32.459.533.192	36.392.535.228	08-08-19 al 17-12-19	99.63%
	¢	**33.409.376.597**	**37.349.535.228**		

As of December 31, 2018 purchased financial instruments remain under resale agreements as follows:

Issuer		**Asset Balance**	**Fair value of collateral**	**Resale Date**	**Resale Price**
Other	¢	568.282.303	569.373.867	01-01-19 al 04-01-19	100.00%
	¢	**568.282.303**	**569.373.867**		

(6) Loan portfolio

As of December 31, the total loans originated by the Bank by sector are as follows:

a) Loan portfolio by sector

Sector		December 2019	December 2018
Agriculture, livestock, hunting and service activities	¢	176.346.724.910	188.158.839.710
Fishing and aquaculture		0	16.137.213
Manufacturing		478.147.981.215	462.724.969.790
Telecommunications and public services		56.060.114.266	43.332.063.176
Mining and quarring		42.958.074	125.055.288
Retail		243.300.874.984	243.257.482.231
Services		1.317.745.627.908	1.574.361.920.152
Transportation		53.197.595.019	67.378.105.824
Actividad financiera y bursátil		4.428.284.885	4.755.620.543
Real estate, business and leasing activities		4.631.954.197	9.257.764.707
Construction, purchase and repair of real estate		1.070.910.089.265	930.906.950.119
Consumer		317.399.801.781	326.495.491.756
Hospitality		96.951.324.016	87.781.644.996
Education		3.132.752.060	2.975.261.640
Other activities of the non-financial private sector		1.479.476.822	1.714.150.243
		3.823.775.559.402	3.943.241.457.388
Plus interest receivable		23.901.648.856	26.208.092.489
Less allowance for loan		(97.730.957.808)	(107.765.093.751)
	¢	**3.749.946.250.450**	**3.861.684.456.126**

b) Current loans

As of December 31, the total current loans originated by the bank are detailed as follows:

		December 2019	December 2018
Current checking account overdrafts	¢	5.398.952.070	2.535.304.047
Loans with other current funds		3.257.642.756.179	3.443.359.969.472
Current credit cards		40.566.803.825	41.051.182.591
Current factoring		80.300.281.780	52.373.405.395
Current financial leases		10.694.137.591	1.515.662.183
Current issued and negotiated letters of credit		0	70.011.335
Current confirmed and negociated letters of credit		12.732.955.374	21.791.798.481
	¢	**3.407.335.886.819**	**3.562.697.333.504**

BICSA - Financial lease receivables:

As of December 31, the balance of financial lease receivable is as follows:

		December 2019	December 2018
Total minimum payments	¢	17.306.533.399	6.570.842.861
	¢	**17.306.533.399**	**6.570.842.861**

The maturities of the financial leases are as follows:

		December 2019	December 2018
Less than a year	¢	173.405.415	514.097.760
From 1 to 5 years		17.133.127.984	6.056.745.101
	¢	**17.306.533.399**	**6.570.842.861**

c) Loan portfolio by arrears

As of December 31, the loan portfolio by arrears is detailed as follows:

		December 2019	December 2018
Current	¢	3.407.335.886.819	3.562.697.333.504
1 to 30 days		219.926.974.364	158.009.493.467
31 to 60 days		74.669.485.248	52.717.089.182
61 to 90 days		30.691.501.760	69.435.858.402
91 to 120 days		9.072.619.832	11.443.366.128
121 to 180 days		6.707.352.499	21.339.885.206
More than 180 days		75.371.738.880	67.598.431.499
	¢	**3.823.775.559.402**	**3.943.241.457.388**

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

d) Past due loans

As of December 31, past due loans, including loans in accrual status (for which interest is recognized on a cash basis) and unearned interest on past due loans, are as follows:

		December 2019	December 2018
Number of operations		1.887	1.762
Past due loans in non-accrual status	¢	75.371.738.880	67.598.431.499
Past due loans bearing interest	¢	341.067.933.703	312.945.692.385
Total of unearned interest	¢	10.730.589.644	8.339.257.454

Loans in legal collection as of December 31, 2019:

# operations	Percentage		Balance
1.203	1.26%	¢	48.122.502.269

Loans in legal collection as of December 31, 2018

# operations	Percentage		Balance
1.221	1.17%	¢	45.942.892.209

(Continues)

As of December 31, 2019, the average annual interest rate earned on loans is 10,04% in colones (10,18% in colones as of December, 2018) and 9,42% in US dollars (9,34% in US dollars as of December, 2018). As of December 31, 2019, for Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 6,52 % per annum (6,47% as of December, 2018).

e) Interest receivable on loan portfolio

As of December 31, interest receivable is detailed as follows:

		December 2019	December 2018
Current loans	¢	16.376.142.046	18.036.567.812
Past due loans		5.060.065.863	6.000.122.647
Loans in legal collection		2.465.440.947	2.171.402.030
	¢	**23.901.648.856**	**26.208.092.489**

f) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

2019 Opening balance	¢	**107.765.093.751**
Currency translation effect		(721.782.583)
Adjusted 2019 opening balance		**107.043.311.168**
Plus:		
Allowance charged to profit and loss (See note 29)		36.721.642.010
Allowance for loan impairment		370.972.955
Recoveries		249.690.299
Less:		
Adjustment for foreign exchange differences		(2.693.561.346)
Transfer to unpaid balances		(9.894.673.807)
Reversal of allowance against income (See note 30)		(33.391.273.936)
Transfer of balances		(675.149.535)
Balance as of December 31, 2019	¢	**97.730.957.808**

2018 Opening balance	¢	**63.219.418.321**
Currency translation effect		939.263.122
Adjusted 2018 opening balance		**64.158.681.443**
Plus:		
Opening Balance Depósito Agrícola de Cartago		9.647.336
Allowance charged to profit and loss (See note 29)		68.692.829.330
Allowance for loan impairment		4.439.219.166
Recoveries		11.752.364
Transfer of balances		585.318.228
Adjustments for exchange differentials		1.310.067.298
Less:		
Transfer to unpaid balances		(20.646.797.157)
Reversal of allowance against income (See note 30)		(10.795.624.257)
Balance as of December 31, 2018	¢	**107.765.093.751**

g) Syndicated loans

As of December 31, 2019, the syndicated loan portfolio is detailed as follows:

Banco de Costa Rica syndicated loan portfolio:

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

BICSA - Syndicated loans:

No. of Operations			Syndicated Balance other	Syndicated Balance BICSA	Total Balance
6	Banco Agromercantil de Guatemala	¢	301.836.772.914	13.993.087.057	315.829.859.971
1	BICSA, Us Exim, FMO, BHD Int, Banco Panamá		57,964,570,606	4.259.256.397	62.223.827.003
1	BICSA / Multibank		46.169.586.374	5.863.832.321	52.033.418.695
12	BICSA / Lafise		6.672.475.883	5.424.472.771	12.096.948.654
2	BLADEX		110.141.388.000	7.297.152.000	117.438.540.000
2	Banco Financiera Comercial Hondureña		13.729.678.712	3.373.021.106	17.102.699.818
7	BICSA, Banpro, St Georges Bank, Inversiones del Lago		21.437.077.167	7.352.467.667	28.789.544.834
6	BICSA / Banpro /St Georges Bank		11.248.582.612	1.008.352.388	12.256.935.000
2	Banistmo		41.511.335.947	2.758.131.148	44.269.467.095
1	Citibank NY		36.638.952.875	5.132.845.848	41.771.798.723
2	Bladex and Nomura Securities International		54.158.550.000	2.850.450.000	57.009.000.000
8	Credicorp Bank		3.763.938.842	2.228.184.223	5.992.123.065
1	Credit Suisse AG		60.714.585.000	1.995.315.000	62.709.900.000
1	FMO		61.949.780.190	760.119.987	62.709.900.177
5	Global Bank		65.065.424.086	12.386.581.174	77.452.005.260
1	Inter-American Investment Corporation		22.689.582.000	114.018.000	22.803.600.000
2	MMG Bank Corporation		17.463.519.653	3.629.810.347	21.093.330.000
5	Prival Bank		9.490.366.902	17.311.375.744	26.801.742.646
1	Terrabank. N. A.		375.491.489	1.377.535.233	1.753.026.722
66		¢	**943.021.659.252**	**99.116.008.411**	**1.042.137.667.663**

As of December 31, 2018 the syndicated loan portfolio is detailed as follows:

Banco de Costa Rica syndicated loan portfolio:

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

BICSA - Syndicated loans:

No. of Operations			Syndicated Balance other	Syndicated Balance BICSA		Total Balance
6	Banco Agromercantil de Guatemala	¢	319.737.117.555	15.094.942.445	¢	334.832.060.000
1	Banco Aliado		33.644.376.868	2.619.023.132		36.263.400.000
1	Banco Banistmo		10.058.854.309	3.390.921.029		13.449.775.338
2	Banco Financiera Comercial Hondureña		14.021.848.000	4.109.852.000		18.131.700.000
8	Banco Latinoamericano de Comercio Exterior		198.051.887.623	17.110.952.377		215.162.840.000
12	Banpro		34.707.240.804	8.808.839.196		43.516.080.000
1	Citibank Panamá		235.712.100.000	6.043.900.000		241.756.000.000
1	Citibank NY		38.209.555.745	6.075.482.399		44.285.038.144
9	Credicorp Bank		4.201.664.281	2.150.980.494		6.352.644.775
1	Credit Suisse		245.306.791.250	2.493.108.750		247.799.900.000
1	FMO		64.871.193.132	1.611.706.868		66.482.900.000
5	Global Bank		67.643.094.901	14.468.882.646		82.111.977.547
2	Inter-American Investment Corporation		21.516.284.000	2.659.316.000		24.175.600.000
10	Lafise		6.581.998.692	7.923.361.308		14.505.360.000
2	MMG Bank Corporation		18.514.228.706	3.848.201.294		22.362.430.000
1	Multibank		48.642.690.044	6.521.368.100		55.164.058.144
3	Prival Bank		14.821.377.399	8.153.407.252		22.974.784.651
1	Terrabank. N. A.		355.751.207	1.502.748.043		1.858.499.250
1	US Exim		61.055.160.495	4.912.421.481		65.967.581.976
68		¢	**1.437.653.215.011**	**119.499.414.814**	¢	**1.557.152.629.825**

(7) Realizable assets, net

As of December 31, realizable assets are presented net of the allowance for impairment and per legal requirement, as follows:

		December 2019	December 2018
Real property	¢	138.622.673.204	129.225.209.260
Other assets		1.867.125.677	2.540.700.359
Purchased for sale		458.181.275	528,947,370
Idle real property, furniture and equipment		3.426.604.725	3,513,206,275
		144.374.584.881	135.808.063.264
Allowance for impairment and per legal requirement		(96.811.860.005)	(83.600.951.454)
	¢	**47.562.724.876**	**52.207.111.810**

The movement of the foreclosed assets is as follows:

		December 2019	December 2018
At the beginning of the year	¢	**135.808.063.264**	**64.408.201.877**
Currency translation effect		(553.012.766)	114.643.810
Increase for foreclosed assets		43.962.266.079	49.055.042.141
Transfer of property, furniture and equipment out of use		1.126.044.129	5.721.855.260
Transfer of assets from Bancrédito		(72.911.154)	32.422.875.561
Transfer of assets Depóstio Agrícola de Cartago		0	13.924.958
Transfer of assets Bancrédito Seguros		0	1.370.656
Increse in acquired-for-sale assets		3.044.454.001	2.852.829.027
Sale of assets		(37.800.584.147)	(16.558.735.426)
Withdrawal of roperty, furniture and equipment out of use		(1.139.734.525)	(2.223.944.600)
Balance at the end of the period	¢	**144.374.584.881**	**135.808.063.264**

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

		December 2019	December 2018
At the beginning of the year	¢	**83.600.951.454**	**46.757.315.163**
Currency translation effect		(854.310)	399.217
Opening balance Depósito Agrícola		0	12.022.567
Opening balance Bancrédito Seguros		0	1.370.655
Increase in allowance		39.633.888.013	23.985.321.008
Decrease in allowance		(26.329.559.321)	(12.239.580.831)
Transfer of balances		(22.385.649)	8.698.985
Transfer of balances from Bancrédito		(70.180.182)	25.075.404.690
Balance at the end of the period	¢	**96.811.860.005**	**83,600,951,454**

(8) Interest in other companies' capital

As of December 31, interest in other companies´capital is detailed as follows:

		December 2019	December 2018
Interest in Bolsa Nacional de Valores, S.A.	¢	29.057.201	29.057.201
Interest in Interclear Central de Valores, S.A.		36.359.988	36.359.987
Interest in Banprocesa, S. R. L.		418.193.911	10.000.000
Interest in Bancrédito Agencia de Seguros S.A.		0	3.042.728
	¢	**483.611.100**	**78.459.916**

As of December 31, 2019 and 2018, Banco de Costa Rica holds a 100% interest in Banprocesa, S.R.L., represented by 100 common registered shares of ¢100.000 par value each, subscribed and paid in full.

As of December 31, 2019 and 2018, the interest in Bolsa Nacional de Valores, S.A., is of 1.514.974 common shares with a par value of ¢19.18 each, recorded at cost since these shares are not subject to public offering.

As of December 31, 2019, the interest in Interclear Central de Valores, S.A., corresponds to 24,545,455 common shares with a par value of ¢1.48 each, respectively and are recorded at cost since these shares are not subject to public offering.

(Continues)

Interest in the equity of the financial conglomerate:

As of December 31, 2019 and 2018, the capital stock of BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., is represented by 1.279.450.000 common and registered shares, with a par value of ¢1 each, for a total of ¢1.279.450.000.

As of December 31, 2019 the capital stock of BCR Sociedad Administradora de Fondos de Inversión. S.A. is represented by 96.784 common and registered shares, with a par value of ¢50.000 each, for a total of ¢4.839.200.000 (96.784 common and registered shares with a par value of ¢50.000 each, for a total of ¢4.839.200.000 as of December, 2018).

As of December 31, 2019, and 2018, the capital stock of BCR Valores. S.A. - Puesto de Bolsa. S.A., is represented by 12.626 common and registered shares, subscribed and paid in full, with a par value of ¢1.000.000 each, for a total of ¢12.626.000.000 (12.626 common and registered shares, subscribed and paid in full, and with a par value of ¢1.000.000 each, for a total of ¢12.626.000.000, as of December, 2018). In session 01-19 of the Annual Ordinary and Extraordinary Shareholders' Meeting of BCR Valores S.A.-Puesto de Bolsa, held on February 27, 2019, agreed to keep the profits for the 2018 fiscal period in Accrued earnings from previous periods. In session 01-18 of the Annual Ordinary and Extraordinary Shareholders' Meeting of BCR Valores S.A.-Puesto de Bolsa, held on April 2, 2018, it was agreed not to distribute profits for the 2017 fiscal period and additionally the capitalization of Accrued Earnings from Previous Periods for an amount of ¢5,000,000,000 was approved.

As of December 31, 2019, the capital stock of BCR Sociedad Corredora de Seguros, S.A., is represented by 45.000 common and registered shares, subscribed and paid in full, with a par value of ¢50.000 each, for a total of ¢2.250.000.000. (As of December 31, 2018, is represented by 25.000 common and registered shares, subscribed and paid in full, with a par value of ¢50.000 each, for a total of ¢1.250.000.000). At the extraordinary Shareholders' Meeting 04-19 of BCR Corredora de Seguros on December 4, 2019, an increase in the Company's share capital was authorized in the amount of 1,000,000,000, representing an increase of 20,000 shares with which the share capital reaches the amount of ¢2,250,000,000 comprised of 45,000 common and registered, authorized and issued shares with a par value of ¢50,000 each.

As of September 19, 2018, the bank acquires the subsidiaries Bancrédito Agencia de Seguros S.A., and Depósito Agrícola de Cartago S.A. and subsidiary, by the enforcement of Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", indicating in Article 1, Absorption of Banco Crédito Agrícola de Cartago by Banco de Costa Rica, that the shares of Bancrédito's subsidiary companies will be understood as fully transferred to Banco de Costa Rica, which will assess keeping them operating, for sale or settlement, all within the maximum and non-extendable period of eighteen subsequent calendar months upon the entry into force of this law, within which period it will be authorized to act as the sole shareholder of such companies. The recording of the transfer of the subsidiaries generated an account payable that will be settled at the time of the merger.

As of December 31, 2019, and 2018, the capital stock of Depósito Agrícola de Cartago S. A., is reresented by 972.647 common and registered, authorized and issued shares, with a par value of ¢314,45 each, for a total of ¢305.842.762.

As of December 31, 2019, and 2018, the capital stock of Bancrédito Sociedad Agencia de Seguros, S.A., is represented by 1.900 common and registered, authorized and issued shares, with a par value of ¢100.000 each, for a total of ¢190.000.000.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of December 31, 2019, and 2018, ownership interest is represented by 6.772.137 common shares of US$10.00 par value each. The remaining 49% of shares is owned by Banco Nacional de Costa Rica.

The Bank's income statement for the period ended December 31, 2019 and 2018, includes the amounts of ¢3.424.672.366 y ¢3.288.247.591, respectively, corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended December 31, 2019 includes a decrease in equity of ¢3.774.072.554, an increase of ¢4.508.555.587 as of December 31, 2018, corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of December 31, 2019, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance sheet amounts to ¢66.139.057.480 (¢66.444.860.902 in December, 2018) and the income of the period represents the minority interest in the consolidated income statement in the amounts of ¢3.290.371.990 and ¢3.159.297.908, respectively.

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

	December 2019		**December 2018**	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	13.278.700	132.787.000	13.278.700	132.787.000
Balance at the end of the period	**13.278.700**	**132.787.000**	**13.278.700**	**132.787.000**

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

(9) Property, furniture, and equipment

As of December 31, 2019, property, furniture and equipment are detailed as follows:

Cost:		Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Financial Lease	Total
Balance as of December 31, 2018	¢	**34.914.368.278**	**75.913.456.812**	**33.983.622.811**	**41.077.884.230**	**5.582.087.028**	**0**	**191.471.419.159**
Currency translation effect		(26.853.468)	(427.429.968)	(55.521.376)	(164.214.441)	(4.148.585)	0	(678.167.838)
Additions		97.639.944	3.515.767.657	3.569.451.029	8.722.864.920	418.087.410	0	16.323.810.960
Withdrawals		(97.639.944)	0	(778.051.055)	(3.112.336.551)	(465.366.627)	0	(4.453.394.177)
Transfers		0	0	(57.677.304)	(1.694.832.712)	0	0	(1.752.510.016)
Reversion of revaluation		0	0	0	0	(35.068.864)	0	(35.068.864)
Balance as of December 31, 2019		**34.887.514.810**	**79.001.794.501**	**36.661.824.105**	**44.829.365.446**	**5.495.590.362**	**0**	**200.876.089.224**
Accumulated depreciation and impairment								
Balance as of December 31, 2018		**0**	**21.570.461.758**	**21.258.890.897**	**29.658.781.257**	**4.005.079.448**	**0**	**76.493.213.360**
Currency translation effect		0	(57.289.762)	(50.830.154)	(150.652.472)	(3.166.650)	0	(261.939.038)
Depreciation expenses		0	2.353.413.238	2.214.002.423	4.403.537.381	316.984.825	0	9.287.937.867
Withdrawals		0	(444.489.481)	(735.997.218)	(3.107.520.508)	(449.947.903)	0	(4.737.955.110)
Transfers		0	0	433.549.246	(1.598.046.769)	0	0	(1.164.497.523)
Revaluación		0	0	0	0	(35.068.865)	0	(35.068.865)
Reversiono of accrued depreciation		0	0	(158.344)	(111.986)	0	0	(270.330)
Balance as of December 31, 2019	¢	0	23.422.095.753	23.119.456.850	29.205.986.903	3.833.880.855	0	79.581.420.361
Net balance:								
December 31, 2019	¢	**34.887.514.810**	**55.579.698.748**	**13.542.367.255**	**15.623.378.543**	**1.661.709.507**	**0**	**121.294.668.863**

(Continues)

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2019
(With corresponding figures for 2018)

As of December 31, 2018, property, furniture and equipment are detailed as follows:

Cost:		Property	Buildings	Furniture and equipment	Computer hardware	Vehicles	Financial Lease	Total
Balance as of December 31, 2017	¢	**28.350.013.416**	**69.278.662.327**	**31.865.219.381**	**35.553.079.356**	**5.863.967.226**	**3.131.826.402**	**174.042.768.108**
Currency translation effect		29.726.712	473.163.726	61.438.233	180.360.272	3.645.120	0	748.334.063
Opening balance Depósito Agrícola		0	0	50.083.577	30.740.160	225.654.773	0	306.478.510
Opening balance Bancredito Seguros		0	0	11.967.019	15.439.312	20.275.125	0	47.681.456
Additions		6.534.628.150	6.161.630.759	3.001.025.870	5.759.104.829	563.815.258	988.348	22.021.193.214
Withdrawals		0	0	(311.384.865)	(212.833.534)	(1.094.742.151)	(3.132.814.750)	(4.751.775.300)
Transfers		0	0	(694.726.404)	(248.006.165)	-528.323	0	-943,260,892
Balance as of December 31, 2018		**34.914.368.278**	**75.913.456.812**	**33.983.622.811**	**41.077.884.230**	**5.582.087.028**	**0**	**191.471.419.159**
Accumulated depreciation and impairment								
Balance as of December 31, 2017		**0**	**20.138.216.851**	**19.796.917.240**	**25.529.730.153**	**4.540.930.978**	**2.651.502.416**	**72.657.297.638**
Currency translation effect		0	54.784.874	57.392.773	168.442.510	3.416.033	0	284.036.190
Opening balance Depósito Agrícola		0	0	38.355.261	25.936.001	112.748.545	0	177.039.807
Opening balance Bancrédito Seguros		0	0	4.727.940	9.753.733	7.265.253	0	21.746.926
Depreciation expenses		0	1.377.460.033	2.208.642.547	4.368.893.881	352.240.798	402.978.874	8.710.216.133
Withdrawals		0	0	(307.751.206)	(207.664.470)	(1.027.658.926)	(3.054.481.290)	(4.597.555.892)
Transfers		0	0	(539.393.658)	(236.310.551)	16.136.767	0	(759.567.442)
Balance as of December 31, 2019	¢	0	21.570.461.758	21.258.890.897	29.658.781.257	4.005.079.448	0	76.493.213.360
Net balance: **December 31, 2018**	¢	**34.914.368.278**	**54.342.995.054**	**12.724.731.914**	**11.419.102.973**	**1.577.007.580**	**0**	**114.978.205.799**

Transfers are the property the entity is not using or that it is not using anymore and which value is transferred to another account.

(Continues)

(10) Intangible assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

		December 2019	December 2018
Improvements in property in operating lease	¢	1.159.799.912	1.777.122.436
Pre-issuance costs of financial Instruments		803.096.505	1.401.915.982
Other deferred charges		8.142.503.673	8.188.082.663
	¢	**10.105.400.090**	**11.367.121.081**

(b) Intangible assets

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

Cost:		
Balance as of December 31, 2018	¢	**53.610.807.854**
Currency translation effect		(481.753.682)
Additions to computer systems		6.176.094.273
Decrease of other intangible assets		70.271.877
Transfers		(55,070)
Withdrawals		(10.090.335.635)
Balance as of December 31, 2019		**49.285.029.617**
Accumulated depreciation and impairment		
Balance as of December 31, 2018		**40.622.409.722**
Currency translation effect		(305.022.300)
Amortization expense on computer systems		6.199.016.046
Adjustment against loan portfolio allowance		(1.733.419.645)
Transfers		(55.076)
Withdrawals		(8.073.056.773)
Balance as of December 31, 2019		**36.709.871.974**
Net Balance:		
December 31, 2019	¢	**12.575.157.643**

(Continues)

Cost:		
Balance as of December 31, 2017	¢	**47.908.975.556**
Currency translation effect		520.258.143
Opening balance Depósito Agrícola de Cartago		12.318.050
Opening balance Bancrédito Seguros		18.379.324
Additions to computer systems		6.298.826.349
Transfers		(1.078.484.950)
Withdrawals		(69.464.618)
Balance as of December 31, 2018		**53.610.807.854**
Accumulated depreciation and impairment		
Balance as of December 31, 2017		**34.527.136.661**
Currency translation effect		316.697.346
Opening balance Depósito Agrícola de Cartago		8.024.838
Opening balance Bancrédito Seguros		18.206.548
Amortization expense on computer systems		5.811.531.803
Transfers		1.611.717
Withdrawals		(60.799.191)
Balance as of December 31, 2018		**40.622.409.722**
Net Balance:		
December 31, 2018	¢	**12.988.398.132**

(Continues)

(c) Others assets

Other assets are detailed as follows:

		December 2019	December 2018
Prepaid taxes	¢	4.534.619.090	6.901.347.208
Other Prepaid taxes		1.992.257.111	372.876.632
Prepaid leases		78.393	10
Prepaid insurrance policy		305.370.565	297.430.234
Other prepaid expenses		603.944.165	591.401.159
Prepaid expenses		7.436.269.324	8.163.055.243
Stationery, supplies and other materials		130.293.460	176.309.955
Library and Works of art		35.135.723	38.960.784
Constructions in process		7.691.281.781	4.947.397.578
Amortized applications in development		3.590.818.986	2.391.420.779
Rights in social and unión institutions		36,633,800	42,726,699
Other sundry assets		21.206.879.611	20.225.950.013
Sundry assets		32.691.043.361	27.822.765.808
Missing cash		60.008.514	60.102.646
Transactions to be settled		45.530.360.080	44.936.558.969
Other charge pending operations		295,033	499.292
Charge pending operations		45.590.663.627	44.997.160.907
Deposits in guarantee		964.537.483	1.097.670.615
Restricted assets		964.537.483	1.097.670.615
	¢	**86.682.513.795**	**82.080.652.573**

(Continues)

(11) Demand obligations with the public

As of December 31, demand obligations with the public are as follows:

		December 2019	December 2018
Checking accounts	¢	1.455.227.544.754	1.362.722.300.765
Cashier´s Checks		203.680.038	877.674.597
Demand savings deposits		701.971.629.882	691,459,150,996
Overdue term borrowings		4.603.904.355	5.484.760.548
Overnight deposits		5.623.937.850	6.140.602.400
Other demand borrowings		13.985.259.180	14.377.008.718
Other demand obligations with the public		6.891.362.041	7.710.260.116
	¢	**2.188.507.318.100**	**2.088.771.758.140**

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

As of December 31, term and demand obligations with the public and entities per number of customers and accumulated amount are detailed as follows:

		December 2019 Demand	December 2018 Demand
Obligations with the public			
Deposits form the public	¢	2.181.615.956.060	2.081.061.498.024
Other obligations with the public		6.891.362.040	7.710.260.116
(See note 11)		2.188.507.318.100	2.088.771.758.140
Obligations with entities			
Deposits from state-owned entities		3.682.254.344	5.197.808.886
Deposits from other Banks		136.629.085.446	139.343.485.630
Other obligations with entities		43.837.900.880	29.757.506.926
		184.149.240.670	174.298.801.442
	¢	**2.372.656.558.770**	**2.263.070.559.582**

		December 2019 Term	December 2018 Term
Obligations with the public			
Deposits form the public	¢	1.919.107.198.529	1.911.189.034.042
Other obligations with the public		4.952.104	825.000
		1.919.112.150.633	1.911.189.859.042
Obligations with entities			
Deposits from state-owned entities		65.249.026.984	38.381.863.395
Deposits from other Banks		3.443.050.930	1.046.681.863
Other obligations with entities		686.073.058.054	813.562.919.471
		754.765.135.968	852.991.464.729
	¢	**2.673.877.286.601**	**2.764.181.323.771**

As of December 31, 2019, demand deposits with the public include court-ordered deposits for ¢211.643.305.958 (¢203.613.955.894 in December, 2018), which are restricted because of their nature.

As of December 31, 2019, the Bank has a total of 1.896.668 customers with demand deposits (1.890.425 in December 2018) and with term deposits 36.221 (35.242 in December, 2018). The subsidiary BICSA has a total of 1.058 customers with demand deposits (1.056 in December, 2018) and 1.067 customers with demand deposits (1.068 in December, 2018).

(13) Other obligations with the public

As of December 31, 2019, other obligations with the public are as follows:

		December 2019	December 2018
Obligations for confirmed letters of credit	¢	9.214.929.983	17.800.529.008
Obligations for security tripartite agreements forward buyer -		30.345.271.687	28.000.114.289
	¢	**39.560.201.670**	**45.800.643.297**

Repurchase agreements:

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

As of December 31, 2019, the Bank´s repurchase agreements are as follows:

		Fair value of the assets	Liability balance	Repurchase date	Repurchase price
Investments	¢	32.370.797.941	30.345.271.687	01/10/2019 al 20/11/2024	100%

As of December 31, 2018, the Bank´s repurchase agreements are as follows:

		Fair value of the assets	Liability balance	Repurchase date	Repurchase price
Investments	¢	35.361.388.679	28.000.114.289	02/01/2019 al 25/01/2019	100%

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

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

		December 2019	December 2018
Demand obligations with the Central Bank of Costa Rica		0	94.396.193
Term obligations with the Central Bank of Costa Rica	¢	0	120.075.405.189
		0	120.169.801.382
Checking accounts of local financial entities		24.940.256.724	21.035.730.565
Checking accounts of foreign financial entities		1.266.019.956	2.794.923.589
Overdrafts on demand checking accounts of foreign financial entities		5.156.060.329	2,599,216,202
Demand obligations by legal mandate		132.102.507.270	132,395,995,315
Obligations for check deposits		1.457.201.557	2,108,702,083
Overnight deposits		19.227.194.834	13.364.233.688
Term deposits from local financial entities		83.263.415.981	42.650.788.758
Term deposits from foreign financial entities		45.299.542.380	66.501.534.552
Loans from foreign financial entities (See note 14-a)		548.053.616.262	663.361.664.641
Obligations for resources taken from the liquidity market		0	5.202.733.343
Obligations for resources from the interbank market		511.408.948	0
Charges payable for obligations with financial		8.208.082.238	6.777.670.601
		869.485.306.479	958.793.193.337
Loans from local financial entities (See note 14-a)		77.067.046.560	64.845.607.490
Obligations for deferred liquidity operations (See note 14-a)		570.105.837	10.429.135.944
		947.122.458.876	1.034.067.936.771
Subordinated loans		0	6.043.900.000
Charges payable for subordinated obligations		0	21.501.676
		0	6.065.401.676
	¢	**947.122.458.876**	**1.160.303.139.829**

The maturities of the term obligations with entities are from Janury 3, 2019 to February 15, 2021.

As of December 31, annual interest rates for the new obligations with entities are as follows:

	December 2019	December 2018
US Dollars	0.1500% a 6.3300%	0.1000% a 6.3300%

As of December 31, 2019, and 2018, there are no term obligations with foreign financial entities for the international issuance.

(a) Maturities of loans payable

As of December 31, 2019, maturities of loans payable are detailed as follows:

		Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	0	33.696.363.685	282.099.957.491	11.401.800.000	327.198.121.176
From one to two years		0	39.880.075.860	125.254.644.973	25.654.050.000	190.788.770.833
From three to five years		0	4.572.121.800	23.134.007.261	60.362.470.592	88.068.599.653
More than five years		0	0	20.146.685.945	0	20.146.685.945
Total	¢	**0**	**78.148.561.345**	**450.635.295.670**	**97.418.320.592**	**626.202.177.607**

As of December 31, 2018, the maturities of loans payable are as follows:

		Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢	120.075.405.189	37.270.222.549	301.150.078.233	95.879.758.032	554.375.464.003
From one to two years		0	28.702.902.793	135.600.234.402	0	164.303.137.195
From three to five years		0	14.504.351.435	22.251.921.055	85.325.647.060	122.081.919.550
More than five years		0	0	23.154.025.859	6.043.900.000	29.197.925.859
Total	¢	**120.075.405.189**	**80.477.476.777**	**482.156.259.549**	**187.249.305.092**	**869.958.446.607**

As of December 31, 2018, and 2019, the Bank has no obligations from financial leases.

(15) Income tax

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

As of December 31, 2019, the consolidated balance of income tax payable amounts to ¢13.855.365.871 (¢3.003.136.405 in December, 2018) (See note 17) and the income tax advance payments amounted to ¢4.534.619.090 (¢6.901.347.207,90 in December, 2018) recorded as assets.

As of December 31, the difference between income tax expense and the amounts computed by applying the corresponding income tax rate to pretax income (30%) is reconciled as follows:

		December 2019	**December 2018**
Income before taxes	¢	68.681.556.172	42.305.089.231
Plus:			
Non-deductible expenses		118.504.230.680	91.585.742.164
Less:			
Non-taxable income		(132.533.895.399)	(132.252.867.670)
Taxable income		**54.651.891.453**	**1.637.963.725**
Effect of companies not generating taxes		0	10.830.216.659
Taxable income of the Conglomerate		54.651.891.453	12.468.180.384
Tax rates			
Taxable base, local entities (30%)		52.374.699.704	8.997.997.367
Taxablebase, entities abroad (25%)		2.277.191.748	3.470.183.017
Income tax (30%)		15.712.409.910	2.699.399.210
Income tax (25%)		569.297.937	867.545.754
Income tax expense		**16.281.707.847**	**3.566.944.964**
Income tax expense from the previous period		0	26.549.517
Current income tax	¢	**16.281.707.847**	**3.593.494.481**

As of December 31, 2018, Management decides to maintain the balance of income tax payable in the event of facing an additional payment in the tax settlement as of March 31, 2019.

The income tax expenses are detailed below:

		December 2019	December 2018
Current income tax	¢	16.386.377.499	5.231.683.582
Decrease in income tax		(104.669.651)	(982.816.671)
Income tax of the previous period		(97.537.630)	(26.549.517)
Income tax obligations		0	46.496.830
Settled advance income tax payments		(2.028.579.610)	(1.265.677.819)
		14.155.590.608	3.003.136.405
Deferred income tax		124.035.877	180.509.127
Decrease in the deferred income tax		(421.920.424)	(188.676.090)
Decrease in the deferred income tax of the previous period		(134.594.940)	(2.597.794)
Income tax	¢	**13.723.111.121**	**2.992.371.648**
Realization of deferred income tax	¢	**297.884.547**	**8.166.963**

BICSA is subject to tax legislation in the following jurisdictions.

Panamá

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

Miami

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

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

Deferred tax assets and liabilities are attributed to the following:

As of December 31, 2019:

		Assets	Liabilities	Net
Valuation of investments	¢	1.035.665.793	(4.678.909.244)	(3.643.243.451)
Revaluation of assets		0	(5.277.080.116)	(5.277.080.116)
Provisions		7.246.573	0	7.246.573
Losses and unused tax credits		1.207.769.870	0	1.207.769.870
Allowance for doubtful accounts		63.225.862	0	63.225.862
	¢	2.313.908.098	(9.955.989.360)	(7.642.081.262)

As of December 31, 2018:

		Assets	Liabilities	Net
Valuation of investments	¢	3.537.634.601	(331.599.209)	3.206.035.392
Revaluation of assets		0	(5.429.511.503)	(5.429.511.503)
Provisions		12.537.435	0	12.537.435
Losses and unused tax credits		1.009.910.306	0	1.009.910.306
Allowance for doubtful accounts		64.056.129	0	64.056.129
	¢	4.624.138.471	(5.761.110.712)	(1.136.972.241)

(Continues)

Movement in temporary differences is as follows:

As of December 31, 2019:

		December 31, 2018	Effects on income statement	Effects on equity	December 31, 2019
On liabilities account					
Valuation of investments	¢	(331.599.209)	0	(4.347.310.035)	(4.678.909.244)
Revaluation of assets		(5.429.511.503)	152.431.387	0	(5.277.080.116)
On assets account					
Valuation of investments		3.537.634.601	0	(2.501.968.808)	1.035.665.793
Financial leases		0	0	0	0
Losses and unused tax credits		1.009.910.306	151.574.289	46.285.275	1.207.769.870
Provisions		12.537.435	(5.290.862)	0	7.246.573
Allowance for doubtful accounts		64.056.129	(830.267)	0	63.225.862
	¢	(1.136.972.241)	297.884.547	(6.802.993.568)	(7.642.081.262)

As of December 31, 2018:

		December 31, 2017	Effects on income statement	Effects on equity	December 31, 2018
On liabilities account					
Valuation of investments	¢	(327.039.298)	0	(4.559.911)	(331.599.209)
Revaluation of assets		(5.581.948.865)	152.437.362	0	(5.429.511.503)
On assets account					
Valuation of investments		3.219.414.748	0	318.219.853	3.537.634.601
Financial leases		0	0	0	0
Losses and unused tax credits		911.555.565	(18.532.505)	116.887.246	1.009.910.306
Provisions		74.801.755	(62.264.320)	0	12.537.435
Allowance for doubtful accounts		124.635.501	(63.473.574)	2.894.202	64.056.129
	¢	(1.578.580.594)	8.166.963	433.441.390	(1.136.972.241)

The tax receivable balance originated by an excess of advanced payments for the returns on investments of the Development Credit Fund which are exempt from the obligation, and for income tax advances, are detailed as follows:

		2019	2018
Income tax	¢	91.315.635	120.745.759
Receivable		91.315.635	120.745.759

As of December 31, 2019, the subsidiary BICSA does not maintain a deferred tax asset for losses and unused tax credits (as of December 2018 it had ¢1,009,910,306 equivalent to US$1,670,958) originated by evidence that in the future it will have available tax earnings.

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

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

	December 2019	December 2018
Banco de Costa Rica	35,072,116,918	0
BCR Valores, S.A.- Puesto de Bolsa	1,301,647,081	0
BCR Sociedad Administradora de Fondos de inversión, S.A.	246,255,477	0
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	244,617,423	0
BCR Corredora de Seguros, S.A.	217,183,145	0

(Continues)

(16) Provisions

The movement in provisions is detailed as follows:

		Legal benefits	Lawsuits	Other	Total
Balance as of December 31, 2018		**9.898.789.990**	**9.140.345.332**	**0**	**19.039.135.322**
Currency translation effect		(32.441.829)	(11.031.950)	0	(43.473.779)
Provision made		652.349.567	13.247.301.054	9.185.613.969	23.085.264.590
Provision used		(9.711.315.538)	(2.003.799.691)	0	(2.384.907.271)
Transfer of balances		0	0	28.083.915.852	28.083.915.852
Adjustment for exchange rate differentials		0	(63.861.960)	0	(63.861.960)
Provisions reversed		(506.820.672)	(3.909.023.756)	0	(4.415.844.428)
Balance as of December 31, 2019	¢	**9.630.769.476**	**16.399.929.029**	**37.269.529.821**	**63.300.228.326**

		Legal benefits	Lawsuits	Other	Total
Balance as of December 31, 2017		**20.806.708.729**	**3.871.334.255**	**0**	**24.678.042.984**
Currency translation effect		63.083.792	10.799.162	0	73.882.954
Opening balance Depósito Agrícola de Cartago		31.729.269	0	0	31.729.269
Opening balance Bancrédito Seguros		21.287.581	0	0	21.287.581
Provision made		970.700.647	4.904.636.987	0	5.875.337.634
Provision used		(1.713.152.977)	(303.634.230)	0	(2.016.787.207)
Transfer of balances		103.392.618	1.281.105.087	0	1.384.497.705
Adjustment for exchange rate differentials		0	(25.632.275)	0	(25.632.275)
Provisions reversed		(10.384.959.669)	(598.263.654)	0	(10.983.223.323)
Balance as of December 31, 2018	¢	**9.898.789.990**	**9.140.345.332**	**0**	**19.039.135.322**

(Continues)

As of December 31, 2019, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank estimated at ¢27.832.009.258 and US$57.017.807 for which the Bank has provisioned ¢3.825.811.572 and US$1.311.000, respectively.

- The criminal lawsuits against the Bank have been estimated in ¢1.794.475.429 and US$10.077, for which the Bank has recorded a provision in the amount of ¢89.000.000

- Labor suits by nature are difficult to estimate. However, they have been estimated at ¢4.447.266.539 and US$825.000, for which the Bank has provisioned ¢2.102.326.309, corresponding to cases where a provisional judgment has been handed down.

- There are administrative proceedings at different stages in the amount ¢8.130.013 and US$36.257 for which the Bank has provisioned ¢2.646.000 and US$34.057, respectively.

- In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" the amount of ¢820.105.087was tranferred for pending proceedings.

As of February 28, 2019, the amounts provisioned for ¢2.838.356.417 related to tax procedures are reversed since the Bank accepts the tax amnesty as indicated in Transitory XXIV of the Law on Strengthening of Public Finances No. 9635.

As of December 31, 2018, the Bank is a defendant in litigation, for which the following provisions have been established:

- Ordinary suits filed against the Bank have been estimated at ¢21.387.153.445 and US$56.279.664, for which the Bank has provisioned ¢1.001.535.353 and US$3.578.120, respectively.

- Labor suits are difficult to estimate due to their nature. However, they have been estimated at ¢2.626.124.619 and US$825.000, for which the Bank has provisioned ¢1.200.583.525, corresponding to cases where a provisional judgment has been handed down.

- The arbitration proceedings against the Bank are estimated in the amount of US$12.549.617 of which, it has been recomended not to record any provision.

- There are administrative proceedings at different stages, for which the Bank has provisioned ¢8.130.013 and US$34.257 of which has been provisioned the amount of ¢2.646.000 and US$34.057, respectively.

- For tax proceedings, and due to the possible future confirmations of payments of taxes, plus corresponding interest and penalties, the Bank has provisioned the amount of ¢2.838.356.417.

- In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" the amount of ¢1.281.105.087 was tranferred for pending proceedings.

As of December 31, 2019, there are no amounts provisioned for litigation in BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (¢261,153,751 as of December 2018 for alleged infringement of Article 11 subsection a) of the Law on Promotion of Competition and Effective Consumer Defense).

As of December 31, 2019, and 2018, there are no provisions for ligation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of December 31, 2019, BCR Valores Puesto de Bolsa, S.A. is a defendant in a lawsuit filed by a customer, under file number 08-001181-1027-CA. which was admitted during a vote of the First Chamber of the Supreme Court of Justice, and BCR Valores Puesto de Bolsa, S.A. was ordered to pay damages, which existence and estimate must be proven in the enforcement of the judgment. The amount claimed by the customer is of US$202.737. The Brokerage House has provisioned ¢115.578.142 (¢122.532.010 in December, 2018).

As of December 31, 2018, BCR Valores decided to avail the amnesty established in the Transitory VI of the Law for Strengthening of Public Finances No. 9635, thus proceeding to adjust the provision in the amount of ¢249,526,624.

As of December 31, 2019, BICSA there is no provision for litigations (¢171.896.373, equivalent US$284.414 in December, 2018).

(17) Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

		December 2019	December 2018
Fees payable		6.019.836	893.738
Due for goods and services	¢	729.360.604	663.596.044
Current income tax		14.155.590.608	3.003.136.405
Tax on DU propts		350.138.620	329.369.140
Value added tax		150.474.650	0
Employer contributions		2.999.302.537	2.992.053.273
Court-ordered withholdings		893.508.808	862.685.655
Tax withholdings payable		3.239.764.447	998.010.595
Withheld employer contributions payable		870.498.943	812.153.472
Other third-party withholdings payable		18.862.844.203	9.826.664.286
Compemsations and salaries payable		7.838.905.988	7.494.460.545
Interests (distributions) payable on results of the period (see note 33)		16.409.558.772	5.608.983.270
Obligations with the National Development Trust		524.739.762	355.384.201
Accrued vacations		6.375.687.919	6.414.676.416
Accrued statutory Christmas bonus		768.046.562	749.210.690
Commissions payable from insurance placement		152.717.091	45.446.136
Commissions payable with related parties		17.854.575	0
Contributions to Superintendences´ budgets		8.251.520	12.446.942
Miscellaneous creditors		27.424.585.029	24.599.641.529
	¢	**101.777.850.474**	**64.768.812.337**

(18) Equity

a) Capital Stock

The Bank's capital stock is comprised as follows:

		December 2019	December 2018
Capital under Law No. 1644	¢	30.000.000	30.000.000
Bank capitalization bonds		1.288.059.486	1.288.059.486
Capital increase per Law No. 7107		118.737.742.219	118.737.742.219
Capital increase per Law No. 8703		27.619.000.002	27.619.000.002
Capital increase per Law No. 9605		18.907.432.694	0
Increase for revaluation of assets		14.130.125.230	14.130.125.230
Other		697.630.970	697.630.970
	¢	**181.409.990.601**	**162.502.557.907**

On December 23, 2008, the Executive Branch of the Costa Rican Government authorized a capital contribution funded under Law No. 8703 "Amendment to the Law on Ordinary and Extraordinary Budget of the Republic for Tax Year 2008 (Law No. 8627)." Such law grants funds to capitalize three State-owned banks, including Banco de Costa Rica, in order to stimulate productive sectors and particularly small and medium-sized enterprises. For such purposes, the Bank received four securities for a total of US$50.000.000 equivalent to ¢27.619.000.002 and denominated in DU maturing in 2013, 2017, 2018 and 2019 (No.4180. No. 4181, and No. 4182 for DU10,541,265. each, at a reference exchange rate of ¢655.021 to DU1.00). As of December 31, 2019, there are no investments held to maturity in Development Units (UDES) (¢ 9,486,147,702 as of December 2018). (See note 5)

As of December 18, 2019, there are maturities of securities in Development Units (UDES) in the amount of ¢9.660.342.108.

As of December 24, 2018, there are maturity dates of securities in Development Units (UDES) in the amount of ¢9.475.838.345.

On February 13, 2018, the National Financial System Supervisory Board (CONASSIF) authorized the Bank to increase its capital stock by ¢9.713.866.564 for accumulated profits and the surplus from the revaluation of realized assets amounting to ¢275.499.394 for a total of ¢9.989.365.958.

As of December 31, 2019, the amount for the constitution of the Development Financing Fund's equity is ¢29.753.932.255 (¢27.644.163.794 in December, 2018). 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 equity managed by the entity was transferred.

b) Non-capitalizable capital contributions

Corresponds to amounts received for capital contributions to the entity, some of them destined to increase the stock capital, in this case, compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica."

As of March 29, 2019, and 2018, non-capitalized capital contributions amount to ¢18,907,432,694 are trasnfered to the capital stock.

c) Surplus from revaluation of property, furniture and equipment

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

As of December 31, 2019, and 2018, the revaluation surplus amounts to ¢37.774.830.067.

d) Adjustments for revaluation of available-for-sale investments

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

As of December 31, 2019, the balance of the adjustment for valuation of available-for-sale investments corresponds to unrealized net losses in the amount of ¢1.343.439.781 (¢18.887.315.683 in December, 2018).

e) Adjustments for valuations of interest in other companies

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

As of December 31, 2019, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of por ¢14.809.132.066 (¢18.583.204.620 in December, 2018).

Technical reserves of BICSA's retained earnings

As of December 31, 2019, from Banco de Costa Rica's retained earnings resulting from the investment in other companies, it should be considered for any purpose, that there are amounts related to special reserves applied to equity accounts of BICSA for US$29.353.778 (51% of US$57.556.428) due to changes made to policies concerning the subsidiary (US$27.045.677 in December, 2018).

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

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

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

In case of an excess of a specific provision calculated in accordance with this agreement over the estimate calculated in accordance with IFRS, this excess will be recorded as a regulatory reserve in the equity, that increases or decreases towards undistributed earnings. The balance of the regulatory reserves will not be considered as capital funds for purposes of calculating certain ratios or prudential ratios mentioned in the agreement. The Bank determines its country risk reserve in compliance with provisions established in general resolutions No.7-2000 and No.1-2001 issued by the Superintendence of Banks of Panama.

(Continues)

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

(Continues)

Regulatory capital

As of December 31, 2019, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate		Base capital	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items		Transferable surplus and individual deficit
Controlling entity							
Banco de Costa Rica	¢	425.784.255.569	344.195.563.232	81.588.692.337	0		81.588.692.337
		425.784.255.569	344.195.563.232	81.588.692.337	0		81.588.692.337
Regulated entities							
Banco Internacional de Costa Rica, S.A. and Subsidary		134.977.667.269	109.903.748.173	25.073.919.096	12.286.220.357		12.787.698.739
BCR Valores, S. A.- Puesto de Bolsa		22.549.957.560	2.913.047.040	19.636.910.520	0		19.636.910.520
BCR Sociedad Administradora de Fondos de inversión, S.A.		9.611.746.180	2.874.646.830	6.737.099.350	0		6.737.099.350
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		4.818.714.664	3.463.521.180	1.355.193.485	0		1.355.193.485
	¢	171.958.085.673	119.154.963.223	52.803.122.451	12.286.220.357		40.516.902.094
Non regulated entities							
BCR Corredora de Seguros, S.A.		4.853.855.830	2.474.080.530	2.379.775.300	0		2.379.775.300
Bancrédito Sociedad Agencia de Seguros S.A.		453.260.500	110.585.400	342.675.100	0		342.675.100
Depósito Agrícola de Cartago S.A. y subsidiaria		669.804.600	228.175.400	441.629.200	0		441.629.200
	¢	5.976.920.930	2.812.841.330	3.164.079.600	**0**		3.164.079.600
Global surplus or deficit of the Financial						¢	**125.269.674.031**

(Continues)

As of December 31, 2018, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate		Base capital	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items		Transferable surplus and individual deficit
Controlling entity							
Banco de Costa Rica	¢	441.410.978.991	352.835.454.490	88.575.524.501	0		88.575.524.501
		441.410.978.991	352.835.454.490	88.575.524.501	0		88.575.524.501
Regulated entities							
Banco Internacional de Costa Rica, S.A. and Subsidary		135.599.041.407	112.630.453.603	22.968.587.804	11.254.608.024		11.713.979.780
BCR Valores, S. A.- Puesto de Bolsa		15.918.960.260	3.525.319.870	12.393.640.390	0		12.393.640.390
BCR Sociedad Administradora de Fondos de inversión, S.A.		6.746.866.320	3.597.197.490	3.149.668.830	0		3.149.668.830
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.		5.003.119.965	2.861.161.979	2.141.957.986	0		2.141.957.986
	¢	163.267.987.952	122.614.132.942	40.653.855.010	11.254.608.024		29.399.246.986
Non regulated entities							
BCR Corredora de Seguros, S.A.		2.475.166.590	1.837.219.220	637.947.370	0		637.947.370
Bancrédito Sociedad Agencia de Seguros S.A.		409.524.400	197.761.200	211.763.200	0		211.763.200
Depósito Agrícola de Cartago S.A. y subsidiaria		662.721.400	189.900.200	472.821.200	0		472.821.200
	¢	**3.547.412.390**	**2.224.880.620**	**1.322.531.770**	**0**		**1.322.531.770**
Global surplus or deficit of the Financial						¢	**119.297.303.257**

(19) Contingent accounts

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

As of December 31, off-balance financial instruments with risk are as follows:

		December 2019	December 2018
Guarantees granted:			
Performance bonds	¢	107.732.137.548	132.583.163.313
Bid bonds		10.799.902.010	4.207.052.002
Other guarantees		70.033.212.290	74.594.427.256
Issued non-negotiated letters of credit		12.195.460.251	11.167.722.561
Confirmed non-negotiated letters of credit		5.639.814.914	10.157.586.311
Credit lines to be used automatically		110.306.458.982	108.390.309.374
Other contingencies		934.233.882.045	76.216.977.073
Credits pending disbursement		1.419.685.651	4.649.935.971
	¢	**1.252.360.553.691**	**421.967.173.861**

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

		December 2019	December 2018
With prior deposit	¢	9.437.532.897	10.357.353.091
Without prior deposit		308.689.138.749	335.392.843.697
Pending lawsuites and claims		934.233.882.045	76.216.977.073
	¢	**1.252.360.553.691**	**421.967.173.861**

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

As of December 31, 2019 and 2018, letters of credit are backed up 100% of the stand-by balance by guarantee deposits or credit facilities.

As of December 31, 2019, floating guarantees in custody are for ¢307.017.094.167 (¢208.940.808.968 in December, 2018).

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

Other contingencies

As of December 31, 2019, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢24.006.197.685 and US$55.706.807. In addition other contentious processes are filed for preliminary injunction with no estimate.
- Ordinary labor suits estimated at ¢2.344.940.230 and US$825.000.
- Criminal proceedings in which the Bank is a third-party defendant estimated at ¢1.705.475.429 and US$10.077.
- Administrative proceedings against the Bank have been estimated in the amount of ¢5.484.013 and US$2.200.
- In tax matters, for taxes plus interest and proportional penalties, no estimates were recorded since the Bank is eligible for tax amnesty as indicated in Transitory XXIV of the Law on Strengthening Public Finances No. 9635.

As of December 31, 2018, the Bank's Legal Division reported the following contingencies and commitments:

- Administrative suits against the Bank estimated at ¢20.385.618.092 y US$52.701.544. In addition other contentious processes are filed for preliminary injunction with no estimate.
- In labor matters there are active ordinary processes estimated in the amounts of ¢1.425.541.094 and US$825.000.
- Criminal proceedings in which the Bank is a third-party defendant, were estimated in the amount of ¢109.481.552 and US$10.077.
- Arbitration proceedings against the Bank are estimated in amount of US$12.549.617.

- Administrative proceedings against the Bank have been estimated in the amounts of ¢5.484.013 and US$200. There is an administrative proceeding againts the Costa Rican Social Security, not to pay 15% on the profits of the Bank's subsidiaries, as the Bank considers that this obligation does not apply; in addition BICSA does not correspond to 100% of its profits but to 51%. The amount estimated to date corresponds to ¢12,000 million. The criterion of the Bank's legal area has been submitted, which determines the degree of probability of payment, indicating that the accounting provision should not be made.

- In tax matters, for taxes plus interest and proportional penalties, the amount of ¢14.348.870.320 was estimated.

Income tax - BICSA Costa Rica

BICSA SERVICIOS, S.A., as a surviving entity of the group of companies that formed BICSA Corporación Financiera, .S.A, was condemned by the Administrative Tax Court to the payment of income tax for the fiscal periods from 1999 to 2004. In strict compliance with the deadline for cancellation, the sum of US$1.243.985 adduced in the announcement was paid by BICSA on November 29, 2013, charged to the provision that was maintained for the case.

Notwithstanding that the payment was made in order to avoid other sanctions, given the nonconformity that the institution maintained to the scope, a judicial contentious administrative proceeding had already been filed, in order to declare the absolute nullity and inefficiency of the determinative resolution No.DT10R-11-08 of the Large Taxpayers' Division, the resolution No.AU-10-4-135-08, the ruling of the Administrative Court No. 035-2012 and the resolution No. SFGCN-AL-075-12, all arising from the transfer of charges No. 2752000016446 of income taxes for the years 1999-2004. Together with the repayment of the sums objected, interest added, damages and losses are also claimed for a figure currently undetermined, but that would be determined in execution of an eventual favorable judgment.

In response to this action, in January 28, 2014 the Costa Rican State started a contentious administrative process against the bank (Harmfulness Process), referring to the party won by BICSA in administrative proceedings. In order to better manage both actions, the accumulation of the processes was proposed, and in March 2015, the Contentious Administrative Court decreed to accumulate them. On June 19, 2015, a preliminary hearing was convened, in which the controversial facts of the complaint were indicated and, in turn, the application of the expert opinions requested by BICSA was approved. On December 23, 2016, the memorial presented by one of the experts was notified, granting a period of 3 working days to the parties to refer to it. BICSA referred to it on January 9, 2017.

Subsequently, by resolution of February 17, 2017 of the Contentious Administrative Court, a period of 30 working days was granted to another of the experts, so that they could submit their report, which was provided to the Court on February 19, 2017. On April 21, 2017, BICSA referred to this expert opinion, within the period granted by the resolution of April 17, 2017. Refering to the references and consultations made by BICSA, the expert answered incompletely BICSA´s objections, so that on September 12, 2017, assessments were presented again regarding this expert´s opinion. On July 18 and 19, 2019, the Oral and Public Trial was carried out with the accumulation of the processes. All the evidence presented by the Bank was admitted and evacuated, including the statement of the experts and witnesses presented by the Bank, by the State and the designated judicial expert. On September 24, the Bank was notified of judgment 77-2019-VII, issued by the Administrative and Civil Litigation Court of the Treasury, Section Eight, in which the exception of prescription and lack of active legitimation opposed by the State is rejected, regarding the claims for compensation.

The exception of lack of right filed by the State in relation to the lawsuit filed against it by BICSA SERVICIOS, S.A. is partially accepted. The claim is partially accepted, only regarding the nullity of resolution OT-10R-041-13, of the General Directorate of Taxation, Directorate of Large Taxpayers and the Fiscal Administrative Court TFA-N ° 497-2013, related to the new interest settlement, in the amount of one hundred seventy four million six hundred fourteen thousand nine hundred six colones exactly, which must be returned to the Bank, duly indexed from the date of its payment, until its effective return, as determined in the sentence execution phase. With respect to the lesividad process filed by the State against BICSA SERVICIOS S.A., the exception of lack of right opposed by the defendant is partially accepted and the claim filed is partially declared in place as provided below: i) It is declared harmful to the interests of the State and the resolution TFA-035-2012 of the First Chamber of the Administrative Tax Court is annulled, only insofar as the resolution revokes Determining Resolution No. DT10R-11-08, regarding the DECLARED TAXABLE INCOME AS NOT TAXABLE: Income obtained (interest) from operations and investments made with foreign companies. II) In the rest, the resolution whose harmfulness was intended remains intact. Because it is unnecessary, a statement regarding the counterclaim filed by the Bank is omitted. It is resolved without special conviction on costs related to the three proceedings called upon. Against the aforementioned judgment, on September 26, 2019, the Bank filed an appeal which is pending admission.

As of December 31, 2019 and 2018, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias. S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of December 31, 2019 and 2018, BCR Valores Puesto de Bolsa, S.A. has an administrative proceeding filed by the Large Taxpayer Division of the Costa Rican Tax Administration against BCR Valores, S.A. relating to the Preliminary Adjustment Proposal for the Income Tax for the 2012 and 2013 fiscal years, by the Costa Rican Tax Administration (hereinafter DGT), which might be classified in the tax contingency item against such a subsidiary and which current status is as follows: on September 9, 2015, the DGT provided BCR Valores with the results of the reports on the allegations timely submitted by such an entity against the Provisional Tax Adjustment Proposal and the Sanctioning Resolution Proposal, notified to BCR Valores in July 2015. All this was related to the Income Tax Adjustments for 2012 and 2013, plus interest and the penalization, which as of that date amounted to ¢621.189.153 (as of September 09, 2015, such an amount had a small increase because it has continued to bear interest).

According to such reports, the DGT totally accepted the allegations of BCR-Valores regarding Adjustments A.3 Expenses from Legal Profit Sharing, and the partially Adjustment A-2 Expenses from Allowances and Provisions, and A-4 Non Deductible Expenses Associated with Non Taxable Income because such items were derogated totally and partially as indicated; consequently, they generated an decrease in taxes, plus the corresponding proportion from interest and the penalization, thereby generating in favor of BCR Valores a decrease in the total initial adjustment of taxes, interest, and penalization in the amount of ¢203.559.377.

Regarding the other adjusted items, especially Adjustments A.1 for Returns on investments in foreign financial instruments, A.1.2 Increase in the taxable income from amortized discounts from investments in securities, all of which were confirmed by the DGT and for a total estimate of taxes plus interest and proportional penalties as of September 9, 2015 of ¢406.894.334. as a result of current interests that are not included in the provisioned amount. During the hearing, a proposal was made to BCR Valores for the regularization of the adjustments confirmed during this first instance pursuant to the provisions contained in Articles 144 and 171, subparagraph 12 of the Tax Code of Standards and Procedures (CNPT) and 157 of the Tax Procedure Regulations, or there was an option to accept a 5 business day term, after which it might express its approval, disapproval, or partial disapproval of the proposal. BCR Valores accepted the second option by pointing out that it would issue its opinion within the granted term. On January 3, 2019, BCR Valores made the amnesty payment in the amount of ¢249,526,624; this ends the litigation that was maintained with the tax administration.

As of December 31, 2019, and 2018, there is a process against BCR Valores, in the amount of US$175,000, processed under file 16-000207-1027-CA.-8 of the Administrative and Civil Court of Finance of the II Judicial Circuit of San José. To date and according to the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of December 31, 2019, and 2018, there is a process filed against BCR Valores, in the amount of US$465.000, which is processed under file 16-000208-1027-CA-2 of the Administrative and Civil Court of San José. To date and according to the criteria of the lawyers, an estimate of the eventual outcome is not feasible.

As of December 31, 2019, and 2018, there is a judicial process established by Yorlyn Pamela Villalobos Arguedas, file number 17-002581-1178-LA, which is still pending; there is no estimate of the eventual outcome.

(Continues)

(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 consolidate financial statements. The Bank is not exposed to any credit risk and does not guarantee these assets or liabilities.

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

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

As of December 31, the assets in which capital trust is invested are detailed as follows:

		December 2019	December 2018
Cash and due from banks	¢	95.387.205.909	64.385.775.730
Investments in financial instruments		123.002.467.016	199.445.282.518
Loan portfolio		201.019.652.377	232.061.628.711
Allowance for doubtful accounts		(16.020.871.060)	(14.474.855.534)
Realizable assets		17.318.316.996	16.950.685.196
Investments in other companies		37.451.201.114	51.979.747.268
Other accounts receivable		78.996.060.198	97.814.143.839
Property, furniture and equipment		317.398.230.692	1.137.537.958.341
Other assets		346.983.737.416	322.520.914.547
	¢	**1.201.536.000.658**	**2.108.221.280.616**

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

		December 2019	December 2018
Banco de Costa Rica	¢	1.153.981.536.799	2.028.009.317.616
Banco Internacional de Costa Rica, S.A.		47.389.074.444	78.316.392.029
BCR Valores Puesto de Bolsa, S. A. (See note 22)		165.389.415	1.895.570.971
	¢	**1.201.536.000.658**	**2.108.221.280.616**

(Continues)

(21) Other debit memoranda accounts

As of December 31, other debit memoranda accounts are detailed as follows:

		December 2019	December 2018
Own assets and securities held in custody	¢	8.816.048.606	6.926.392.270
Guarantees received and held in custody		693.606.803.244	749.447.388.711
Guarantees received and held by third parties		5.081.703.774	2.462.450.961
Granted and unused credit lines		486.971.551.306	509.208.352.406
Write-offs		237.032.070.162	235.128.073.291
Suspense interest receivable		19.881.096.081	16.313.811.781
Back up document		58.711.000	2.000.000
Other memoranda accounts		13.126.581.068.362	2.554.948.691.287
Assets and securities held in custody for third Parties		77.748.866.476	65.579.512.563
Managed funds assets		1.869.878.939.199	1.623.772.134.870
Management of individual portfolios by Puesto de Bolsa		121.165.367.821	96.214.571.929
Own held-for-trading securities held in custody		0	327.809.636.986
Held-for-trading securities received as guarantee (guarantee trust)		37.971.351.184	0
Own held-for-trading securities		518.467.971.624	
Cash and accounts receivable for custodial Activities		107.193.983.055	75.665.805.155
Held-for-trading securities held in custody for third parties		0	4.415.965.393.260
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)		107.846.403.562	106.278.503.453
Held-for-trading securities given as guarantee for third parties (guarantee trust)		0	123.957.233.843
Held-for-trading securities pending receipt		1.006.675.251	361.362.868
Confirmed spot agreements pending settlement		6.171.489.513	2.768.909.948
Futures pending settlement		61.055.924.976	38.544.298.330
Held-for-trading third parties securities		5.240.935.711.756	0
	¢	**22.727.471.736.952**	**10.951.354.523.912**

As of December 31, other memoranda accounts by subsidiaries are detailed as follows:

		December 2019	**December 2018**
Banco de Costa Rica	¢	18.798.286.142.213	6.775.149.939.288
Banco Internacional de Costa Rica, S.A.		1.402.518.899.644	2.116.051.107.154
BCR Valores , S. A- Puesto de Bolsa (See note 22)		643.173.666.495	425.103.579.208
BCR Sociedad Administradora de Fondos de Inversión, S.A. (See note 23)		634.177.600.419	600.965.687.917
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (See note 24)		1.244.581.630.345	1.029.796.556.814
Depósito Agrícola de Cartago S. A.		4.733.797.836	4.287.653.531
	¢	**22.727.471.736.952**	**10.951.354.523.912**

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

As of December 31, memoranda accounts of BCR Valores. S.A. - Puesto de Bolsa are detailed as follows:

		December 2019	December 2018
Managed funds (See note 20)	¢	165.389.415	1.895.570.971
Other own memoranda accounts			
Other memoranda accounts		7.850.525.620	8.022.030.170
Total own other memoranda accounts		**7,850,525,620**	**8.022.030.170**
Memoranda accounts for third parties			
Portfolio management		121.165.367.821	96.214.571.929
Cash and accounts receivable by custodial activity		519,677,703	1,011,086,115
Held-for-trading securitues in custody (see note 22-d)		0	224.190.139.428
Held-for-trading securities given in guarantee		0	41.321.605.977
Held-for-trading pending receipt		1.006.675.251	361.362.868
Purchased held -for-trading securities pending receipt			
Held-for-trading securities received as colateral		2.075.376.029	12.669.574.443
Confirmed spot contracts pending settlement		6.171.489.512	2.768.909.948
Futures pending settlement-forward buyer (See note 22-a)		55.563.911.832	31.681.901.445
Futures pending settlement-forward seller (See note 22-a)		5.492.013.144	6.862.396.885
Central de Valores private (local custody)		144.327.879.595	0
Central de Valores private (international custody)		10,562,758,172	0
Central de Valores public (BCCR)		285.150.491.816	0
Vault		3.287.500.000	0
Total memoranda accounts for third parties		**635,323,140,875**	**417.081.549.038**
Total memoranda accounts (See note 21)		**643.173.666.495**	**425.103.579.208**
Total memoranda accounts and trusts	¢	**643.339.055.910**	**426.999.150.179**

(Continues)

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

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

a) Repurchase

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

As of December 31, 2019, a breakdown of the structure of the buyer and forward seller positions in the repurchase transactions of which BCR Valores takes part is as follows:

		Forward buyer			**Forward seller**		
Third parties		**Colones**	**US Dollars**	**Total**	**Colones**	**US Dollars**	**Total**
1 to 30 days	¢	15.704.878.352	35.851.251.364	51.556.129.716	680.977.554	3.967.407.498	4.648.385.052
31 to 60 days		294.491.820	3.309.230.377	3.603.722.197	0	439.568.174	439.568.174
61 to 90 days		0	404.059.919	404.059.919	0	404.059.918	404.059.918
Total third parties	¢	15.999.370.172	39.564.541.660	55.563.911.832	680.977.554	4.811.035.590	5.492.013.144
Total	¢	**15.999.370.172**	**39.564.541.660**	**55.563.911.832**	**680.977.554**	**4.811.035.590**	**5.492.013.144**

As of December 31, 2018, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. - Puesto de Bolsa participates, are as follows:

		Forward buyer			**Forward seller**		
Third parties		**Colones**	**US Dollars**	**Total**	**Colones**	**US Dollars**	**Total**
1 to 30 days	¢	6.639.112.985	20.318.887.214	26.958.000.199	251.917.808	5.400.269.036	5.652.186.844
31 to 60 days		572.439.660	2.947.576.716	3.520.016.376	0	818.579.137	818.579.137
61 to 90 days		0	1.203.884.870	1.203.884.870	0	391.630.904	391.630.904
Total third parties	¢	7.211.552.645	24.470.348.800	31.681.901.445	251.917.808	6.610.479.077	6.862.396.885
Total	¢	**7.211.552.645**	**24.470.348.800**	**31.681.901.445**	**251.917.808**	**6.610.479.077**	**6.862.396.885**

(Continues)

b) Guarantees granted

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

In order to establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of December 31, 2019, the Brokerage House had made contributions for a total of ¢107.088.734 (¢30.224.225 December, 2018). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

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

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

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

d) Customer securities and own securities in custody

As of December 31, 2019, the BCR Valores helds securities in custody as follows:

Place of custody	**Type of custody**		**Balance**
Colones			
Local	Free custody	¢	138.729.312.616
Local	Repurchase agreements		17.924.079.762
		¢	156.653.392.378
US Dólares			
Local	Free custody	¢	234.794.171.431
Local	Repurchase agreements		51.881.065.774
		¢	286.675.237.205
Total custody of third parties in colones and in US dolars		¢	**443.328.629.583**

As of December 31, 2018, BCR Valores helds following securites in custody:

Place of custody	**Type of custody**		**Balance**
Colones			
Local	Free custody	¢	59.286.678.584
Local	Repurchase agreements		7.631.219.920
		¢	66.917.898.504
US Dólares			
Local	Free custody	¢	164.903.460.842
Local	Repurchase agreements		33.690.386.059
		¢	198.593.846.901
Total custody of third parties in colones and in US dolars		¢	**265.511.745.405**

(23) Investment fund management agreements

As of December 31, the value of net assets in each investment fund managed by the BCR Sociedad Administradora de Fondos de Inversion. S.A. (Investment Fund Manager) is as follows:

Investment Funds	Type of fund		December 2019	December 2018
In Colones				
BCR Short-term colones, undiversified	Financial, open	¢	65.860.700.385	60.941.457.579
BCR quarterly, colones, non-diversified	Financial, open, médium term		96.041.860	0
BCR mixed colones, undiversified	Open, medium-term		27.919.776.907	33.080.798.106
BCR Portfolio Fund Colones	Open, medium-term		75.259.121.310	52.754.300.856
BCR Real Estate, Colones Undiversified	Closed, non-financial and mixed portfolio		17.246.754.248	16.101.008.300
		¢	186.382.394.710	162.877.564.841
In US Dollars				
Investment Funds in US Dollars, equivalent in colones			447.795.205.709	438.088.123.076
(See note 21)		¢	**634.177.600.419**	**600.965.687.917**

Investment Funds in US Dollars				
BCR Liquidity Dollars, undiversified	Open	US$	63.088.373	46.717.723
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term		277.922.710	271.439.442
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term		207.933.835	208.590.791
BCR Liquidity Fund Dollars, international, undiversified	Open, money market		99.900.023	76.082.292
BCR Portfolio Fund Dollars	Open, medium-term		45.227.055	51.763.325
BCR Evolution	Open, médium-term		2.148.971	1.457.116
BCR Real Estate Progress Fund, undiversified	Real estate, closed		85.896.371	68.792.745
BCR Real Estate Progress Fund, undiversified	Real estate, closed		3.364.261	0
		US$	**785.481.599**	**724.843.434**

(24) Pension fund management agreements

As of December 31, the value of assets for each investment fund managed by BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (Pension Fund Manager) is as follows:

		December 2019	**December 2018**
Own assets and securities held in custody	¢	8.816.048.606	6.926.392.270
Assets and securities held in custody by third parties		64.242.959	63.717.594
Mandatory pension fund		982.531.016.149	832.461.190.034
Voluntary pension fund		26.190.776.614	23.493.270.105
Labor capitalization fund		77.091.601.194	67.959.942.880
Supplementary pension funds created by special laws		149.887.944.823	98.892.043.931
(See note 21)	¢	**1.244.581.630.345**	**1.029.796.556.814**

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

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

		December 2019	December 2018
Voluntary Pension Fund (colones)	¢	**19.911.417.576**	**17.651.424.281**
Securities issued by the Central Bank		680.314.634	229.091.787
Securities issued by the Government		10.125.191.043	6.569.757.949
Non-financial public entities		346.748.425	327.556.074
Securities issued by the State-owned commercial banks		1.116.151.100	771.716.972
Public banks created by law		1.388.649.094	1.399.970.075
Security issued by private banks		3.743.507.689	5.244.908.607
Securities issued by private financial entities		1.657.285.435	1.488.436.099
Securities issued by private non-financial entities		547.516.739	884.849.318
Securities issued by closed Investment Funds		39.906.300	302.557.634
Securities issued by open Investment Funds		266.147.117	432.579.766
Voluntary Pension Fund (US$)	US$	**9.648.008**	**8.099.037**
Securities issued by the Government		4.715.078	1.321.912
Non-financial public entities		173.137	160.676
Securities issued by the State-owned commercial banks		210,291	620.325
Public banks created by law		453.655	623.364
Security issued by private banks		2.953.987	3.009.678
Securities issued by private financial entities		1.016.115	1.112.735
Securities issued by private non-financial entities		0	442.921
Securities issued by closed Investment Funds		66,548	206.252
Securities issued by open Investment Funds		59.197	325.456
Repurchase agreements		0	275.718

		December 2019	December 2018
Mandatory Regime of Supplementary Pensions (in colones)	¢	**1.073.566.811.949**	**911.310.057.629**
Securities issued by the Central Bank		54.954.810.134	42.335.184.712
Securities issued by the Government		553.366.900.349	433.087.055.008
Non-financial public entities		39.959.295.383	40.133.592.815
Securities issued by the State-owned commercial banks		31.359.064.761	38.731.608.276
Public banks created by law		77.758.159.839	86.790.159.827
Security issued by private banks		170.813.207.185	168.259.506.716
Securities issued by private financial entities		62.313.321.327	44.141.512.291
Securities issued by private non-financial entities		14.416.007.740	16.270.874.779
Securities issued by closed Investment Funds		14.799.261.104	18.217.718.501
Securities issued by open Investment Funds		6.184.743.596	10.423.797.806
Repos and repurchase agreements		0	12.892.784.944
Equity securities issued by financial entities		24.285.834	26.261.954
Investment Securities from foreign issuers		47.617.754.697	0
Labor Capitalization Fund (in colones)	¢	**103.224.702.907**	**63.884.525.945**
Securities issued by the Central Bank		5.331.598.428	913.419.621
Securities issued by the Government		60.989.702.489	20.810.888.831
Non-financial public entities		1.225.824.154	1.138.586.285
Securities issued by the State-owned commercial banks		4.379.565.736	3.667.805.352
Public banks created by law		8.614.878.079	5.603.749.728
Security issued by private banks		12.259.526.696	17.845.688.687
Securities issued by private financial entities		7.101.200.442	9.064.578.439
Securities issued by private non-financial entities		1.759.509.657	2.050.313.887
Title deeds of closed Investmen Funds		0	680.905.774
Securities issued by open Investment Funds		1.562.897.226	1.702.570.444
Repurchase agreements		0	406.018.897

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

(Continues)

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

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

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

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

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

As of December 31, 2019, Depósito Agrícola de Cartago and its subsidiary have current contracts that are detailed below:

a) Logistics services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), management of the General and Auxiliary Warehpuses, transportation and disributions of goods.

b) Banking services provided to the duty-free shops of Instituto Mixto de Ayuda Social (IMAS), for collection of sales in the shops by human cashiers.

(26) Financial income on investments in financial instruments

As of December 31, financial income on investments in financial instruments is as follows:

		December	
		2019	**2018**
Income for investments in held-for-trading financial instruments		0	66
Income from available-for sale financial instruments	¢	59.783.877.527	63.036.746.053
Income from investments in due and restricted financial instruments		2.747.420.962	3.067.618.007
	¢	**62.531.298.489**	**66.104.364.126**

(27) Financial income on loan portfolio

As of December 31, financial income on loan portfolio is detailed as follows:

		December	
		2019	2018
Checking account overdrafts	¢	2.746.133.398	2.611.578.955
Loans with other funds		318.947.775.709	305.613.793.665
Income from credit cards		10.829.002.866	10.721.252.050
Factoring		78.269.439	192.758.847
Confirmed and trades letters of credit		7.061.951	9.011.276
For loans to state-owned banks		2.474.452	14.583.585
Past due loans on legal collection		3.266.740.897	1.461.073.891
		335.877.458.712	**320.624.052.269**
Income from financial leases		6.323.173.947	4.321.103.037
	¢	**342.200.632.659**	**324.945.155.306**

(28) Expenses from obligations with the public

As of December 31, financial expenses from obligations with the public are as follows:

		December	
		2019	2018
Expenses from demand deposits	¢	39.795.886.001	36.282.405.442
Expenses from term deposits		129.769.185.338	118.630.474.105
Expenses from securities in repurchase agreements		1.510.794.306	2.057.442.080
	¢	**171.075.865.645**	**156.970.321.627**

(29) Expenses from allowances for impairment of loan portfolio

As of December 31, expenses from allowances for impairment of loan portfolio are as follows:

		December	
		2019	**2018**
Expenses from specific allowance for loan portfolio (See note 6-f)	¢	33.704.021.406	64.071.503.943
Expenses for allowance for impairment and other doubtful receivables		3.758.321.542	2.493.808.046
Expenses for allowance for impairment and doubtful contingent loans		557.062.129	540.410.391
Expenses for generic allowance and counter cycle for loan portfolio (See note 6-f)		3.017.620.604	4.621.325.387
Expenses for generic allowance and counter cycle for contingent loans		38.894.166	299.362.106
	¢	**41.075.919.847**	**72.026.409.873**

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

As of December 31, income from recovery of assets and decreases in allowances and provisions is detailed as follows:

		December	
		2019	**2018**
Recovery of written-down loans	¢	16.210.579.474	5.355.078.573
Recovery of receivables		0	2.000.000
Decrease in specific allowance for loan portfolio (See note 6-f)		30.084.197.147	7.510.822.749
Decrease in allowance for uncollectibility of other receivables		1.923.450.044	746.852.079
Decrease in allowance for uncollectibility of contingent loans		550.856.987	470.236.639
Decrease in generic allowance and counter cycle for loan portfolio (see note 6-f)		3.307.076.789	3.284.801.508
Decrease in generic allowance and counter cycle for contingent loans		72.442.934	187.686.324
	¢	**52.148.603.375**	**17.557.477.872**

(Continues)

(31) Service fee and commission income

As of December 31, service fee and commission income are detailed as follows:

		December	
		2019	**2018**
Drafts and transfers	¢	2.879.247.850	2.808.553.070
Foreign trade		294,142,659	315.244.590
Certified checks		7.901.229	8.246.607
Trust management		6,750,379,244	6.309.852.032
Custodial services		395.148.021	347.908.041
Ranking mandates		466.430	305.419
Collections		456.852.717	442.687.850
Credit Cards		47.884.223.805	45.028.011.621
Investment Fund management		8.574.296.811	8.278.136.994
Pension Fund management		6.767.906.509	5.847.177.377
Insurance undewriting		5.913.541.852	5.514.841.440
Brokerage fees (by third parties in local market)		2.453.144.182	1.890.161.731
Brokerage fees (by third parties in other markets)		40.185.652	45.729.907
Individual portfolio management fees		798,224,854	472.995.123
Commissions for operations with related parties		752,971	0
Commission from custodial services of authorized securities		412.957.666	332.411.846
Other commissions		34.967.502.095	28.149.343.448
	¢	**118.596.874.547**	**105.791.607.096**

(32) Income from interests in other companies

As of December 31, the income from interests in other companies is detailed as follows:

		December	
		2019	**2018**
Local entities:			
Interest in Bolsa Nacional de Valores, S.A.	¢	915.365	2.764.988
Interest in Bancrédito Agencia de Seguros S.A.		0	3.042.727
	¢	**915.365**	**5.807.715**

(33) Administrative expenses

(Continues)

As of December 31, administrative expenses are detailed as follows:

		December	
		2019	**2018**
Salaries and bonuses, permanent staff	¢	61.678.810.416	59.144.767.843
Salaries and bonuses, contractors		2.288.578.768	2.162.575.248
Compensation for directors and auditors		263.244.707	286.650.316
Overtime		992.754.383	890.248.050
Per diem		593.823.306	598.285.918
Statutory Christmas Bonus		5.618.641.173	5.402.016.072
Vacation		6.134.700.434	5.479.110.655
Incentivos		5.937.500	2.418.947
Fixed representation expenses		805,940,582	769.944.211
Other compensation		1.791.712.572	1.734.796.997
Contribution to severance payment		2.601.859.338	2.447.567.353
Social security charges		20.540.517.076	19.692.363.363
Refreshments		164.205.994	215.508.710
Uniforms		80.111.634	48.249.209
Training		654.684.697	790.257.274
Employee insurance		598.548.702	707.019.908
Assets for personal use		64.714.667	2.228.968
School bonus		7.692.970.630	7.363.309.737
Labor Capitalization Fund		1.806.479.488	1.729.720.015
Other personnel expenses		750.553.133	662.461.717
Outsourcing expenses		17.909.486.796	16.590.275.156
Trasnportation and communication expenses		5.367.285.693	5.182.028.012
Property insurance		103.824.859	139.385.788
Property maintenance and repair		5.923.003.514	5.238.648.854
Public utilities		3.062.626.213	3.010.810.583
Leasing of real properties		6.599.314.682	7.231.497.460
Leasing of furniture and equipment		1.052.742.120	847.390.008
Depreciation of property, plant and equipment		8.982.758.924	8.364.550.205
Amortization of leasehold property		618.624.688	1.261.359.065
Other infrastructure expenses		3.418.605.182	3,873,343,564
Overhead		24.432.809.072	18.642.552.693
	¢	**192.599.870.943**	**180.511.341.899**

(34) Statutory allocation of earnings

As of December 31, legal profit sharing (statutory allocations) of the period is detailed as follows:

		December	
		2019	**2018**
Allocation for CONAPE	¢	2.639.051.925	897.306.741
Allocation for Instituto Nacional de Fomento Cooperativo		2.753.365.034	1.226.757.771
Allocation for the National Emergency Commission		1.989.468.397	938.399.805
Allocation for Public Pension Fund Operators		1.107.213.183	887.991.426
Allocation for Invalidity, Old Age and Death Regime		8.464.205.147	2.691.920.224
	¢	**16.953.303.686**	**6.642.375.967**

As of May 31, 2019, the amount of ¢547.049.371 is transferred to the Costa Rican Social Security (CCSS) for the settlement of differences in the parafiscal contribution of the Disability, Old Age and Death Regime (IVM) of the years 2013 to 2016.

As of December 31, 2019, the amount of ¢11,057,611,045 is provisioned in response to the claim made by the Costa Rican Social Security (CCSS) regarding the calculation of 15% on the profits of the Bank of Costa Rica in compliance of the article 78 of the Workers Protection Law.

As of December 31, 2019 and 2018, there are not decreases in the legal allocations of the period's profits.

(35) Components of other comprehensive income

As of December 31, the components of other comprehensive income are detailed as follows:

		2019			2018		
		Amount before taxes	Tax benefit (expense)	Net taxes	Amount before taxes	Tax benefit (expense)	Net taxes
Adjustment for valuation of available- for-sale investments	¢	24.376.763.843	(6.802.993.568)	17.573.770.275	(9.206.483.130)	433.441.389	(8.773.041.741)
Exchange differences from translation effect of financial statements of foreign entities		(7.400.142.340)	0	(7.400.142.340)	8.840.303.696	0	8.840.303.696
	¢	**16.976.621.503**	**(6.802.993.568)**	**10.173.627.935**	**(366.179.434)**	**433.441.389**	**67.261.955**

(36) Operating leases

Lessee

As of December 31, non-cancellable operating leases are payable as follows:

		December 2019	December 2018
Less than one year	¢	112.644.450	1.338.124.295
From one to five years		901.155.600	1.890.768.236
More then five years		0	727.586.440
	¢	**1.013.800.050**	**3.956.478.971**

These leases correspond to furniture and equipment.

(37) Fair value of financial instruments

As of December 31, the fair values of the Bank's main financial assets and liabilities are as follows:

		December 2019		December 2018	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and due from banks	¢	722.905.067.842	722.905.067.842	814.045.043.709	814.045.043.708
Investments		1.211.405.014.420	1.201.379.994.692	1.007.307.832.491	995.085.494.388
Loan portfolio		3.847.677.208.257	2.826.303.108.531	3.969.449.549.877	3.745.470.571.285
		5.781.987.290.519	4.750.588.171.065	5.790.802.426.077	5.554.601.109.381
Demand deposits		2.250.238.943.798	2.250.238.943.799	2.153.745.704.879	2.153.745.704.879
Term deposits		1.919.112.150.633	1.556.161.355.873	1.911.189.859.042	1.977.435.498.276
Financial obligations		947.136.947.193	424.977.282.893	1.160.315.162.318	1.088.119.723.667
	¢	5.116.488.041.624	4.231.377.582.565	5.225.250.726.239	5.219.300.926.822

As of December 31, 2019, there are no subordinated obligations (¢6.065.401.676 in December, 2018).

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

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

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

b) Investments in financial instruments

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

c) Securities sold under repurchase agreements

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

d) Loan portfolio

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

e) Term deposits and loans payable

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

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

(38) Segments

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

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As of December 31, 2019, assets and liabilities of each segment are as follows:

		Bank	BCR Pensioes	BCR SAFI	BCR Valores	Foreign Bank	BCR Seguros	Depósito Agrícola de Cartago	Bancrédito Seguros	Total	Removal	Consolidated
Assets												
Cash and due from banks	¢	640.271.292.748	176.010.923	1.363.399.848	433.686.466	93.997.884.378	435.845.562	77.483.502	4.133.548	736.759.736.975	(13.854.669.133)	722.905.067.842
Investment in financial instruments		1.067.691.046.479	7.015.156.899	9.334.663.449	56.215.491.163	64.002.204.526	10.967.081.018	719.119.141	991.573.490	1.216.936.336.165	(5.620.793.951)	1.211.315.542.214
Loan portfolio		2.823.690.984.277	0	0	0	926.255.266.173	0	0	0	3.749.946.250.450	0	3.749.946.250.450
Accounts and fees receivable		3.538.215.113	671.931.709	814.216.083	339.839.462	3.966.490.679	479.914.857	114.802.717	0	9.925.410.620	(439.869.918)	9.485.540.702
Foreclosed assets		38.107.221.829	0	0	0	9.453.600.658	0	1.902.391	0	47.562.724.878	(2)	47.562.724.876
Interest in other companies (net)		122.223.886.977	0	0	65.417.188	0	0	0	0	122.289.304.165	(121.805.693.065)	483.611.100
Property, furniture and equipment, net		112.498.939.513	36.621.230	23.056.996	25.513.336	8.616.819.706	14.625.485	73.139.595	5.953.002	121.294.668.863	0	121.294.668.863
Property investments		6.441.924.521	0	0	0	0	0	0	0	6.441.924.521	0	6.441.924.521
Other assets		82.364.903.869	502.669.293	286.316.223	594.711.920	24.977.893.045	472.935.742	154.429.902	9.211.536	109.363.071.530	(1)	109,363,071,529
Total assets	¢	**4.896.828.415.326**	**8.402.390.054**	**11.821.652.599**	**57.674.659.535**	**1.131.270.159.165**	**12.370.402.664**	**1.140.877.248**	**1.010.871.576**	**6.120.519.428.167**	**(141.721.026.070)**	**5.978.798.402.097**
Liabilities and equity												
Liabilities												
Obligations with the public	¢	3.710.590.066.486	0	0	30.345.271.687	436.387.321.344	4.952.104	0	0	4.177.327.611.621	(7.976.517.189)	4.169.351.094.432
Obligations with entities		410.809.972.826	0	0	626.771.917	547.184.660.028	0	0	0	958.621.404.771	(11.498.945.895)	947.122.458.876
Accounts payable and provisions		160.300.501.136	2.348.276.082	1.158.977.839	3.209.036.433	6.839.070.433	1.514.040.874	210.015.976	3.304.458	175.583.223.231	(439.869.919)	175.143.353.312
Other liabilities		50.280.634.355	0	0	0	5.881.440.092	33.042.233	80.794	0	56.195.197.474	0	56.195.197.474
Subordinated obligations		0	0	0	0	0	0	0	0	0	0	0
Total lieabilities	¢	**4.331.981.174.803**	**2.348.276.082**	**1.158.977.839**	**34.181.080.037**	**996.292.491.897**	**1.552.035.211**	**210.096.770**	**3.304.458**	**5.367.727.437.097**	**(19.915.333.003)**	**5.347.812.104.094**
Equity												
Capital		181.409.990.601	3.993.983.485	4.839.200.000	12.626.000.000	38.609.421.071	2.250.000.000	305.842.762	190.000.000	244.224.437.919	(62.814.447.318)	181.409.990.601
Unfunded capital contributions		0	26.803.043	0	0	0	0	0	0	26.803.043	(26.803.043)	0
Equity adjustments		51.240.522.352	26.850.257	(82.281.986)	1.772.998.526	44.790.625.991	125.167.906	0	0	97.873.883.046	(46.633.360.694)	51.240.522.352
Capital reserves		264.398.962.426	255.890.000	967.840.000	1.304.993.898	27.373.537.753	250.000.000	29.059.469	36.630.232	294.616.913.778	(30.217.951.352)	264.398.962.426
Prior periods retained earnings		974.784.271	643.374.004	2.739.560.743	5.045.103.611	17.489.038.097	5.457.991.458	490.455.195	772.824.274	33.613.131.653	(32.638.347.382)	974.784.271
Profit for the period		37.069.048.618	1.107.213.183	2.198.356.003	2.744.483.463	6.715.044.356	2.735.208.089	105.423.052	8.112.612	52.682.889.376	(15.613.840.758)	37.069.048.618
Development Financing Fund		29.753.932.255	0	0	0	0	0	0	0	29.753.932.255	0	29.753.932.255
Minority interest		0	0	0	0	0	0	0	0	0	66.139.057.480	66.139.057.480
Total equity		564.847.240.523	6.054.113.972	10.662.674.760	23.493.579.498	134.977.667.268	10.818.367.453	930.780.478	1.007.567.118	752.791.991.070	(121.805.693.067)	630.986.298.003
Total liabilities and equity	¢	**4.896.828.415.326**	**8.402.390.054**	**11.821.652.599**	**57.674.659.535**	**1.131.270.159.165**	**12.370.402.664**	**1.140.877.248**	**1.010.871.576**	**6.120.519.428.167**	**(141.721.026.070)**	**5.978.798.402.097**
Debit contingent accounts	¢	1.159.730.857.179	0	0	0	92.629.696.512	0	0	0	1.252.360.553.691	0	1.252.360.553.691
Trust assets	¢	1.153.981.536.799	0	0	165.389.415	47.389.074.444	0	0	0	1.201.536.000.658	0	1.201.536.000.658
Trust liabilities	¢	452.162.683.011	0	0	4.504.233	0	0	0	0	452.167.187.244	0	452.167.187.244
Trust equity	¢	701.818.853.788	0	0	160.885.182	47.389.074.444	0	0	0	749.368.813.414	0	749.368.813.414
Other debit memoranda accounts	¢	18.798.286.142.213	1.244.581.630.345	634.177.600.419	643.173.666.495	1.402.518.899.644	0	4.733.797.836	0	22.727.471.736.952	0	22.727.471.736.952

(Continues)

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As of December 31, 2018, assets and liabilities of each segment are as follows:

		Bank	BCR Pensioes	BCR SAFI	BCR Valores	Foreign Bank	BCR Seguros	Depósito Agrícola de Cartago	Bancrédito Seguros	Total	Removal	Consolidated
<u>Assets</u>												
Cash and due from banks	¢	742.278.663.254	140.528.600	275.874.741	623.318.730	78.733.734.807	363.458.041	44.022.249	824.493.594	823.284.094.016	(9.239.050.307)	814,045,043,709
Investment in financial instruments		857.513.058.297	5.250.591.516	8.233.544.652	49.478.882.170	78.748.473.461	7.749.547.140	576.912.198	166.129.791	1.007.717.139.225	(516.972.164)	1.007.200.167.061
Loan portfolio		2.900.766.822.854	0	0	0	960.917.633.272	0	0	0	3.861.684.456.126	0	3,861,684,456,126
Accounts and fees receivable		4.930.228.116	555.201.309	829.370.353	2.364.740.805	2.945.314.557	624.880.122	91.036.127	0	12.340.771.389	(393.408.691)	11.947.362.698
Foreclosed assets		42.319.605.317	0	0	0	9.885.604.102	0	1.902.391	0	52.207.111.810	0	52,207,111,810
Interest in other companies (net)		111.419.631.318	0	0	65.417.188	0	0	0	0	111.485.048.506	(111.406.588.590)	78.459.916
Property, furniture and equipment, net		107.280.590.011	42.952.428	31.171.589	2.882.054	7.487.144.035	23.238.149	100.915.080	9.312.454	114.978.205.800	(1)	114.978.205.799
Property investments		6.441.924.521	0	0	0	0	0	0	0	6.441.924.521	0	6.441.924.521
Other assets		78.886.883.324	590.073.555	899.600.516	569.818.179	24.897.504.570	424.972.642	134.712.750	32.606.250	106.436.171.786	0	106,436,171,786
Total assets	¢	**4.851.837.407.012**	**6.579.347.408**	**10.269.561.851**	**53.105.059.126**	**1.163.615.408.804**	**9.186.096.094**	**949.500.795**	**1.032.542.089**	**6.096.574.923.179**	**(121.556.019.753)**	**5,975,018,903,426**
Liabilities and equity												
Liabilities												
Obligations with the public	¢	3.597.889.018.735	0	0	28.000.114.289	443.030.874.660	825.000	0	0	4.068.920.832.684	(3.985.268.763)	4.064.935.563.921
Obligations with the Central Bank of Costa Rica		120.169.801.382	0	0	0	0	0	0	0	120.169.801.382	0	120.169.801.382
Obligations with entities		458.526.603.988	0	0	5.309.868.370	576.002.218.125	0	0	0	1.039.838.690.483	(5.770.753.712)	1.034.067.936.771
Accounts payable and provisions		79.172.703.512	1.465.261.468	1.778.071.269	947.239.026	5.407.948.639	1.092.580.783	123.935.809	33.087.582	90.020.828.088	(393.408.688)	89.627.419.400
Other liabilities		33.783.459.893	0	0	0	3.572.611.054	121.339.660	90.941	0	37.477.501.548	0	37,477,501,548
Subordinated obligations		6.065.401.676	0	0	0	0	0	0	0	6.065.401.676	0	6.065.401.676
Total lieabilities	¢	**4.295.606.989.186**	**1.465.261.468**	**1.778.071.269**	**34.257.221.685**	**1.028.013.652.478**	**1.214.745.443**	**124.026.750**	**33.087.582**	**5.362.493.055.861**	**(10.149.431.163)**	**5,352,343,624,698**
Equity												
Capital		162.502.557.907	3.589.236.008	4.839.200.000	12.626.000.000	38.609.421.071	1.250.000.000	305.842.762	190.000.000	223.912.257.748	(61.409.699.841)	162,502,557,907
Unfunded capital contributions		18.907.432.694	431.550.520	0	0	0	0	0	0	19.338.983.214	(431.550.520)	18.907.432.694
Equity adjustments		37.470.719.004	(50.582.014)	(301.365.638)	(1.106.557.042)	51.416.339.155	(203.823.952)	116.62	0	87.224.846.133	(49.754.127.129)	37,470,719,004
Capital reserves		253.327.207.494	255.890.000	835.038.930	1.167.769.725	24.977.596.026	250.000.000	25.517.886	36.630.232	280.875.650.293	(27.548.442.799)	253,327,207,494
Prior periods retained earnings		34.427.953.825	0	268.180.025	3.642.246.287	14.150.854.575	3.758.054.984	461.669.367	755.766.276	57.464.725.339	(23.036.771.514)	34.427.953.825
Profit for the period		21.950.383.108	887.991.426	2.850.437.265	2.518.378.471	6.447.545.499	2.917.119.619	32.327.410	17.057.999	37.621.240.797	(15.670.857.689)	21,950,383,108
Development Financing Fund		27.644.163.794	0	0	0	0	0	0	0	27.644.163.794	0	27.644.163.794
Minority interest		0	0	0	0	0	0	0	0	0	66.444.860.902	66,444,860,902
Total equity		556.230.417.826	5.114.085.940	8.491.490.582	18.847.837.441	135.601.756.326	7.971.350.651	825.474.045	999.454.507	734.081.867.318	(111.406.588.590)	622.675.278.728
Total liabilities and equity	¢	**4.851.837.407.012**	**6.579.347.408**	**10.269.561.851**	**53.105.059.126**	**1.163.615.408.804**	**9.186.096.094**	**949.500.795**	**1.032.542.089**	**6.096.574.923.179**	**(121.556.019.753)**	**5.975.018.903.426**
Debit contingent accounts	¢	329.880.553.290	0	0	0	92.086.620.571	0	0	0	421.967.173.861	0	421.967.173.861
Trust assets	¢	2.028.009.317.616	0	0	1.895.570.971	78.316.392.029	0	0	0	2.108.221.280.616	0	2.108.221.280.616
Trust liabilities	¢	461.310.097.572	0	0	44.738.146	0	0	0	0	461.354.835.718	0	461.354.835.718
Trust equity	¢	1.566.699.220.045	0	0	1.850.832.825	78.316.392.028	0	0	0	1.646.866.444.898	0	1.646.866.444.898
Other debit memoranda accounts	¢	6.775.149.939.288	1.029.796.556.814	601.337.786.012	425.103.579.207	2.116.051.107.154	0	4.287.653.532	0	10.951.726.622.007	0	10.951.354.523.912

(Continues)

BANCO DE COSTA RICA AND SUBSIDIARIES
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(With corresponding figures for 2018)

As of December 31, 2019, results of each segment are as follows:

	Bank	BCR Pensiones	BCR SAFI	BCR Valores	Bank abroad	BCR Seguros	Depósito Agrícola de Cartago	Bancrédito Seguros	Total	Removal	Consolidated
Financial income	¢ 342.535.159.708	390.869.548	510.598.903	4.466.064.553	66.242.731.787	633.406.641	36.537.293	20.096.366	414.835.464.799	(215.112.155)	414.620.352.644
Financial expenses	171.646.453.021	61.111.392	379.970.446	1.835.713.793	41.303.155.944	237.364.266	1.530.577	0	215.465.299.439	(215.112.157)	215.250.187.282
Expenses from allowance for assets impairment	38.104.784.993	234.078	0	27.281.171	2.910.103.381	33.516.224	0	0	41.075.919.847	0	41.075.919.847
Income from recovery of assets and decrease in allowance	52.097.450.943	0	0	0	0	51.152.432	0	0	52.148.603.375	0	52.148.603.375
Gross operating income	**184.881.372.637**	**329.524.078**	**130.628.457**	**2.603.069.589**	**22.029.472.462**	**413.678.583**	**35.006.716**	**20.096.366**	**210.442.848.888**	**2**	**210.442.848.890**
Other operating income	171.167.186.192	7.304.788.477	8.594.299.710	4.742.942.175	3.853.569.082	6.438.488.811	1.076.567.574	2.651.678	203.180.493.699	(17.553.747.976)	185.626.745.723
Other operating expenses	125.913.847.695	1.730.034.029	2.565.683.551	1.189.672.772	3.284.853.164	703.347.141	147.136.394	740.336	135.535.315.082	(5.230.279.207)	130.305.035.875
Gross operating income	**230.134.711.134**	**5.904.278.526**	**6.159.244.616**	**6.156.338.992**	**22.598.188.380**	**6.148.820.253**	**964.437.896**	**22.007.708**	**278.088.027.505**	**(12.323.468.767)**	**265.764.558.738**
Personnel expenses	95.892.554.958	2.117.247.832	2.825.591.894	2.629.153.534	9.070.472.347	1.978.884.887	604.352.463	10.531.285	115.128.789.200	0	115.128.789.200
Other administrative expenses	69.429.454.953	694.296.068	176.136.555	318.494.842	6.394.948.029	257.667.767	196.719.719	3.363.811	77.471.081.744	(1)	77.471.081.743
Administrative expesnes	**165.322.009.911**	**2.811.543.900**	**3.001.728.449**	**2.947.648.376**	**15.465.420.376**	**2.236.552.654**	**801.072.182**	**13.895.096**	**192.599.870.944**	**(1)**	**192.599.870.943**
Net operating income before taxes and profit sharing	**64.812.701.223**	**3.092.734.626**	**3.157.516.167**	**3.208.690.616**	**7.132.768.004**	**3.912.267.599**	**163.365.714**	**8.112.612**	**85.488.156.561**	**(12.323.468.766)**	**73.164.687.795**
Income tax	12.695.295.320	785.526.222	864.434.679	367.116.165	569.297.937	1.054.400.620	50.306.552	0	16.386.377.495	3	16.386.377.498
Deferred income tax	0	0	0	9.667.645	93.868.968	17.764.125	2.735.139	0	124.035.877	0	124.035.877
Decrease in income tax	391.695.977	0	0	8.837.377	245.443.257	12.473.263	0	0	658.449.874	0	658.449.874
Profit sharing	15.440.053.262	1.199.995.221	94.725.485	96.260.720	0	117.368.028	4.900.971	0	16.953.303.687	(1)	16.953.303.686
Net profit for the year	**37.069.048.618**	**1.107.213.183**	**2.198.356.003**	**2.744.483.463**	**6.715.044.356**	**2.735.208.089**	**105.423.052**	**8.112.612**	**52.682.889.376**	**(12.323.468.768)**	**40.359.420.608**
Results for the period atributable to minority interests	0	0	0	0	0	0	0	0	0	(3.290.371.990)	3.290.371.990
Results for the period atributable to the comptoller	**37.069.048.618**	**1.107.213.183**	**2.198.356.003**	**2.744.483.463**	**6.715.044.356**	**2.735.208.089**	**105.423.052**	**8.112.612**	**52.682.889.376**	**(15.613.840.758)**	**37.069.048.618**
Net income for the periods	**¢ 37.069.048.618**	**1.107.213.183**	**2.198.356.003**	**2.744.483.463**	**6.715.044.356**	**2.735.208.089**	**105.423.052**	**8.112.612**	**52.682.889.376**	**(15.613.840.758)**	**37.069.048.618**

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BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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(With corresponding figures for 2018)

As of December 31, 2018, results of each segment are as follows:

	Bank	BCR Pensiones	BCR SAFI	BCR Valores	Bank abroad	BCR Seguros	Depósito Agrícola de Cartago	Bancrédito Seguros	Total	Removal	Consolidated
Financial income	¢ 332.278.216.413	433.987.146	818.657.016	4.329.500.343	62.145.314.446	695.017.830	10.320.101	10.900.471	400.721.913.766	(339.094.352)	400.382.819.414
Financial expenses	165.604.032.151	674.703	0	2.252.159.389	35.632.020.573	0	688.614	0	203.489.575.430	(339.094.351)	203.150.481.079
Expenses from allowance for assets impairment	69.082.736.799	1.334.904	0	4.879.499	2.843.848.367	93.610.304	0	0	72.026.409.873	0	72.026.409.873
Income from recovery of assets and decrease in allowance	17.096.588.463	0	0	0	169.038.907	291.850.501	0	0	17.557.477.871	1	17.557.477.872
Gross operating income	**114.688.035.926**	**431.977.539**	**818.657.016**	**2.072.461.455**	**23.838.484.413**	**893.258.027**	**9.631.487**	**10.900.471**	**142.763.406.334**	**0**	**142.763.406.334**
Other operating income	149.119.596.876	6.439.736.816	8.304.045.474	3.907.454.569	2.399.376.865	5.945.795.958	264.921.190	42.084.755	176.423.012.503	(17.162.890.078)	159.260.122.425
Other operating expenses	81.496.793.039	1.650.619.843	2.374.029.226	716.873.174	4.381.707.259	569.295.431	13.853.838	8.329.567	91.211.501.377	(4.651.330.295)	86.560.171.082
Gross operating income	**182.310.839.763**	**5.221.094.512**	**6.748.673.264**	**5.263.042.850**	**21.856.154.019**	**6.269.758.554**	**260.698.839**	**44.655.659**	**227.974.917.460**	**(12.511.559.783)**	**215.463.357.677**
Personnel expenses	92.389.864.947	2.088.549.595	2.545.501.366	2.315.552.973	8.724.306.212	1.903.227.175	143.254.170	19.244.072	110.129.500.510	0	110.129.500.510
Other administrative expenses	63.124.881.702	739.267.985	143.358.989	244.807.381	5.798.224.049	250.876.743	69.920.381	10.504.160	70.381.841.390	(1)	70.381.841.389
Administrative expesnes	**155.514.746.649**	**2.827.817.580**	**2.688.860.355**	**2.560.360.354**	**14.522.530.261**	**2.154.103.918**	**213.174.551**	**29.748.232**	**180.511.341.900**	**(1)**	**180.511.341.899**
Net operating income before taxes and profit sharing	**26.796.093.114**	**2.393.276.932**	**4.059.812.909**	**2.702.682.496**	**7.333.623.758**	**4.115.654.636**	**47.524.288**	**14.907.427**	**47.463.575.560**	**(12.511.559.782)**	**34.952.015.778**
Income tax	1.664.738.617	545.495.772	1.087.581.257	42.485.115	867.545.754	1.012.801.057	11.036.010	0	5.231.683.582	0	5.231.683.582
Deferred income tax	0	0	0	68.894.071	18.532.505	90.347.412	2.735.139	0	180.509.127	0	180.509.127
Decrease in income tax	1.135.254.032	0	0	8.155.636	0	28.083.091	0	2.597.795	1.174.090.554	1	1.174.090.555
Profit sharing	5.354.368.780	959.789.734	121.794.387	81.080.475	0	123.469.639	1.425.729	447.223	6.642.375.967	0	6.642.375.967
Decrease in participations on profit	1.038.143.359	0	0	0	0	0	0	0	1.038.143.359	0	1.038.143.359
Net profit for the year	**21.950.383.108**	**887.991.426**	**2.850.437.265**	**2.518.378.471**	**6.447.545.499**	**2.917.119.619**	**32.327.410**	**17.057.999**	**37.621.240.797**	**(12.511.559.781)**	**25.109.681.016**
Results for the period atributable to minority interests	0	0	0	0	0	0	0	0	0	(3.159.297.908)	3.159.297.908
Results for the period atributable to the comptroller	**21.950.383.108**	**887.991.426**	**2.850.437.265**	**2.518.378.471**	**6.447.545.499**	**2.917.119.619**	**32.327.410**	**17.057.999**	**37.621.240.797**	**(9.352.261.873)**	**21.950.383.108**
Net income for the periods	**¢ 21.950.383.108**	**887.991.426**	**2.850.437.265**	**2.518.378.471**	**6.447.545.499**	**2.917.119.619**	**32.327.410**	**17.057.999**	**37.621.240.797**	**(9.352.261.873)**	**21.950.383.108**

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(39) Risk management

Comprehensive risk management

Sophistication and uncertainty of financial markets involve managing risks that may impair the value of entities and of third party resources it manages. Given this reality, the Bank implemented a System of Comprehensive Risk management, 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 system, aware that it contributes to the improvement of institutional processes, and hence to the achievement of objectives and goals.

Corporate risk management is led by the Corporate Risk Management and regulatory control depending on the General Board of Directors, counting with 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 entity at a risk level consistent with its profile and risk appetite as well as it business flows, complexity, operations volume and economic environment, and thus lead to the achievement of institutional 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 System.
- Strategies that seek to strengthen the system's maturity level.
- The risk management culture is promoted at all levels of the organization, thereby raising awareness of the importance of effective risk-based management.
- Methodologies and measurement models are available for the valuation of the different types of risk, which are periodically subjected to retrospective and stress tests, to adjust the variables and factors that influence the exposure to risks.
- Updated tools and systems are available to meet the needs of managing each type of risk.

- Risk and contingency management plans are in place to deal with situations that prevent the fulfillment of the stated objectives, as well as for materialized events whose consequences may generate negative impacts on the entities.

Classification of significant risks

The relevant risks to the Bank are classified as follows:

Financial
Credit
- Loan portfolio
- Investment portfolio (counterparty)

Market
- Liquidity
- Exchange rates
- Interest rates
- Prices

Operational
- Operating
- Legal
- Technological

Other
- Strategic
- Reputational
- Trust management
- Securitization management
- Conglomerate (intragroup)
- Money laundering and terrorism financing

Risk profile and limit structure

The members of the Conglomerate define a risk profile and appetite for each entity, which is reviewed and updated periodically by the risk taker and risk managing areas, and is approved by its board of directors. According to this profile, parameters of acceptability, appetite, tolerance limits and risk indicators defining the exposure levels to assume, are established, thereby generating alerts to deviations from normal behavior, enabling timely decision making.

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 Conglomerate members, incorporating flow of processes and internal control activities to minimize risk exposure.

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

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

Mitigation coverage

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

Evaluation of the effectiveness and maturity of the System

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

Information generated by the Comprehensive Risk Management System

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

(a) Credit risk management

Definition

Credit risk is the possibility of economic losses due to non-compliance with the conditions agreed upon by the debtor.

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, models and systems measuring credit risk that accurately reflect the value of the positions and their sensitivity to various risk factors are applied in corporative information from reliable sources.

The statistical support is complemented with expert criteria to analyze the borrower's ability to pay, as well a stress analysis on exposures to macroeconomic variables that are related to microeconomic and Bank's internal variables.

For the quantitative analysis of the loan portfolio, there is a model for the quantification of the expected loss, the Value at Risk (VaR) and economic capital, which is aligned with the standarads of Basel II.

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 Committee. Finally, there are limits to exposure to credit risk, to control exposure levels.

Exposure and risk management

As of December 2019, the percentage of arrears greater than 90 days was 2.65% (2,84% as of December 2018). The latter indicator is 1.35 percentage points below the regulatory limit to be in the normal range, with personal banking activities showing the highest delinquency; additionally, wholesale banking customers affected by the weather events that affected the country, entered this range of delinquency; nevertheless, payment arrangements are being made that allow clients to regularize their situation in the coming months.

The dollar portfolio accounts for 31.14% (35.96% in December, 2018) of the total portfolio. It is important to mention that the loan portfolio has had an increase, which has been managed strategically in order to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and in particular, the portfolio of clients not generating income in foreign currency.

The activities with the greatest relative importance are housing, services and commerce; As shown in Note 6.a (Loan portfolio by activity) to the Financial Statements, additionally, exposure limits are defined for the loan portfolio, and thus achieve in the medium and long term a portfolio structure of credit according to the risk appetite defined by the Superior Administration.

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

Also, the commercial area is kept informed on the inherent risks of the economic activities associated with credit underwriting, through specific studies, 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 December 2019, the expected loss methodology for investments was approved under the IFRS 9 approach, which will be effective from January 2020.

For the months of April, May and July 2019, the financial indicators of the loan portfolio of Banco de Costa Rica were affected, due to the loan portfolio received from Banco Crédito Agrícola de Cartago, in the indicator of default greater than 90 days.

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

		December 2019	December 2018
Banco de Costa Rica			
Loan portfolio, gross	¢	2.890.645.076.789	2.974.955.076.905
Plus, interest receivable		19.142.390.452	21.406.850.362
Less, allowance for impairment		(86.096.482.964)	(95.595.104.413)
Loan portfolio, net	¢	**2.823.690.984.277**	**2.900.766.822.854**
Banco Internacional de Costa Rica, S.A. and subsidiaries			
Loan portfolio, gross	¢	933.129.952.408	968.285.850.277
Plus, interest receivable		4.759.258.403	4.801.242.127
Less, allowance for impairment		(11.633.944.639)	(12.169.459.133)
Loan portfolio, net	¢	**926.255.266.172**	**960.917.633.271**
Total Net Consolidated Loan Portfolio	¢	**3.749.946.250.449**	**3.861.684.456.125**

(Continues)

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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The Bank's financial instruments exposed to credit risk are as follows:

			Direct Loan Portfolio			Contingent Loan Portfolio	
			December	December		December	December
	Note		2019	2018	Note	2019	2018
Principal	6a	¢	2.890.645.076.789	2.974.955.076.905		216.059.442.237	243.306.223.126
Interest			19.142.390.452	21.406.850.362		0	0
			2.909.787.467.241	2.996.361.927.267		216.059.442.237	243.306.223.126
Allowance for bad loans			(86.096.482.964)	(95.595.104.413)		(341.258.036)	(390.977.867)
Carrying amount		¢	2.823.690.984.277	2.900.766.822.854		215.718.184.201	242.915.245.259
Loan portfolio							
Total balance:							
A1		¢	2.140.096.497.300	2.333.044.421.273		207.521.255.529	231.900.929.664
A2			32.609.815.445	24.696.596.914		641.636.118	541.563.168
B1			284.540.809.597	279.542.984.375		3.716.911.860	4.521.880.849
B2			22.139.029.614	30.418.866.589		148.243.202	77.982.607
C1			151.027.085.878	83.072.430.022		1.671.067.682	3.175.211.850
C2			18.926.297.078	29.425.123.392		58.679.901	167.520.857
D			61.591.553.118	20.632.634.079		1.319.235.516	879.008.820
E			144.679.599.194	195.528.870.623		971.235.998	2.042.125.311
1			50.697.217.698	0		11.176.431	0
2			663.646.827	0		0	0
3			1.878.811.421	0		0	0
4			610.828.899	0		0	0
6			326.275.172	0		0	0
			2.909.787.467.241	2.996.361.927.267		216.059.442.237	243.306.223.126
Allowance for bad loans			(72.437.945.136)	(83.756.518.417)		(309.348.550)	(355.673.142)
Carrying amount, net			2.837.349.522.105	2.912.605.408.850		215.750.093.687	242.950.549.984
Carrying amount			2.909.787.467.241	2.996.361.927.267		216.059.442.237	243.306.223.126
Allowance for bad loans			(72.437.945.136)	(83.756.518.417)		(309.348.550)	(355.673.142)
(Excess) inadequacy of allowance over structural estimate			(13.658.537.828)	(11.838.585.996)		(31.909.486)	(35.304.725)
Carrying amount, net	6a	¢	2.823.690.984.277	2.900.766.822.854		215.718.184.201	242.915.245.259

(Continues)

The assessed loan portfolio with allowance is detailed as follows:

As of December 31, 2019

Loan portfolio		Direct Loan Portfolio				Contigent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.140.096.497.304	1.421.109.524.419	718.986.972.885	10.700.482.593	207.521.255.527	141.743.866
A2		32.609.815.445	28.082.878.468	4.526.936.677	163.049.078	641.636.118	0
1		50.697.217.694	18.572.490.503	32.124.727.195	132.644.469	11.176.431	6.735
		2.223.403.530.443	1.467.764.893.390	755.638.636.757	10.996.176.140	208.174.068.076	141.750.601
Direct specific allowance							
B1		284.540.809.597	239.227.981.862	45.312.827.736	3.461.781.297	3.716.911.862	5.587.769
B2		22.139.029.614	20.457.582.814	1.681.446.801	270.432.595	148.243.202	12.471
C1		151.027.085.878	141.380.704.671	9.646.381.207	3.118.498.827	1.671.067.682	49.572.974
C2		18.926.297.078	17.704.807.389	1.221.489.689	699.268.883	58.679.901	0
D		61.591.553.118	51.691.577.982	9.899.975.136	7.385.412.816	1.319.235.516	112.424.735
E		144.679.599.194	92.515.618.420	52.163.980.774	46.398.294.344	971.235.998	0
2		663.646.827	639.497.954	24.148.873	4.404.933	0	0
3		1.878.811.421	1.567.006.813	311.804.608	85.786.186	0	0
4		610.828.899	590.590.011	20.238.888	13.072.394	0	0
6		326.275.172	323.073.820	3.201.352	4.816.721	0	0
		686.383.936.798	566.098.441.735	120.285.495.063	61.441.768.996	7.885.374.161	167.597.949
		2.909.787.467.241	2.033.863.335.125	875.924.131.820	72.437.945.136	216.059.442.237	309.348.550

Loan portfolio							
Aging loan portfolio		Direct Loan Portfolio				Contigent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date		2.095.347.786.968	1.384.364.870.217	710.982.916.756	10.605.889.754	208.157.891.645	141.725.601
Equal or less than 30 days		75.482.895.641	63.226.160.758	12.256.734.882	380.908.235	0	0
Equal or less than 60 days		1.866.850.165	1.594.622.387	272.227.478	9.334.252	5.000.000	25.000
More than 180 days		8.779.971	6.749.526	2.030.445	43.900	0	0
		2.172.706.312.745	1.449.192.402.888	723.513.909.561	10.996.176.141	208.162.891.645	141.750.601
Direct specific allowance							
Equal or less than 30 days		515.256.584.542	415.168.018.518	100.088.566.025	18.759.878.216	7.896.550.592	167.597.949
Equal or less than 60 days		39.424.176.245	34.969.342.603	4.454.833.642	2.104.161.281	0	0
Equal or less than 90 days		76.425.558.490	64.272.802.096	12.152.756.394	6.905.607.932	0	0
Equal or less than 180 days		24.173.122.973	19.918.091.154	4.255.031.819	3.149.302.752	0	0
More than 180 days		17.157.055.151	11.722.413.577	5.434.641.573	4.801.881.511	0	0
Equal or less than 30 days		64.644.657.095	38.620.264.289	26.024.392.806	25.720.937.305	0	0
		737.081.154.496	584.670.932.237	152.410.222.259	61.441.768.997	7.896.550.592	167.597.949
	¢	2.909.787.467.240	2.033.863.335.125	875.924.131.821	72.437.945.136	216.059.442.237	309.348.550

(Continues)

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As of December 31, 2018

Loan portfolio		Direct Loan Portfolio				Contigent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
A1	¢	2.333.044.421.273	1.396.939.818.468	936.104.602.805	12.145.918.373	231.900.929.664	179.578.067
A2		24.696.596.914	20.944.734.321	3.751.862.5923	123.482.332	541.563.167	141.74
		2.357.741.018.187	1.417.884.552.789	939.856.465.398	12.269.400.705	232.442.492.831	179.719.807
Direct specific allowance							
B1		279.542.984.375	244.071.876.873	35.471.107.502	2.994.830.306	4.521.880.849	26.522.213
B2		30.418.866.589	28.422.919.078	1.995.947.511	341.707.685	77.982.607	0
C1		83.072.430.022	77.117.170.589	5.955.259.433	1.836.850.988	3.175.211.850	45.838.822
C2		29.425.123.392	28.105.154.382	1.319.969.010	799.869.405	167.520.857	170.532
D		20.632.634.079	15.441.510.555	5.191.123.524	3.250.712.787	879.008.819	33.382.979
E		195.528.870.623	122.875.671.503	72.653.199.120	62.263.146.541	2.042.125.313	70.038.789
		638.620.909.080	516.034.302.980	122.586.606.100	71.487.117.712	10.863.730.295	175.953.335
		2.996.361.927.267	1.933.918.855.769	1.062.443.071.498	83.756.518.417	243.306.223.126	355.673.142

Loan portfolio Aging loan portfolio		Direct Loan Portfolio				Contigent Loan Portfolio	
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance	Principal	Allowance
Up to date		2.282.111.456.373	1.358.722.812.158	923.388.644.215	11.891.273.367	232.437.492.832	179.694.807
Equal or less than 30 days		73.671.064.534	57.524.723.945	16.146.340.589	368.339.194	0	0
Equal or less than 60 days		1.202.590.675	999.974.042	202.616.633	6.012.287	5.000.000	25.000
More than 180 days		755.906.604	637.042.645	118.863.959	3.775.858	0	0
		2.357.741.018.186	1.417.884.552.790	939.856.465.396	12.269.400.706	232.442.492.832	179.719.807
Direct specific allowance							
Up to date		383.865.706.092	332.565.268.235	51.300.437.857	14.138.661.975	10.819.730.294	174.775.620
Equal or less than 30 days		46.488.777.074	37.528.064.102	8.960.712.972	4.049.099.431	0	0
Equal or less than 60 days		72.230.181.660	60.156.091.671	12.074.089.989	5.385.461.734	44.000.000	1.177.715
Equal or less than 90 days		46.460.514.193	33.014.587.669	13.445.926.524	12.061.807.708	0	0
Equal or less than 180 days		32.051.303.040	20.297.621.671	11.753.681.369	10.640.765.867	0	0
More than 180 days		57.524.427.022	32.472.669.631	25.051.757.391	25.211.320.996	0	0
		638.620.909.081	516.034.302.979	122.586.606.102	71.487.117.711	10.863.730.294	175.953.335
	¢	2.996.361.927.267	1.933.918.855.769	1.062.443.071.498	83.756.518.417	243.306.223.126	355.673.142

(Continues)

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

		Loans receivable	
As of December 31, 2019		**Gross**	**Net**
Risk category:			
A1	¢	2.140.096.497.300	2.129.396.014.706
A2		32.609.815.445	32.446.766.367
B1		284.540.809.597	281.079.028.300
B2		22.139.029.614	21.868.597.019
C1		151.027.085.878	147.908.587.051
C2		18.926.297.078	18.227.028.195
D		61.591.553.118	54.206.140.302
E		144.679.599.194	98.281.304.850
1		50.697.217.698	50.564.573.230
2		663.646.827	659.241.893
3		1.878.811.421	1.793.025.235
4		610.828.899	597.756.505
6		326.275.172	321.458.451
	¢	**2.909.787.467.241**	**2.837.349.522.104**

		Loans receivable	
As of December 31, 2018		**Gross**	**Net**
Risk category:			
A1	¢	2.333.044.421.273	2.320.898.502.899
A2		24.696.596.914	24.573.114.582
B1		279.542.984.375	276.548.154.069
B2		30.418.866.589	30.077.158.904
C1		83.072.430.022	81.235.579.033
C2		29.425.123.392	28.625.253.987
D		20.632.634.079	17.381.921.292
E		195.528.870.623	133.265.724.084
	¢	**2.996.361.927.267**	**2.912.605.408.850**

In compliance with SUGEF Directive 1-05, as of December 31, 2019, the Bank must maintain a minimum allowance in the amount of ¢86.437.741.000 of which ¢86.096.482.964 is allocated to the valuation of the direct loan portfolio and ¢341.258.036 to the contingent loan portfolio. Additionally, the countercyclical allowance is of ¢8.573.550.597 (¢10.080.620.964 as of December 31 2018), the Bank must maintain a structural allowance in the amount of ¢95.986.082.280 (corresponding to the direct loan portfolio for ¢95.595.104.413 and contingent loans for ¢390.977.867).

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

		December 2019	December 2018
Banco Internacional de Costa Rica, S.A. and subsidiaries			
Principal	¢	933.129.952.408	968.285.850.883
Interest		4.759.258.974	4.801.242.153
		937.889.211.382	**973.087.093.036**
Allowance for doubtful accounts		(11.633.945.209)	(12.169.459.133)
Carrying amount	¢	**926.255.266.173**	**960.917.633.903**
Loan portfolio, net of allowance	¢	**911.476.889.804**	**942.288.593.434**
At amortized cost			
Level 1: Normal or low risk		861.363.710.415	896.215.736.427
Level 2: Special mention		43.367.752.509	51.506.514.093
Level 3: Subnormal		15.621.533.779	12.883.489.105
Level 4: Doubtful		3.628.377.141	236.665.827
Level 5: Uncollectable		9.148.578.565	7.443.445.429
		933.129.952.409	968.285.850.881
Allowance for impairment		(11.633.944.639)	(12.169.459.133)
Carrying amount		**921.496.007.770**	**956.116.391.748**
Impaired renegociated loans			
Gross amount		12.750.923.116	13.960.216.539
Impaired amount		**12.750.923.116**	**13.960.216.539**
Allowance for impairment		4.746.609.817	2.417.813.844
Total, net		**8.004.313.299**	**11.542.402.695**
Not in arrears or impaired			
Level 1: Normal or low risk		861.363.710.415	896.215.736.427
Level 2: Special mention		43.367.752.509	51.506.514.093
Sub-total		**904.731.462.924**	**947.722.250.520**
Individually impaired			
Level 3: Subnormal		15.621.533.779	12.883.489.105
Level 4: Doubtful		3.628.377.141	236.665.827
Level 5: Uncollectable		9.148.578.564	7.443.444.825
Sub-total		**28.398.489.484**	**20.563.599.757**
Allowance for impairment			
Specific		11.391.195.186	12.020.183.869
Collective		242.750.023	149.275.264

(Continues)

Total allowance for impairment		**11.633.945.209**	**12.169.459.133**
Clients´obligations for acceptances			
Carrying amount	¢	**10.019.117.966**	**13.827.798.316**
Interest receivable	¢	**4.759.258.403**	**4.801.242.153**
Net loan portfolio (carrying amount)	¢	**926.255.266.173**	**960.917.633.903**

As of December 31, 2019, the allowance for impairment of BICSA's loan portfolio is of ¢11.633.944.639 (¢10.182.279.930 in December, 2018).

As of December 31, the concentration of the portfolio of direct loans and contingent loans by sector (economic activity) is as follows:

		December 2019		December 2018	
		Direct Loan Portfolio	Contingent Loan Portfolio	Contingent Loan Portfolio	Contingent Loan Portfolio
Trade	¢	243.300.874.984	25.816.516.056	243.257.482.231	42.724.099.978
Manufacturing		478.147.981.215	9.512.784.837	462.724.969.790	5.640.896.299
Construction, purchase and repair of real estate		1.070.910.089.265	11.763.944.616	930.906.950.119	10.030.348.611
Agriculture, livestock, hunting and related services		176.346.724.910	32.942.444	188.158.839.710	99.486.094
Fishing and aquaculture		0	0	16.137.213	0
Consumption		317.399.801.781	110.276.827.778	326.495.491.756	105.294.172.560
Education		3.132.752.060	0	2.975.261.640	0
Transportation		53.197.595.019	521.614.518	67.378.105.824	709.024.690
Stock exchange		4.428.284.885	0	4.755.620.543	0
Electricity, telecom, gas and water		56.060.114.266	0	43.332.063.176	0
Services		1.317.745.627.908	156.903.790.751	1.574.361.920.152	176.947.721.605
Hospitality		96.951.324.016	0	87.781.644.996	0
Mining and quarries		42.958.074	0	125.055.288	0
Real estate, business and leasing activities		4.631.954.197	0	9.257.764.707	0
Goverment financial		0	3.280.111.258	0	4.285.216.454
Real estate, business and leasing activities		1.479.476.822	18.139.117	1.714.150.243	19.230.497
See notes 6 and 19	¢	**3.823.775.559.402**	**318.126.671.375**	**3.943.241.457.388**	**345.750.196.788**
Other contingencies		0	934.233.882.316	0	76.216.977.073
		3.823.775.559.402	**1.252.360.553.691**	**3.943.241.457.388**	**421.967.173.861**

(Continues)

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

		December 2019	December 2018
Argentina	¢	1.710.270.000	1.813.170.000
Brasil		12.990.029.694	5.718.738.180
Chile		0	3.021.950.000
Colombia		44.938.484	80.875.239
Costa Rica		390.724.942.332	400.330.162.703
Ecuador		49.526.413.115	82.052.266.233
El Salvador		47.761.572.960	49.892.127.360
España		3.420.540.000	0
Estados Unidos de América		44.326.855.962	32.050.534.560
Guatemala		46.943.036.028	44.493.705.605
Honduras		6.060.670.687	7.823.178.831
Islas o Países del Caribe		5.700.900.000	0
Islas Vírgenes Británicas		4.824.906.547	7.242.828.443
México		16.157.149.866	25.168.193.323
Nicaragua		31.545.526.526	40.527.694.799
Panamá		252.612.870.646	252.103.492.236
Paraguay		479.982.715	846.590.227
Perú		15.092.590.594	11.448.568.730
Uruguay		0	272.080.664
Otros		3.206.756.252	3.399.693.144
	¢	**933.129.952.408**	**968.285.850.277**

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

		December 2019	December 2018
Costa Rica	¢	2.890.645.076.789	2.974.955.076.905
	¢	**2.890.645.076.789**	**2.974.955.076.905**

As of December 31, 2019, the Bank keeps trust commissions in the amount of ¢2.963.305 (¢6.076.900 in December, 2018).

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

		December 2019	December 2018
Properties	¢	138.622.673.204	129.225.209.260
Others		1.867.125.680	2.540.700.359
	¢	**140.489.798.884**	**131.765.909.619**

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

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

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

		December 2019	December 2018
Guarantee			
Pledged assets	¢	37.823.126.150	40.565.038.244
Collections		110.115.252.224	83.051.818.502
Fiduciary		540.514.028.194	561.352.962.347
Mortgage		1.609.670.065.189	1.625.920.104.351
Chattel		441.506.379.609	498.212.329.107
Others		1.084.146.708.036	1.134.139.204.837
	¢	**3.823.775.559.402**	**3.943.241.457.388**

(Continues)

As of December 31, 2019, 54% of the loan portfolio is secured by mortgage or chattel collaterals (54% as at December 2018).

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 equity relationships among debtors with total active operations. As of December 31, 2019, 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, 2019:

No.	Percentage	Band		Total amount	Nº of customers
1	0-4.99%	22.290.447.651	¢	32.598.630.789	273
2	5-9.99%	44.580.895.303		60.792.097.415	79
3	10-14.99%	66.871.342.954		106.787.344.751	1
4	15-20%	89.161.790.605		868.259.719.157	296
Total			¢	**1.068.437.792.112**	**649**

As of December 31, 2017:

No.	Percentage	Band		Total amount	Nº of customers
1	0-4.99%	20.791.488.270	¢	36.546.012.645	291
2	5-9.99%	41.582.976.540		117.927.970.261	83
3	10-14.99%	62.374.464.810		119.463.421.498	2
4	15-20%	83.165.953.080		978.407.490.753	287
Total			¢	**1.252.344.895.157**	**663**

(b) Market risk management

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 the requirements or obligations with third parties due to insufficient cash flow, resulting from the outcome between term recoveries (asset operations) and term obligations (liability operations), or to improper price formation mechanism that disables the price to transform an asset and/or liability into cash.

Price of assets and inflations risk measures the potential losses that may occur in financial assets included in the Investment portfolios, and a decline in the purchasing power of the cash flows received by the Bank.

The risk of interest rates measures the possibility that the entity incurs in losses as a result of changes in the present value of assets and liabilities in which the Bank holds positions on or off balance.

The exchange rate risk is the possibility of economic loss due to variations in the exchange rate. This risk also arises when the net result of the exchange rate adjustments does not compensate proportionally the adjustment in the value of assets in foreign currency, causing a reduction in the equity indicator or in any model affected negatively in the determination of the exchange rate risk by variations in this macro price, as in Camel's indicators or own statisticians.

Risk management methodology

Regarding the management of market risk for the BCR's investments portfolio, daily monitoring of risk factors (interests rates and exchange rate) impact is given through the Value at Risk methodology (VaR).

In addition, the risk derived from the Price quotations of financial instruments in the market is monitored through the methodology of historical simulation of VaR calculations established in SUGEF's agreement 3-06; this allows the entity to manage the impact of this risk on the net worth adequacy.

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.

Counterparty risk management is carried out through the fulfillment of the investments profile established by the Bank in its internal policies, and the reporting of issuers, which analyzes the financial statements and the default risk by issuers, according to internal studies and risk rating. These limits are monitored weekly as established in the policies for managing the BCR's investment in securities.

The management of the liquidity risk is periodically assessed by daily updating of the BCR projected cash flows to six months through an automated application, for the preparation of the gap report to one and three months both in colones and in US dollars.

In order to decrease the liquidity risk, following variables are taken into consideration: deposits volatility, debt levels, liability structure, and liquidity degree of assets, availability of funding and the overall effectiveness of the gap of timelines.

Tolerance limits and risk indicators

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

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

Exposure and risk management

(c) Liquidity risk

The Bank continues with the liquidity strategy that seeks to increase deposits with the public and reduce their volatility, as well as diversify sources of wholesale funding. The foregoing in order to achieve a consistent growth of deposits with their placements, which not only allows compliance with regulatory indicators but also strengthens the Bank and promotes the fulfillment of the commercial goals given by its budget. These efforts have not only been carried out at the Bank level, but also impregnated within the BCR Financial Conglomerate; mainly on the issue of concentration of liabilities. These efforts have not only been carried out at the Bank, but also impregnated within the BCR; Financial Conglomerate; mainly on the issue of concentration of liabilities.

Cash and cash equivalents show a year-on-year upward trend of 9.43% in almost all items except cash, checking accounts and demand deposits in foreign financial institutions and investments in financial instruments. This is an effect of the liquidity strategy to comply with regulatory liquidity indicators (see cash and cash equivalents table in note 2).

Demand deposits increased by 5.16% on a year-on-year basis, due to the increase in current account balances, and savings deposits (see chart of demand obligations with the public in note 4).

Wholesale funding decreases by 29.7% on a year-on-year basis, mainly due to the cancellation of term deposits with the Central Bank and loans with financial institutions abroad. (See table of obligations with financial institutions and the Central Bank in note 5).

As of December 31, 2019, the Bank´s liquidity coverage indicator (ICL) was of 1.45 times in colones and 1.19 times in US dollars, complying satisfactory values for the limits defined by SUGEF of 1 and according to the entity's risk profile.

In the following table, at the end of December 2019, an improvement both in US dollars and in colones is observed:

	December 2019	**December 2018**
Liquidity coverage indicator (in colones)	1.45	1.08
Liquidity coverage indicator (US Dollars)	1.19	1.02
Regulatory limit	1.00	0.9

As of December 31, 2019, the results of matched terms are shown as follows:

Regulatory liquidity matches by currency and term

Indicator	**Interpretation**	**Observation**	**Approved levels**	
1 month term matching US Dollars	Ratio between assets and liabilities with account´s volatitlity	1.88	Limite:	1.13
1 month term matching colones		2.02	Limite:	1.03
3 month term matching US Dollars		1.33	Limite:	0.98
3 month term matching colones		1.25	Limite:	0.88

As of December 10, 2018, the results of term matches are shown as follows:

Regulatory liquidity matches by currency and term

Indicator	**Interpretation**	**Observation**	**Approved levels**	
1 month term matching US Dollars	Ratio between assets and liabilities with account´s volatitlity	1.16	Limite:	1.10
1 month term matching colones		1.35	Limite:	1.00
3 month term matching US Dollars		1.03	Limite:	0.94
3 month term matching colones		0.96	Limite:	0.85

The term matches show a constant and significant loose with respect to regulatory limits, which is a direct effect of the measures taken in the liquidity strategy for compliance with the Liquidity Coverage Indicator.

(Continues)

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

As of December 31, 2019

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 form banks	¢	229.761.819.212	0	0	0	0	0	107.088.735	0	229.868.907.947
Legal reserve account-BCCR		282.163.908.195	35.484.858.562	26.229.955.506	24.735.371.910	49.513.694.556	52.330.822.824	22.577.548.342	0	493.036.159.895
Investment in securities		2.226.281.635	426.169.870.893	7.783.725.783	81.107.976.646	108.722.907.916	177.237.559.971	398.131.671.847	0	1.201.379.994.691
Interest on investments		5.933.922	2.520.418.935	1.776.236.263	3.228.759.212	2.234.372.749	68.871.278	190.427.369	0	10.025.019.728
Loan portfolio		35.573.042.125	110.081.306.633	101.343.051.749	80.350.417.297	324.428.943.867	252.882.630.172	2.736.981.557.700	182.134.609.859	3.823.775.559.402
Interest on loans		33.764.720	9.711.113.822	471.780.561	292.023.051	1.779.875.538	367.194.652	3.598.541.002	7.647.355.510	23.901.648.856
	¢	**549.764.749.809**	**583.967.568.845**	**137.604.749.862**	**189.714.548.116**	**486.679.794.626**	**482.887.078.897**	**3.161.586.834.995**	**189.781.965.369**	**5.781.987.290.519**
P Liabilities										
Obligations with the public	¢	2.188.434.532.448	333.472.030.549	218.469.919.342	223.863.420.425	417.835.586.023	504.181.290.039	260.922.891.576	0	4.147.179.670.402
Obligations with financial		184.226.978.279	86.324.323.216	47.765.572.277	75.840.068.993	144.556.583.815	138.420.317.349	261.780.532.709	0	938.914.376.638
Charges payable on obligations		1.194.138.197	6.492.308.796	4.657.851.429	5.098.656.839	6.284.569.895	3.934.280.870	2.732.188.558	0	30.393.994.584
		2.373.855.648.924	**426.288.662.561**	**270.893.343.048**	**304.802.146.257**	**568.676.739.733**	**646.535.888.258**	**525.435.612.843**	**0**	**5.116.488.041.624**
Asset and liability gaps	¢	**(1.824.090.899.115)**	**157.678.906.284**	**(133.288.593.186)**	**(115.087.598.141)**	**(81.996.945.107)**	**(163.648.809.361)**	**2.636.151.222.152**	**189.781.965.369**	**665.499.248.895**

(Continues)

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

As of December 31, 2018

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 form banks	242.737.565.916	94.438.344	0	0	0	0	40.224.225	0	242.872.228.485
Legal reserve account-BCCR	321.251.070.932	48.517.406.948	33.904.481.982	28.367.041.866	68.804.109.394	44.046.684.745	26.282.019.356	0	571.172.815.223
Investment in securities	430.434.843	162.907.940.428	26.399.860.865	35.873.629.737	114.369.077.692	202.806.943.595	452.297.607.228	0	995.085.494.388
Interest on investments	0	3.391.364.772	443.928.274	4.814.745.039	2.737.996.356	578.244.821	256.058.842	0	12.222.338.104
Loan portfolio	7.285.794.969	106.530.552.027	82.685.043.880	150.805.452.453	422.815.025.697	243.888.876.149	2.707.732.341.918	221.498.370.295	3.943.241.457.388
Interest on loans	3.636.524	9.495.072.622	474.760.441	566.644.531	1.809.413.245	591.223.213	5.247.823.764	8.019.518.149	26.208.092.489
¢	**571.708.503.184**	**330.936.775.141**	**143.908.075.442**	**220.427.513.626**	**610.535.622.384**	**491.911.972.523**	**3.191.856.075.333**	**229.517.888.444**	**5.790.802.426.077**
Liabilities									
Obligations with the public	2.088.771.757.959	363.032.149.201	227.409.986.365	228.830.775.339	483.812.477.209	329.747.554.926	324.157.559.480	0	4.045.762.260.479
Obligations with BCCR	94.396.193	120.075.405.189	0	0	0	0	0	0	120.169.801.382
Obligations with financial	174.146.750.789	144.317.003.340	90.018.778.450	53.684.915.761	134.878.879.045	120.704.856.840	309.539.081.946	0	1.027.290.266.171
Charges payable on obligations	806.849.227	7.300.698.952	3.497.257.197	3.812.809.039	4.484.428.741	2.977.939.775	3.083.013.601	0	25.962.996.532
	2.263.819.754.168	**634.725.256.682**	**320.926.022.012**	**286.328.500.139**	**623.175.784.995**	**453.430.351.541**	**636.779.655.027**	**0**	**5.219.185.324.564**
Asset and liability gaps	**(1.692.111.250.984)**	**(303.788.481.541)**	**(177.017.946.570)**	**(65.900.986.513)**	**(12.640.162.611)**	**38.481.620.982**	**2.555.076.420.306**	**229.517.888.444**	**571.617.101.513**

(Continues)

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 49.17% 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.

As for the result of the 21-day VaR indicators applying the Montecarlo simulation methodology for the portfolio of Own Funds in colones the indicator stands at 0.65%, while in US$ dollars it is around 2.17%. In the case of the CDF portfolio, the VaR is 0.17% in colones and 1.53% in foreign currency.

This risk has shown a downward behavior, as a result of the diversification of the investment portfolio.

Below are the results of the VaR methodology-SUGEF 03-06:

		December 2019	**December 2018**
VaR	¢	2.242.439.220	2.312.939.570
Capital requirement	¢	13.454.635.317	13.877.637.417
Price Risk		134.546	138.776
Observation 25		(0.0031155560)	(0.0037081720)
Exchange rate UDES	¢	916.80000	899.53900
Exchange rate UDS	¢	564.72000	603.69000
Par value of investment portfolio	¢	710.232.657.825	635.790.552.576
Market value of investment portfolio	¢	7.197.557.977.743	623.711.116.319

As part of the mitigation actions to contain the price risk, the Bank has a policy of having investment concentrations within its risk appetite.

(e) Interest rate risk

The Bank has a credit portfolio, investments and obligations with the public and with entities subject to variable interest rates and therefore sensitive to fluctuations in interest rates and cash flow risk. As of December 31, 2019, the Financial Risks Management has developed a sensitivity analysis on possible variations in interest rates.

Sensitivity to an increase in the interest rate of investments

		December 2019	**December 2018**
Investments in financial instruments	¢	702.938.150.543	735.330.464.963
Increase in rates by 1%		236.746.099	97.030.341
Increase in rates by 2%	¢	473.492.197	194.060.683

Sensitivity to a decrease in the interest rate of investments

		2019	**2018**
Investments in financial instruments	¢	702.938.150.543	735.330.464.963
Decrease in rates by 1%		236.746.099	97.030.341
Decrease in rates by 2%	¢	473.492.197	194.060.683

Sensitivity to an increase in the interest rate of loan portfolio

		December 2019	**December 2018**
Loan portfolio	¢	2.839.611.174.240	2.974.955.076.903
Increase in rates by 1%		1.346.357.701	1.394.647.028
Increase in rates by 2%	¢	2.829.750.124	2.906.368.891

Sensitivity of a decrease in the interest rate of loan portfolio

		2019	**2018**
Loan portfolio	¢	2.839.611.174.240	2.974.955.076.903
Decrease in rates by 1%		1.087.474.318	1.253.462.152
Decrease in rates by 2%	¢	2.046.836.772	2.282.367.861

(Continues)

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

		December 2019	December 2018
Obligations with the public	¢	3.679.889.881.633	3.565.792.878.215
Increase in rates by 1%		245.393.547.638	2.279.642.489
Increase in rates by 2%	¢	490.787.095.275	4.559.284.978

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

		2019	2018
Obligations with the public	¢	3.679.889.881.633	3.565.792.878.215
Decrease in rates by 1%		245.393.547.638	2.279.642.489
Decrease in rates by 2%	¢	490.787.095.275	4.559.284.978

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

		December 2019	December 2018
Financial term obligations	¢	165.110.807.193	260.178.012.971
Increase in rates by 1%		137.592.339	216.815.011
Increase in rates by 2%	¢	275.184.679	433.630.022

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

		2019	2018
Financial term obligations	¢	165.110.807.193	260.178.012.971
Decrease in rates by 1%		137.592.339	216.815.011
Decrease in rates by 2%	¢	275.184.679	433.630.022

The sensitivity to variations in the interest rates is applied to the amounts exposed to these possible fluctuations.

(Continues)

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As of December 31, 2019, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 to 720 days	More than 720 days	Total
Colones:									
Assets									
Investment in securities	7.20%	¢	259.981.324.315	105.932.340.783	77.481.982.629	122.757.892.343	144.922.289.680	87.438.702.400	798.514.532.150
Loan portfolio	10.04%		1.280.243.431.573	72.351.780.420	126.181.035.891	50.905.846.760	187.840.965.683	260.615.069.250	1.978.138.129.577
Total recovery of assets (*)			**1.540.224.755.888**	**178.284.121.203**	**203.663.018.520**	**173.663.739.103**	**332.763.255.363**	**348.053.771.650**	**2.776.652.661.727**
Liabilities									
Obligations with the public			199.126.903.188	254.348.605.029	242.261.334.907	44.781.899.824	262.652.697.996	30.447.117.240	1.033.618.558.184
Demand	2.29%								
Term	7.86%								
Obligations with financial entities	4.07%		6.045.525.826	14.661.224.527	28.049.965.999	12.537.500	33.856.600.258	0	82.625.854.110
Total matured liabilities (*)			**205.172.429.014**	**269.009.829.556**	**270.311.300.906**	**44.794.437.324**	**296.509.298.254**	**30.447.117.240**	**1.116.244.412.294**
Asset and liability gap		¢	**1.335.052.326.874**	**(90.725.708.353)**	**(66.648.282.386)**	**128.869.301.779**	**36.253.957.109**	**317.606.654.410**	**1.660.408.249.433**
US$ Dólares:									
Assets									
Investment in securities	2.76%	¢	171.432.567.305	13.403.775.139	63.854.406.361	53.932.873.187	52.886.208.241	58.521.355.200	414.031.185.433
Loan portfolio	7.92%		913.885.954.709	344.753.328.495	254.484.416.561	77.787.826.287	46.725.383.937	149.018.110.716	1.786.655.020.705
Total recovery of assets (*)			**1.085.318.522.014**	**358.157.103.634**	**318.338.822.922**	**131.720.699.474**	**99.611.592.178**	**207.539.465.916**	**2.200.686.206.138**
Liabilities									
Obligations with the public			202.926.082.528	67.733.909.368	63.322.488.984	120.871.160.559	115.320.498.748	19.214.861.996	589.389.002.183
Demand	0.28%								
Term	1.95%								
Obligations with financial entities	0.75%		44.314.418.029	107.953.222.584	111.105.090.415	113.643.987.792	100.775.048.385	140.739.329.348	618.531.096.553
Total matured liabilities (*)			**247.240.500.557**	**175.687.131.952**	**174.427.579.399**	**234.515.148.351**	**216.095.547.133**	**159.954.191.344**	**1.207.920.098.736**
Asset and liability gap		¢	**838.078.021.457**	**182.469.971.682**	**143.911.243.523**	**(102.794.448.877)**	**(116.483.954.955)**	**47.585.274.572**	**992.766.107.402**

(*) Rate-sensitive

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As of December 31, 2018, interest rate terms for assets and liabilities are matched as follows:

	Effective interest rate		1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	360 to 720 days	More than 720 days	Total
Colones:									
Assets									
Investment in securities	7.48%	¢	59.528.871.888	79.440.088.459	97.812.095.664	143.402.711.795	120.605.219.839	179.290.201.440	680.079.189.085
Loan portfolio	10.18%		1.206.623.115.157	75.553.602.575	114.359.585.597	57.448.014.472	95.473.070.541	346.410.093.655	1.895.867.481.997
Total recovery of assets (*)			**1.266.151.987.045**	**154.993.691.034**	**212.171.681.261**	**200.850.726.267**	**216.078.290.380**	**525.700.295.095**	**2.575.946.671.082**
Liabilities									
Obligations with the public			232.906.848.939	230.768.742.217	265.334.230.509	161.177.067.789	45.783.518.394	36.837.216.167	972.807.624.015
Demand	2.19%								
Term	7.76%								
Obligactions with Banco Central de Costa Rica			120.075.405.189	0	0	0	0	0	120.075.405.189
Obligations with financial entities	4.56%		13.756.259.403	14.491.587.740	18.795.129.220	5.107.418.526	0	0	52.150.394.889
Total matured liabilities (*)			**366.738.513.531**	**245.260.329.957**	**284.129.359.729**	**166.284.486.315**	**45.783.518.394**	**36.837.216.167**	**1.145.033.424.093**
Asset and liability gap		¢	**899.413.473.514**	**(90.266.638.923)**	**(71.957.678.468)**	**34.566.239.952**	**170.294.771.986**	**488.863.078.928**	**1.430.913.246.989**
US Dólares:									
Assets									
Investment in securities	3.02%	¢	108.166.344.761	15.366.136.983	50.184.418.347	60.678.005.977	61.286.005.389	54.384.711.728	350.065.623.185
Loan portfolio	7.95%		1.031.468.835.456	383.621.588.460	241.104.775.710	86.126.434.045	67.032.208.078	160.896.924.938	1.970.250.766.687
Total recovery of assets (*)			**1.139.635.180.217**	**398.987.725.443**	**291.289.194.057**	**146.804.440.022**	**128.318.213.467**	**215.281.636.666**	**2.320.316.389.872**
Liabilities									
Obligations with the public			202.530.862.145	258.063.511.641	168.768.168.064	164.470.419.252	134.640.609.685	49.757.325.225	978.230.896.012
Demand	0.75%								
Term	1.74%								
Obligations with financial entities	1.56%		80.648.449.834	133.801.916.605	116.251.742.738	116.637.176.996	84.662.050.151	202.242.801.371	734.244.137.695
Total matured liabilities (*)			**283.179.311.979**	**391.865.428.246**	**285.019.910.802**	**281.107.596.248**	**219.302.659.836**	**252.000.126.596**	**1.712.475.033.707**
Asset and liability gap		¢	**856.455.868.238**	**7.122.297.197**	**6.269.283.255**	**(134.303.156.226)**	**(90.984.446.369)**	**(36.718.489.930)**	**607.841.356.165**

(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, 2019, for ¢1.661.447.779.415 (¢1.430.913.246.989 in December, 2018) is shown while in foreign currency the same difference is of ¢992.762.132.779 (¢607.841.356.165 in December, 2018), 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 2019, the total amount in local currency was of ¢665.499.248.895 (¢332.678.053.304 in December, 2018), while in foreign currency, the collected data for the compliance of obligations was of ¢243.616.949.642 (¢238.939.048.209 in December, 2018), which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

The Bank incurs in transactions denominated in US dollars and a 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 sensitivity of the foreign currency position.

During the third quarter of 2019, the exchange rate has had a stable behavior, resulting in a volatility of 0.60% at the end of December.

With the purpose of complying with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US$235 million (US$225 million as of December 2018).

As of December 31, assets and liabilities in US dollars are detailed as follows:

		December 2019	December 2018
Assets:			
Cash and due from banks	US$	570.655.766	525.569.833
Investment in financial instruments		727.903.071	568.567.003
Loan portfolio		3.153.104.995	3.302.927.054
Accounts and interest receivable		6.861.037	7.100.417
Other assets		57.395.549	35.910.873
Total assets		**4.515.920.418**	**4.440.075.180**
Liabilities:			
Obligations with the public		2.705.908.463	2.553.345.904
Obligations with the Central Bank of Costa Rica		0	156.184
Other financial obligations		1.397.667.494	1.536.574.374
Other accounts payable and provisions		44.881.405	33.130.681
Other liabilities		26.157.219	16.529.823
Subordinated obligations		0	10.035.576
Total liabilities		4.174.614.581	4.149.772.542
Net position	US$	**341.305.837**	**290.302.638**

Monetary assets and liabilities in foreign currency are valued by using the reference purchase exchange rate established by the BCCR on the last business day of each month. As of December 31, 2019, it was ¢570,09 per US$1.00 (¢604,39 per US$1.00 in December, 2018).

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

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

Sensitivity to an increase in the exchange rate

		December 2019	December 2018
Net position	US$	341.305.837	290.302.638
Closing exchange rate		570.09	604.39
5% increase in the exchange rate		28.50	30.22
Profit	¢	9.727.216.355	8.772.945.720

Sensitivity to a decrease in the exchange rate

		December 2019	December 2018
Net position	US$	341.305.837	290.302.638
Closing exchange rate		570.09	604.39
5% decrease in the exchange rate		(28.50)	(30.22)
Loss	¢	(9.727.216.355)	(8.772.945.720)

As of December 31, asets and liabilities in Euros are detailed as follows:

		December 2019	December 2018
Assets:			
Cash and due from banks	EUR€	5.837.784	6.341.110
Other assets		165	0
Total assets		5.837.949	6.341.110
Liabilities:			
Obligations with the public		4.048.490	4.454.535
Other financial obligations		616.428	666.728
Other accounts payable and provisions		24.779	7.626
Other liabilities		0	6
Total liabilities		4.689.697	5.134.889
Net position (surplus assets on monetary liabilities)	EUR€	**1.148.252**	**1.206.221**

(Continues)

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2019
(With corresponding figures for 2018)

As of December 31, 2019, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US$) 1accounts are as follows:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due form banks	US$	225.377.765	0	0	0	0	0	187.845	0	225.565.610
Legal reserve account-BCCR		191.228.677	23.850.652	19.672.263	14.338.701	35.149.137	33.833.157	27.017.569	0	345.090.156
Investment in securities		658.875	299.537.936	4.407.370	16.075.312	107.445.948	95.038.585	201.309.528	0	724.473.554
Interest on investments		0	297.816	1.902.284	73.492	1.219.282	35.067	63.099	0	3.591.040
Loan portfolio		62.398.993	148.542.855	130.796.802	111.657.788	426.863.823	267.079.645	1.940.724.226	127.564.091	3.215.628.223
Interest on loans		59.227	4.764.668	729.374	490.425	1.326.939	620.688	4.513.901	4.573.829	17.079.051
	US$	**479.723.537**	**476.993.927**	**157.508.093**	**142.635.718**	**572.005.129**	**396.607.142**	**2.173.816.168**	**132.137.920**	**4.531.427.634**
Liabilities										
Obligations with the public	US$	1.178.040.074	217.285.028	154.757.960	138.004.461	281.407.062	376.253.582	347.348.036	0	2.693.096.203
Obligations with financial Entities		201.245.486	140.266.297	69.639.471	122.075.482	192.675.984	200.478.736	459.191.589	0	1.385.573.045
Charges payable on obligations		398.580	4.557.285	2.335.594	4.576.249	4.986.749	4.342.752	4.230.492	0	25.427.701
		1.379.684.140	**362.108.610**	**226.733.025**	**264.656.192**	**479.069.795**	**581.075.070**	**810.770.117**	**0**	**4.104.096.949**
Asset and liability gaps	US$	**(899.960.603)**	**114.885.317**	**(69.224.932)**	**(122.020.474)**	**92.935.334**	**(184.467.928)**	**1.363.046.051**	**132.137.920**	**427.330.685**

(Continues)

As of December 31, 2018, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US$) 1accounts are as follows:

Assets		Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	More than 30 days past due	Total
Cash and due form banks	US$	181.483.851	0	0	0	0	0	50.008	0	181.533.859
Legal reserve account-BCCR		188.273.744	29.559.118	19.890.289	15.370.865	41.386.920	32.080.492	17.474.547	0	344.035.975
Investment in securities		188.916	177.699.977	18.047.402	6.301.678	76.657.671	100.728.910	186.685.291	0	566.309.845
Interest on investments		0	298.541	514.043	49.66	1.227.502	14.303	331.244	0	2.435.293
Loan portfolio		12.054.791	138.237.989	90.698.987	197.211.480	569.781.418	222.662.280	1.966.877.517	174.624.035	3.372.148.497
Interest on loans		6.017	5.427.450	667.832	914.59	1.232.528	947.787	4.446.268	5.631.023	19.273.495
	US$	**382.007.319**	**351.223.075**	**129.818.553**	**219.848.273**	**690.286.039**	**356.433.772**	**2.175.864.875**	**180.255.058**	**4.485.736.964**
Liabilities										
Obligations with the public	US$	1.103.325.849	220.934.339	127.778.652	162.413.166	303.632.362	265.595.363	357.828.611	0	2.541.508.342
Obligaciones con BCCR		156.184	0	0	0	0	0	0	0	156.184
Obligations with financial Entities		194.915.411	217.429.646	138.021.441	78.954.802	192.518.041	192.973.224	512.151.230	0	1.526.963.795
Charges payable on obligations		229.261	3.911.063	2.233.050	3.635.924	3.918.070	3.323.578	4.518.515	0	21.769.461
		1.298.626.705	**442.275.048**	**268.033.143**	**245.003.892**	**500.068.473**	**461.892.165**	**874.498.356**	**0**	**4.090.397.782**
Asset and liability gaps	US$	**(916.619.386)**	**(91.051.973)**	**(138.214.590)**	**(25.155.619)**	**190.217.566**	**(105.458.393)**	**1.301.366.519**	**180.255.058**	**395.339.182**

(Continues)

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

As of December 31, 2019 and 2018, the financial statements a net loss foreign exchange gain of ¢4.027.742.961 and show a net of ¢3.026.005.945, respectively.

(g) Operational de risk management

Operational risk is defined as the possibility of losses 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, according to the generalized definition and the previous committee, but excludes the strategic and reputational risk.

The objective of BCR Financial Conglomerate in operational risk management is to minimize the financial losses and eventual damages to the reputation of the Conglomerate; as well as achieving efficiency and effectiveness in the execution of processes and optimize its Internal Control System.

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

Regarding the calculation of regulatory capital, the BCR uses the basic method; however, it has been proposed to soon start the project to evolve to the standard method proposed by the Basel Committee. However, the priority in the operational risk management continues to focus on prevention and mitigation in the relevant processes.

Moreover, tracing the risk indicators related to the most relevant or critical activities of the Bank resulting in mitigating actions that prevent from materializing the events and mitigation plans for those events that present for deviations from the acceptability of the established 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 mitigation plans that will be activated in case of non-compliance with the tolerance limit.

Through the automated OpRisk tool, the operational risks detected in the risk assessments are managed with their respective treatment plans. Additionally, the tool is fed with the materialized event reports recorded by the Bank's different offices, for which it has a consolidated database, complying with the provisions of the SUGEF Agreement 18-16 - Regulation on the management of operating risk -.

Regarding the IT risk management, there is an availability and implementation of an annual risk assessment plan in accordance with provisions established by SUGEF 14-17 "Regulation on the management of information technology", outsourcing service contracts, strategic projects, new products, products on demand and subsidiaries. These exercises identify and analyze the main risk events that might affect the smooth operation of the technological platform to develop risk treatment plans for a proper control.

In addition, as part of the IT risk management, indicators are considered for the most relevant technological risks, which are given an exhaustive follow-up. The reports with the results are presented periodically to the corresponding bodies of corporate governance, as part of the System of Management Information.

It should be noted that these indicators are reviewed and updated regularly in conjunction with the risk takers, as part of the continuous improvement of the management process and that for each of them there are corrective actions or a mitigation plan that are activated in case of non-compliance with the tolerance or the established limit.

Continuidad del Negocio

The Business Continuity Unit of Banco de Costa Rica defined within its work plan to carry out the Business Impact Analysis in the BCR Financial Conglomerate, which was approved by the Business Continuity Committee on August 30, 2019.

Business Impact Analysis (BIA) is an analysis that takes into account the business activities and the assets supporting them such as: resources, people, infrastructure, technology, among others, to identify critical processes, functions, products and services of its operation. Also, the BIA allows establishing a prioritization as necessary inputs 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.

In the current BIA, 1030 business activities that currently exist were analyzed, among processes, functions, products and services of the BCR Financial Conglomerate and once the best practices methodology of the international standard ISO 22301 was applied, 33 critical activities were identified.

In addition, as part of the Business Continuity Management System, in 2019 a test plan of the continuity plan and the different contingency plans was developed. To date, one of the most effective business contingency plans is the so-called "Finesse Offline". With this contingency procedure, offices were visited to accompany tests (298) and training (15). These exercises help develop skills in collaborators to maintain the continuity of the service and thus protect the corporate image.

In 2019 two comprehensive drills were developed in which the Crisis Management Group and the Crisis Support Teams were considered. For its part, the IT area has developed recovery tests for numerous configuration elements that support critical services, allowing the identification of failure points that, when attended, avoid interruptions and protect the corporate image.

Finally, regarding the management of risk of money laundering and financing of terrorism, and proliferation of weapons of mass destruction the permanent reinforcement of the culture in the business areas is maintained with respect to the risk-based management scope. This management is aimed at preventing operations of concealment and mobilization of capital of doubtful origin or, aimed at legitimizing capital, financing terrorist activities or the proliferation of weapons of mass destruction through the Bank. This effort integrates normatively defined evaluation factors such as customers, products, services, channels and geographical areas.

(40) Financial information of the Development Financing Fund

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

DEVELOPMENT FINANCING FUND
BALANCE SHEET
For the period ended December 31, 2019 and 2018
Financial Information
(In colones without cents)

		December 2019	December 2018
ASSETS			
Cash and due from banks	¢	**967.115.679**	**23.703.809**
Cash		967.115.679	23.703.809
Investment in financial instruments		**506.304.167**	**8.239.066.920**
Held-for-trading		0	3.143.466.484
Available-for-sale		500.000.000	5.048.000.000
Interest receivable		6.304.167	47.600.436
Loan portfolio		**29.567.945.197**	**20.435.016.288**
Current loans		26.985.436.932	18.286.854.196
Past due loans		2.457.760.301	2.119.658.027
Loans on legal collection		225.232.792	342.211.749
Interest receivable		97.020.895	95.056.829
(Allowance for impairment)		(197.505.723)	(408.764.513)
Accounts and comissions receivable		**0**	**0**
Other accounts receivable		370.017	0
(Allowance for impairment)		(370.017)	0
Other assets		**4.330.698**	**4.418.215**
Intangible assets		4.330.698	4.418.215
TOTAL ASSETS	¢	**31.045.695.741**	**28.702.205.232**
LIABILITIES			
Accounts payable and provisions	¢	**15.291.150**	**17.495.538**
Other miscellaneous accounts payable		15.291.150	17.495.538
Other liabilities		**297.165.901**	**202.190.074**
Other liabilities		2.660.784	137.750
Allowance for impairment of contingent loans		6.735	63.015
Diferred income		294.498.382	201.989.309
TOTAL LIABILITIES	¢	**312.457.051**	**219.685.612**
EQUITY			
Contributions from Banco Central de Costa Rica	¢	**21.790.056.490**	**20.518.643.855**
Accumulated results from previous years		**7.963.875.765**	**7.125.519.939**
Result of the current period		**979.306.435**	**838.355.826**
Total equity	¢	**30.733.238.690**	**28.482.519.620**
TOTAL LIABILITIES AND EQUITY	¢	**31.045.695.741**	**28.702.205.232**
DEBIT CONTINGENT ACCOUNTS	¢	**11.176.431**	**50.411.906**
OTHER DEBIT MEMORANDA ACCOUNTS			
OWN DEBIT MEMORANDA ACCOUNTS		**3.612.270.090**	**6.547.334.606**

DEVELOPMENT FINANCING FUND
STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2019 and 2018
Financial Information
(In colones without cents)

		December 2019	December 2018
Financial income			
For investments in financial instruments	¢	1.257.766	3
For loan portfolio		1.750.855.086	1.335.685.406
For exchange differences		0	14.396.967
For held-for-trading financial instruments		0	186.681.061
Other financial income		58.795.762	0
Total financial income		**1.810.908.614**	**1.536.763.437**
Financial expenses			
For losses of exchange differences		10.117.647	0
Total financial expenses		**10.117.647**	**0**
Allowance for asset impairment		163.380.048	383.638.615
Asset recovery and decrease in allowance		398.805.698	186.930.903
FINANCIAL INCOME		**2.036.216.617**	**1.340.055.725**
Other operating income			
For other operating income		690.840	330.630
For exchange and arbitration of currency exchange		30.893	70.686
For commissions for services		34.543.388	28.589.335
Total other operating income		**35.265.121**	**28.990.651**
Other operating expenses			
For exchange and arbitration of currency exchange		120	900
For other operating expenses		1.092.175.183	530.689.650
Total other operating expenses		**1.092.175.303**	**530.690.550**
INCOME OF THE PERIOD		**979.306.435**	**838.355.826**
INCOME OF THE YEAR	¢	**979.306.435**	**838.355.826**

Loan Portfolio of the Development Financing Fund

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

a) Loan portfolio by sector

		December 2019	December 2018
Sector			
Agriculture, livestock, hunting and related services	¢	8.922.605.824	7.271.512.788
Manufacturing		4.060.840.178	2.614.372.248
Mining and quarrying		0	54.518.892
Trade		65.904.474	103.941.694
Services		14.705.190.873	8.558.370.281
Transportation		134.953.694	196.979.751
Stock exchange and financial activities		1.335.059.554	1.567.958.500
Construction, purchase and repair of real estate		163.325.091	71.465.958
Consumption			
Hospitality		235.452.292	268.712.706
Education		45.098.045	40.891.154
		29.668.430.025	20.748.723.972
Plus: interest receivable		97.020.895	95.056.829
Less: allowance for impairment		(197.505.723)	(408.764.513)
	¢	**29.567.945.197**	**20.435.016.288**

b) Loan portfolio by arrears:

As of December 31, the loan portfolio by arrears is detailed as follows:

		December 2019	December 2018
Up to date	¢	26.985.436.932	18.286.854.196
1 to 30 days		1.289.247.941	1.218.756.485
31 to 60 days		884.608.081	533.988.969
61 to 90 days		134.960.769	295.231.661
91 to 120 days		58.853.631	31.948.769
121 to 180 days		0	10.520.905
More than 180 days		315.322.671	371.422.987
	¢	**29.668.430.025**	**20.748.723.972**

c) Past due loans

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

		December 2019	December 2018
Number of operations		13	35
Past due loans in non- accrual status of interest	¢	315.322.671	371.422.987
Past due loans for which interest is recognized	¢	2.367.670.422	2.090.446.789
Total unearned interest	¢	19.521.440	38.562.236

As of December 31, 2019, loans on legal collection are as follows:

# Operations	Percentage		Balance
9	0.76%	¢	225.232.792

As of December 31, 2018, loans on legal collection are as follows:

# Operations	Percentage		Balance
13	1.65%	¢	342.211.749

d) Interest receivable on loan portfolio

As of December 31, interest receivable is as follows:

		December 2019	December 2018
Current loans	¢	61.050.072	50.914.921
Past due loans		27.666.875	30.085.168
Loans on legal collection		8.303.948	14.056.740
	¢	**97.020.895**	**95.056.829**

e) Allowance for bad loans

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

Opening balance 2019	¢	**408.764.513**
Plus:		
Allowance charged to profit or loss		162.704.155
Tansfer of balances		40.267
Adjustments for exchange rate differences		1.342
Less:		
Adjustments for exchange rate differences		(35.576)
Transfer to insolute		(100.643)
Reversal of allowance against income		(373.831.643)
Tansfer of balances		(36.692)
Balance as of December 31, 2019	¢	**197.505.723**

Opening balance 2018	¢	**213.689.820**
Plus:		
Allowance charged to profit or loss		383.352.868
Tansfer of balances		29.237.573
Adjustments for exchange rate differences		53.771
Less:		
Transfer to insolute		(33.075.384)
Reversal of allowance against income		(184.494.135)
Balance as of December 31, 2018	¢	**408.764.513**

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

		December 2019	**December 2018**
Garantía			
Fiduciary	¢	12.149.697	25.936.075
Mortgage		7.257.345.028	5.649.218.844
Chattel		9.222.894.403	4.494.771.094
Others		13.176.040.897	10.578.797.959
	¢	**29.668.430.025**	**20.748.723.972**

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

Direct Loan Portfolio			**December 2019**	**December 2018**
Principal		¢	29.668.430.025	20.748.723.972
Interest receivable			97.020.895	95.056.829
			29.765.450.920	20.843.780.801
Allowance for bad loans			(197.505.723)	(408.764.513)
Carrying amount		¢	29.567.945.197	20.435.016.288
Loan portfolio				
Total balances:				
A1		¢	1.340.973.582	17.634.450.220
A2			7.202.613	263.472.636
B1			2.319.454	884.176.514
B2			0	244.828.275
C1			0	462.716.793
C2			0	28.373.794
D			159.100	192.013.251
E			0	1.133.749.318
1			25.001.298.677	0
2			663.646.827	0
3			1.812.746.596	0
4			610.828.899	0
5			326.275.172	0
6			29.765.450.920	20.843.780.801
Minimum allowance			(177.419.648)	(379.416.913)
Carrying amount, net		¢	29.588.031.272	20.464.363.888
Carrying amount			29.765.450.920	20.843.780.801
Allowance for bad loans			(177.419.648)	(379.416.913)
Allowance (surplus) deficit on minimum allowance			(20.086.075)	(29.347.600)
Carrying amount, net	6a	¢	29.567.945.197	20.435.016.288

The assessed loan portfolio including allowance is detailed as follows:

As of December 31, 2019

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
1	¢	25.001.298.677	13.561.856.489	11.439.442.188	69.657.345
		25.001.298.677	13.561.856.489	11.439.442.188	69.657.345
Direct specific allowance					
2		663.646.827	639.497.954	24.148.873	4.404.933
3		1.812.746.596	1.500.941.988	311.804.608	85.455.862
4		610.828.899	590.590.011	20.238.888	13.072.394
6		326.275.172	323.073.820	3.201.352	4.816.721
A1		1.340.973.582	2.701.595	1.338.271.987	0
A2		7.202.613	7.202.613	0	0
B1		2.319.454	2.319.454	0	11.597
D		159.100	159.100	0	796
		4.764.152.243	3.066.486.535	1.697.665.708	107.762.303
		29.765.450.920	16.628.343.024	13.137.107.896	177.419.648

Loan portfolio Aging of loan portfolio	Direct Loan Portfolio			
Direct generic allowance	Principal	Covered balance	Overdraft	Allowance
Up to date	1.344.816.782	6.544.794	1.338.271.988	6.740.881
	1.344.816.782	6.544.794	1.338.271.988	6.740.881
Direct specific allowance				
Up to date	25.699.422.206	14.074.862.917	11.624.559.288	144.006.242
Equal or less than 30 days	1.298.770.257	1.175.195.178	123.575.079	4.507.477
Equal or less than 60 days	897.457.521	853.069.760	44.387.761	15.592.237
Equal or less than 90 days	138.086.251	134.973.824	3.112.428	1.452.976
Equal or less than 180 days	60.622.731	60.622.731	0	303.114
More than 180 days	326.275.172	323.073.820	3.201.352	4.816.721
	28.420.634.138	16.621.798.230	11.798.835.908	170.678.767
	29.765.450.920	16.628.343.024	13.137.107.896	177.419.648

As of December 31, 2018

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		Principal	Covered balance	Overdraft	Allowance
A1	¢	17.634.450.220	7.502.786.714	10.131.663.507	88.172.251
A2		263.472.636	204.030.884	59.441.752	1.317.363
		17.897.922.856	7.706.817.598	10.191.105.259	89.489.614
Direct specific allowance					
B1		884.176.514	758.208.346	125.968.167	10.089.450
B2		244.828.275	244.828.275	0	1.224.141
C1		462.716.793	449.872.480	12.844.312	5.460.441
C2		28.373.794	28.373.794	0	141.869
D		192.013.251	178.957.779	13.055.472	10.686.393
E		1.133.749.318	615.671.448	518.077.871	262.325.005
		2.945.857.945	2.275.912.122	669.945.822	289.927.299
		20.843.780.801	9.982.729.720	10.861.051.081	379.416.913

Loan portfolio Aging of loan portfolio	Direct Loan Portfolio			
Direct generic allowance	Principal	Covered balance	Overdraft	Allowance
Up to date	17.137.942.380	7.040.638.135	10.097.304.245	85.689.712
Equal or less than 30 days	759.980.476	666.179.462	93.801.014	3.799.902
	17.897.922.856	7.706.817.597	10.191.105.259	89.489.614
Direct specific allowance				
Up to date	1.199.826.736	779.030.233	420.796.503	95.626.481
Equal or less than 30 days	513.491.538	480.027.901	33.463.637	24.092.610
Equal or less than 60 days	534.044.845	447.941.826	86.103.019	43.559.875
Equal or less than 90 days	263.041.739	244.958.793	18.082.946	13.528.848
Equal or less than 180 days	127.409.104	106.724.929	20.684.175	21.217.800
More than 180 days	308.043.983	217.228.441	90.815.542	91.901.685
	2.945.857.945	2.275.912.123	669.945.822	289.927.299
	20.843.780.801	9.982.729.720	10.861.051.081	379.416.913

		Loans receivable from clients	
As of December 31, 2019		**Gross**	**Net**
Risk category:			
1	¢	25.001.298.677	24.938.382.213
2		663.646.827	659.241.893
3		1.812.746.596	1.727.290.734
4		610.828.899	597.756.505
6		326.275.172	321.458.451
A1		1.340.973.582	1.334.268.714
A2		7.202.613	7.166.600
B1		2.319.454	2.307.857
D		159.100	158.305
	¢	**29.765.450.920**	**29.588.031.272**

		Loans receivable from clients	
As of December 31, 2018		**Gross**	**Net**
Risk category:			
A1	¢	17.634.450.220	17.546.277.969
A2		263.472.636	262.155.273
B1		884.176.514	874.087.063
B2		244.828.275	243.604.134
C1		462.716.793	457.256.352
C2		28.373.794	28.231.925
D		192.013.251	181.326.858
E		1.133.749.318	871.424.314
	¢	**20.843.780.801**	**20.464.363.888**

(41) Situation of the Development Credit Fund

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

DEVELOPMENT CREDIT FUND
BALANCE SHEET
For the period ended December 31, 2019 and 2018
Financial Information
(In colones without cents)

		December 2019	December 2018
ASSETS			
Cash and due from banks	¢	**2.109.123.315**	**1.564.584.756**
Central bank of costa rica		2.109.123.315	1.564.584.756
Investments in financial instruments		**106.529.939.477**	**111.996.857.646**
Held-for-trading		901.249.500	601.378.246
Available-for-sale		105.057.768.125	110.641.127.281
Interest receivable		570.921.852	754.352.119
Loan portfolio		**25.688.566.104**	**18.691.834.851**
Current loans		25.246.681.612	18.772.750.378
Past due loans		426.921.047	315.267.777
Interest receivable		85.021.774	76.875.123
(allowance for impairment)		(70.058.329)	(473.058.427)
Accounts and commissions receivable		**0**	**45.887.828**
Deferred income tax and income tax Receivable		0	45.887.828
TOTAL ASSETS	¢	**134.327.628.896**	**132.299.165.081**
LIABILITIES			
Obligations with entities	¢	**132.102.507.270**	**132.395.995.315**
Demand		132.102.507.270	132.395.995.315
Accounts payable and provisions		**524.739.762**	**355.384.201**
Other miscellaneous accounts payable		524.739.762	355.384.201
Other liabilities		**295.819.819**	**200.232.845**
Other liabilities		0	20.198
Deferred income		295.819.819	200.212.647
TOTAL LIABILITIES	¢	**132.923.066.851**	**132.951.612.361**
EQUITY			
Equity adjustments	¢	**738.121.207**	**(1.295.971.089)**
Adjustment for valuation of available-for-sale investments		738.121.207	(1.295.971.089)
Income of the current period		**666.440.838**	**643.523.809**
TOTAL EQUITY	¢	**1.404.562.045**	**(652.447.280)**
TOTAL LIABILITIES AND EQUITY	¢	**134.327.628.896**	**132.299.165.081**
OTHER DEBIT MEMORANDA ACCOUNTS			
Own debit memoranda accounts		18.970.464.122	34.265.116.025
Interest receivable memoranda accounts		5.268.957	6.456.858

DEVELOPMENT CREDIT FUND
STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2019 and 2018
Financial Information
(In colones without cents)

		December 2019	December 2018
Financial income			
For investments in financial instruments	¢	6.152.011.156	5.781.696.877
For loan portfolio		971.136.869	863.233.445
For exchange rate differences		0	739.609.715
For profit from available-for-sale financial instruments		1.052.113.640	72.252.710
Total financial income		**8.175.261.665**	**7.456.792.747**
Financial expenses			
For obligations with the public		2.410.963.268	2.258.800.690
For losses in exchange rate differences		939.444.862	0
Other financial expenses		12.082.684	6.980.564
Total financial expenses		**3.362.490.814**	**2.265.781.254**
For allowance of asset impairment		1.569.463.406	623.416.042
For asset recovery and decrease in allowance		1.948.609.126	286.390.367
FINANCIAL INCOME		**5.191.916.571**	**4.853.985.818**
Other operating income			
For service commissions and fees		83.750	43.094
For exchange and arbitration, foreign currency		107.679.244	77.856.243
For other operating expenses		5.144.189	18.921.908
Total other operating income		**112.907.183**	**96.821.245**
Other operting expenses			
For exchange and arbitration, foreign currency		30.827.546	32.125.005
For other operating expenses		157.287.386	9.797.903
Total other operating expenses		**188.114.932**	**41.922.908**
GROSS OPERATING INCOME		**5.116.708.822**	**4.908.884.155**
Profit trasnferred to the National Development Trust		4.450.267.984	4.265.360.346
RESULT OF THE PERIOD	¢	**666.440.838**	**643.523.809**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**666.440.838**	**643.523.809**
PROFIT SHARING			
Profit transfer to the National Development Trust	¢	4.450.267.984	4.265.360.346
Commission for management of the National Development Trust		666.440.838	643.523.809
	¢	**5.116.708.822**	**4.908.884.155**

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

		December 2019	December 2018
Available-for-trade	¢	901.249.500	601.378.246
Available-for-sale		105.057.768.125	110.641.127.281
Interest receivable on available-for-sale investments		570.921.852	754.352.119
	¢	**106.529.939.477**	**111.996.857.646**

Available-for-trade		**December 2019 Fair Value**	**December 2018 Fair Value**
Local issuers:			
State-owned Banks	¢	901.249.500	601.378.246
	¢	**901.249.500**	**601.378.246**

Available-for-sale:		**December 2019 Fair Value**	**December 2018 Fair Value**
Local issuers:			
Goverment	¢	3.775.108.731	57.165.470.734
State-owned Banks		101.282.659.394	53.475.656.547
	¢	**105.057.768.125**	**110.641.127.281**

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% or the earnings, set by the Governing Board, to cover operation costs, services and any other cost arising from managing the investments.

Loan Portfolio of the Development Credit Fund

As of December 31, the information contained in notes a) through f) below corresponds to financial information.

a) Loan portfolio by sector

		December 2019	December 2018
Sector			
Agriculture, livestock, hunting and related services	¢	12.312.973.607	7.657.005.296
Manufacturing		10.175.305.382	7.679.940.866
Trade		8.000.000	10.000.000
Services		3.177.323.670	3.741.071.993
		25.673.602.659	19.088.018.155
Plus: Interest receivabale		85.021.774	76.875.123
Less: Allowance for impairment		(70.058.329)	(473.058.427)
	¢	**25.688.566.104**	**18.691.834.851**

b) Loan portfolio by arrears:

As of December 31, the loan portfolio by arrears is detailed as follows:

		December 2019	December 2018
Up to date	¢	25.246.681.612	18.772.750.378
From 1 to 30 days		361.572.283	229.546.805
From 31 to 60 days		65.348.764	67.551.353
From 61 to 90 days		0	18.169.619
	¢	**25.673.602.659**	**19.088.018.155**

c) Delinquent and past due loans

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

		December 2019	December 2018
Delinquent and past due loans with interest recognition	¢	426.921.047	315.267.777
Total of not received interest	¢	5.268.957	6.456.858

d) Interest receivable on loan portfolio

As of December 31, interest receivable is detailed as follows:

		December 2019	December 2018
Current loans	¢	81.651.573	74.800.185
Past due loans		3.370.201	2.074.938
	¢	**85.021.774**	**76.875.123**

e) Allowance for bad loans

Balance at the beginning of 2019	¢	**473.058.427**
Plus:		
Allowance charged to profit or loss		1.569.463.406
Adjustment for exchange differences		101.613
Less:		
Adjustment for exchange differences		(23.955.991)
Reversion of allowance against income		(1.948.609.126)
Balance as of December 31, 2019	¢	**70.058.329**
Balance at the beginning of 2018	¢	**135.704.392**
Plus:		
Allowance charged to profit or loss		623.416.042
Adjustment for exchange differences		328.360
Less:		
Reversion of allowance against income		(286.390.367)
Balance as of December 31, 2018	¢	**473.058.427**

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2019
(With corresponding figures for 2018)

a) Loan portfolio by type of guarantee:

		December 2019	December 2018
Guarantee			
Mortgage	¢	5.501.786.497	3.023.564.734
Chattel		9.394.229.265	4.296.429.800
Other		10.777.586.897	11.768.023.621
	¢	**25.673.602.659**	**19.088.018.155**

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

			Direct Loan Portfolio	
			December 2019	December 2018
Principal		¢	25.673.602.659	19.088.018.155
Interest receivable			85.021.774	76.875.123
			25.758.624.433	19.164.893.278
Allowance for bad loans			(70.058.329)	(473.058.427)
Carrying amount		¢	25.688.566.104	18.691.834.851
Loan portfolio				
Total balances:				
A1		¢	0	18.225.815.023
A2			0	261.533.202
D			0	468.598.136
E			0	208.946.917
1			25.692.559.608	0
3			66.064.825	0
			25.758.624.433	19.164.893.278
Minimum allowance			(70.058.329)	(449.529.416)
Carrying amount, net		¢	25.688.566.104	18.715.363.862
Carrying amount			25.758.624.433	19.164.893.278
Allowance for bad loans			(70.058.329)	(449.529.416)
Allowance (surplus) deficit on Mínimum			0	(23.529.011)
Carrying amount, net	6a	¢	25.688.566.104	18.691.834.851

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2019
(With corresponding figures for 2018)

The assessed loan portfolio including allowance is detailed as follows:

As of December 31, 2019

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		**Principal**	**Covered balance**	**Overdraft**	**Allowance**
1	¢	25.692.559.609	5.007.274.600	20.685.285.008	69.728.005
		25.692.559.609	**5.007.274.600**	**20.685.285.008**	**69.728.005**
Direct specific allowance					
3		66.064.824	66.064.825	0	330.324
		66.064.824	66.064.825	0	330.324
	¢	**25.758.624.433**	**5.073.339.425**	**20.685.285.008**	**70.058.329**

Loan portfolio					
Aging of loan portfolio		Direct Loan Portfolio			
Direct generic allowance		**Principal**	**Covered balance**	**Overdraft**	**Allowance**
Up to date	¢	25.328.333.184	4.670.762.528	20.657.570.656	68.817.439
Equal to or less than 30 days		364.226.423	336.512.072	27.714.352	910.566
		25.692.559.607	**5.007.274.600**	**20.685.285.008**	**69.728.005**
Direct specific allowance		**Principal**	**Covered balance**	**Overdraft**	**Allowance**
Equal or less than 90 days		66.064.826	66.064.825	0	330.324
		66.064.826	66.064.825	0	330.324
	¢	**25.758.624.433**	**5.073.339.425**	**20.685.285.008**	**70.058.329**

As of December 31, 2018

Loan portfolio		Direct Loan Portfolio			
Direct generic allowance		**Principal**	**Covered balance**	**Overdraft**	**Allowance**
A1	¢	18.225.815.023	5.573.433.584	12.652.381.439	91.129.075
A2		261.533.202	260.641.156	892.046	1.307.666
		18.487.348.225	**5.834.074.740**	**12.653.273.485**	**92.436.741**
Direct specific allowance					
D		468.598.136	0	468.598.136	351.448.602
E		208.946.917	204.324.465	4.622.452	5.644.073
		677.545.053	204.324.465	473.220.588	357.092.675
		19.164.893.278	**6.038.399.205**	**13.126.494.073**	**449.529.416**

Loan portfolio Aging of loan portfolio		Direct Loan Portfolio			
Dirrect generic allowance		**Principal**	**Covered balance**	**Overdraft**	**Allowance**
Up to date		18.256.787.069	5.603.513.584	12.653.273.485	91.283.935
Equal to or less than 30 days		230.561.156	230.561.156	0	1.152.806
		18.487.348.225	**5.834.074.740**	**12.653.273.485**	**92.436.741**
Direct generic allowance					
Up to date		590.763.494	122.165.358	468.598.136	352.059.429
Equal or less than 60 days		68.316.977	68.316.977	0	341.585
Equal or less than 90 days		18.464.582	13.842.130	4.622.452	4.691.661
		677.545.053	**204.324.465**	**473.220.588**	**357.092.675**
	¢	**19.164.893.278**	**6.038.399.205**	**13.126.494.073**	**449.529.416**

As of December 31, 2019		Gross	Net
Risk category:			
1	¢	25.692.559.608	25.622.831.604
3		66.064.825	65.734.500
	¢	**25.758.624.433**	**25.688.566.104**

		Loans receivable from clients	
As of December 31, 2018		**Gross**	**Net**
Risk category:			
A1	¢	18.225.815.023	18.134.685.948
A2		261.533.202	260.225.536
D		468.598.136	117.149.534
E		208.946.917	203.302.844
	¢	**19.164.893.278**	**18.715.363.862**

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. The detail of the amounts transferred is as follows:

		December 2019	**December 2018**
BAC Credomatic	¢	16.361.583.000	14.026.683.120
Banco BCT		2.226.442.849	1.5191.148.550
Banco Improsa		0	690.107.200
	¢	**18.588.025.849**	**16.307.938.870**

(42) Merger of Banco Crédito Agrícola de Cartago

On September 10, 2018, the bill "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica" was approved by the Legislative Assembly. The Law approved by the Congress establishes that the operative merger between Bancrédito and BCR will be effective within a maximum period of 60 working days, after the Law comes into effect.

The Law "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", Legislative Decree N ° 9605, File N ° 20-366, became effective as of September 19, 2018, after it was published in the official paper La Gaceta. As result of this merger, Banco Crédito Agrícola will be ceased as a legal entity and its net assets will be transferred to Banco de Costa Rica, which will be a full party as of the effective date of this Law.

From September 19, 2018, the subsidiaries that belonged to Bancrédito became part of the BCR Financial Conglomerate, which are: Bancrédito Agencia de Seguros, S.A. and Depósito Agrícola de Cartago, S.A. and its subsidiary, (DACSA).

According to Law 9605, Article 1, Absorption of Banco Crédito Agrícola de Cartago by Banco de Costa Rica, it indicates that the shares of Bancrédito´s subsidiaries will be understood as fully transferred to Banco de Costa Rica, which will assess to keep them in operation, sale or settlement, within the maximum and non-extendable period of eighteen calendar months after the entry into force of this law, within which period it will be authorized to act as the sole shareholder of such companies.

The accounting record of the transfer of the subsidiaries generated an account payable that will be settled at the time of the merger.

The values of the acquired assets and liabilities are presented as follows:

Assets		
Availabilities	¢	10.669.426.874
Investment securities and deposits		33.048.470.128
Loan portfolio		62.384.435.583
Accounts and interest receivable, net		821.272.917
Foreclosed assets		9.550.034.824
Interest in the capital of other companies		1.775.426.523
Property, furniture and equipment in use, net		12.458.596.560
Other assets		2.045.233.742
	¢	**132.752.897.151**
Liabilities		
Obligations with the public	¢	137.201.252.314
Accounts payable and provisions		5.846.633.059
Other liabilities		850.089.084
		143.897.974.457
Net assets or equity	¢	(11.145.077.306)
Less:		
Cash of the acquired Companny		10.669.426.874
Cash to be reimbursed for absorption	¢	**(21.814.504.180)**
Net assets or equity		11.145.077.306
Capital contribution Law 9605		18.907.432.694
Cash to be reimbursed for absorption		**30.052.510.000**

The amounts received as Own Debit Memoranda Accounts are of ¢126,647,404,664.

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

Through various resolutions, CONASSIF (the Board) agreed to partial adoption, starting January 1, 2004, of IFRSs promulgated by the International Accounting Standards Board (IASB). In order to regulate application of those Standards, the Board issued the Terms of the Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN, and SUGESE and to Non-financial Issuers and approved a comprehensive revision of those regulations. On March 17, 2007 the Board adopted a comprehensive reform of the "Accounting standards applicable to supervised entities by SUGEF, SUGEVAL, SUPEN and SUGESE and nonfinancial issuers."

On May 11, 2010, the Board issued private letter ruling CNS 413-10 to revise the Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN, and SUGESE and to Non-financial Issuers (the Regulations), which mandate application by regulated entities of IFRSs and the corresponding interpretations issued by the IASB in effect as of January 1, 2008, except for the special treatment indicated in Chapter II of the aforementioned Regulations.

Pursuant to the Regulations and in applying IFRSs in effect as of January 1, 2008, any new IFRSs or interpretations issued by the IASB, as well as any other revisions of IFRSs adopted that will be applied by regulated entities, will require the prior authorization of CONASSIF.

On April 4, 2013 C.N.S. 1034/08 was issued, stating that, for the period starting January 1, 2014. IFRS 2011 shall be applied with exception of special treatments referred to in Chapter II of the rules for regulated financial entities.

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

a) IAS 1: Presentation of Financial Statements

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.

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)

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

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

c) IAS 7: Statements of Cash Flows

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

d) IAS 12: Income taxes

SUGEF´s chart of accounts presents assets, liabilities, income and expenses for deferred income tax separately. IAS 12 allows the net assets and liabilities to be presented when they arise from the same tax entity. The income or expenses according to IAS 12, must be presented as part of the total income tax, net.

e) 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.

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.

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 realizable assets.

g) IAS 18: Revenue

The Board has allowed regulated financial entities to recognize loan fees and commissions collected prior to January 1, 2003 as revenue. Additionally, the Board has permitted the deferral of the credit fee formalization of 25%, 50%, and 100% of loan fees and commissions for transactions completed in 2003, 2004, and 2005, respectively. IAS 18 prescribes deferral of 100% of those fees and commissions over the loan term.

The Board has also allowed deferral of the net excess of loan fee income minus expenses incurred for activities such as assessment of the borrower's financial position, evaluation and recognition of guarantees, sureties, or other collateral instruments, negotiation of the terms of the instrument, preparation and processing of documents, and settlement of the operation. IAS 18 does not allow deferral on a net basis of loan fee income. Instead, it prescribes deferral of 100% of loan fee income, and permits the deferral of only certain incremental transaction costs, rather than all direct costs. Accordingly, when costs exceed income, loan fee income is not deferred, since the Board only allows the net excess of income over expenses to be deferred. This treatment does not conform to IAS 18 and IAS 39, which prescribe separate treatment for income and expenses (see comments on IAS 39).

From January 1, 2014 the treatment of loan commissions was implemented as directed in IAS 18.

h) Revised IAS 19: Employee Benefits

This standard is modified to recognize that the discount rate to be used must correspond with bonds in local currency.

The transition date is for periods beginning on or after January 1, 2016 and may be applied in advance, disclosing that fact. Any adjustment for its application must be made against retained earnings at the beginning of the period.

This standard is for application in the periods that begin in or after January, 1, 2013. It includes changes referring to the benefit plans defined for which it previously required that the measurements of the actuarial appraisals were recognized in the income statement or in the other comprehensive income. The new IAS 19 will require the changes in measurements to be included in other comprehensive income and the cost of services and net interest to be included in the income statement.

i) 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.

j) IAS 23: Borrowing costs

A company treats as part of the general financing any financing originally made to develop an asset when an asset is ready for use or sale.

k) IAS 24: Related Party Disclosures

The International Accounting Standards Board revised IAS 24 in 2009 in order to: (a) simplify the definition of "related parties", clarify the meaning to be given to this term and eliminate the incoherencies of the definition; (b) Provide a partial exemption from the requirement of information disclosed by entities related to the government.

This standard will be applied retroactively for the annual periods starting as from January 1, 2011.

l) 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.

With the amendment to IAS 27 effective as of 2014, in the preparation of separate financial statements, investments in subsidiaries and associates may be accounted for at cost, in accordance with NIFF 9 or using the equity method described in the NIC 28. However, the amendments to IAS 27 have not been adopted by the Board.

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.

m) IAS 28: Investments in Associates and Joint Ventures

The Board requires consolidation of investments in companies in which an entity holds twenty-five percent (25%) or more equity interest, irrespective of any considerations of control. Such treatment does not conform to IAS 27 and IAS 28.

The objective of this standard is to describe the accounting treatment for Investments in partners and it determines the requirements for the application of the method of equity participation when recording investments in associates and joint ventures.

n) Revised IAS 32: Financial Instruments: Presentation

Revised IAS 32 provides new guidelines clarifying the classification of financial instruments as liabilities or equity (e.g. preferred shares), SUGEVAL determines whether those shares fulfill the requirements of capital stock.

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

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

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

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

q) 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. Similar procedure and term must be used for the amortization of goodwill acquired.

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

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

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

r) IAS 39: Financial Instruments: Recognition and Measurement

The Board requires that the loan portfolio be classified pursuant to SUGEF Directive 1-05 and that the allowance for loan impairment be determined based on that classification. It also allows excess allowances to be booked. IAS 39 requires that the allowance for loan impairment be determined based on a financial analysis of actual losses. IAS 39 also prohibits the recording of provisions for contingent accounts. Any excess allowances must be reversed in the income statement.

Revised IAS 39 introduced changes with respect to classification of financial instruments, which have not been adopted by the Board. The revised version includes the following changes:

- The option of classifying loans and receivables as available for sale was established.

- Securities quoted in an active market may be classified as available for sale, held-for- trading, or held to maturity.

- The "fair value option" was established to designate any financial instrument to be measured at fair value through profit or loss, provided a series of requirements are met (e.g. the instrument has been measured at fair value since the original acquisition date.)

- The category of loans and receivables was expanded to include purchased loans and receivables that are not quoted in an active market.

The Board has also allowed capitalization of direct costs incurred for assessment of the borrower's financial position, evaluation and recognition of guarantees, sureties, or other collateral instruments, negotiation of the terms of the instrument, and preparation and processing of documents, net of income from loan fees. However, IAS 39 only permits capitalization of incremental transaction costs, which are to be presented as part of the financial instrument and may not be netted against loan fee income (see comments on IAS 18).

Regular purchases and sales of securities are to be recognized using the settlement date accounting only.

Depending on the type of entity, financial assets are to be classified as follows:

a) Pooled portfolios.

   Investments in pooled investment funds, pension and retirement savings accounts, and similar trusts are to be classified as available for sale.

b) Own investments of regulated entities.

   Investments in financial instruments of regulated entities are to be classified as available for sale.

Own investments in open investment funds are to be classified as held-for-trade financial assets. Own investments in closed investment funds are to be classified as available for sale.

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

Banks regulated by SUGEF may not classify investments in financial instruments as held to maturity. The above classifications do not necessarily adhere to the provisions of IAS 39.

The amendment to IAS 39 clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments to IAS 39 became mandatory for 2010 financial statements, with retrospective application. This amendment has not been adopted by the Board.

s) IAS 40: Investment Property

IAS 40 allows entities to choose between the fair value model and the cost model to measure their investment property. The Standard issued by the Board only allows entities to use the fair value model to measure this type of assets, unless clear evidence for determining the fair value of the assets is unavailable.

t) Revised IFRS 3: Business Combinations

The revised standard (2008) incorporates the following changes:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

- Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.

- Transaction costs, other than share and debt issue costs, will be expensed as incurred.

- Any pre-existing interest in the acquirer will be measured at fair value, with the related gain or loss recognized in profit or loss.

- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquirer, on a transaction-by-transaction basis.

  Revised IFRS 3, which became mandatory for 2010 financial statements, will be applied prospectively. This Standard has not been adopted by the Board.

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

The Board requires that an allowance be booked for 100% of the carrying amount of assets that have not been sold within two years. IFRS 5 requires that such assets be recorded and measured at the lower of cost or fair value, discounting the future cash flows of assets to be sold in more than one year. Accordingly, assets could be understated, with excess allowances.

v) Amendments to IFRS 7: Financial Instruments – Disclosures

In March 2009, the IASB issued certain amendments to IFRS 7, Financial Instruments: Disclosure, which requires enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorized as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefor, are required to be disclosed for each class of financial asset.

Furthermore, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called. These amendments have not been adopted by the Board.

w) IFRS 9: Financial Instruments

IFRS 9 deals with classification and measurement of financial assets. The requirements of this Standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The Standard contains two primary measurement categories for financial assets: amortized cost and fair value. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale, and loans and receivables. For an investment in an equity instrument which is not held for trading, the Standard permits an irrevocable election, at initial recognition, on an individual share-by-share basis, to present all fair value changes in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date.

The standard requires that derivatives embedded in contracts with a host contract that is a financial asset within the scope of the standard not to be separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortized cost or fair value.

This standard requires entities to determine whether presenting the effects of changes in the credit risk of a liability designated at fair value through profit or loss would create an accounting mismatch based on facts and circumstances at the date on which the financial liability is initially recognized.

The objective of this IFRS is to establish the principles for the financial information about financial assets so that it will present useful and relevant information for the users of the financial statements facing the evaluation of the amounts, schedule and uncertainty of the future cash flows of the entity. The standard includes three chapters on recognition, impairment of financial assets and heading instruments.

This standard supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, for annual periods beginning in or before January 1, 2018, and entity may elect to apply previous versions of IFRS 9 if, and only if the corresponding date of the entity initial application is prior to February 1, 2016.

x) IFRS 10: Consolidated Financial Statements

This Standard provides a revised control definition and application guidance. Therefore, this IFRS supersedes IAS 27 (2008) and SIC 12, Consolidation - Special Purpose Entities, and is applicable to all investees.

Early application is permitted. Entities that apply this IFRS earlier must disclose that fact and apply IFRS 11, IFRS 12, IAS 27 (as amended in 2011), and IAS 28 (as amended in 2011) simultaneously.

An entity is not required to make adjustments to the accounting for its involvement with an investee when entities are previously consolidated or unconsolidated in accordance with IAS 27 (2008), SIC 12, and this IFRS, continue to be consolidated or continue not to be consolidated.

When application of this IFRS results in an investor consolidating an investee that is a business not previously consolidated, the investor:

1) must determine the date when the investor obtained control of that investee on the basis of the requirements of this IFRS; and

2) will assess the assets, liabilities, and no-controlling interests as if acquisition accounting had been applied from that date.

If (2) is impracticable, then the deemed acquisition date must be the beginning of the earliest period for which retroactive application is practicable, which may be the current period.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. This standard has not been adopted by the Board.

y) IFRS 11: Joint Arrangements

This standard was issued in May 2011 with an effective date of January 1, 2013. The Standard addresses the inconsistencies in the accounting for joint arrangements and requires a single accounting treatment for interests in jointly controlled entities. This standard has not been adopted by the Board.

The objective of this IFRS is to establish principles for joint arrangements disclosures.

It supersedes IAS 31, Interest in Joint Ventures and SIC 13, Jointly Controlled Entities, nonmonetary contributions by ventures.

z) IFRS 12: Disclosure of Interests in Other Entities

This Standard was issued in May 2011 with an effective date of January 1, 2013. This Standard requires an entity to disclose information that enables users of financial statements to evaluate the nature and financial effects of its investments in other entities, including joint arrangements, associates, structured entities, and "off balance" activities. This Standard has not been adopted by the Board.

aa) IFRS 13: Fair Value Measurement

This Standard was issued in May 2011 and clarifies the definition of fair value, establishes a single procedure for measuring fair value, and defines the measurements and applications required or permitted by IFRSs. This Standard is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. This Standard has not been adopted by CONASSIF.

This standard is applicable for periods beginning on or after January 1, 2013. This IFRS defines "fair value", establishes a single conceptual framework in IFRS to measure fair value and requires disclosures about the measurement of fair value. This IFRS applies to other IFRSs that allow measurement at fair value.

bb) IFRS 15: Revenue from Contracts with Customers

International Financial Reporting standard IFRS 15, Revenue derived from contracts and clients established principles for presentation of useful information to users of the financial statements about the nature, amount, schedule and uncertainty of revenue and cash flows arising from an entity's contracts with their customers.

IFRS 15 applies to annual periods that begin in or after January 1, 2017. Earlier application is permitted.

IFRS 15 supersedes:

a. IAS 11: Construction Contracts;
b. IAS 18: Revenue;
c. IFRIC 13: Customer loyalty programs;
d. IFRIC 15: Agreements for the construction of real estate;
e. IFRIC 18: Transfer of assets from customers; and
f. SIC-31 Revenue Barter transactions involving advertising services.

Revenue is important information for users of financial statements, assessing the situation and financial performance of an entity. However, the above requirements for the recognition of revenue on International Financial Reporting Standards (IFRS) differ from accounting principles generally accepted in the United States of America (US GAAP) and both requirements sets needed improvement. The requirements for recognition of revenue from previous IFRS provided limited guidance and, therefore, the two main standards for the recognition of revenue, IAS 18 and IAS 11, could be difficult to apply to complex transactions. Furthermore, IAS 18 provided limited guidance on many important issues of revenue, such as accounting of agreements with multiple elements. Instead, US GAAP comprised broader aspects in the recognition of revenue, along with numerous requirements for industries or specific transactions, which resulted in a different accounting of similar transactions.

Therefore, the International Accounting Standards Board (IASB) and the issuer of national standards in the United States, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognition of revenue and to develop a common standard for revenue to IFRS and US GAAP that:

a. Eliminates inconsistencies and weaknesses of the above requirements on revenue;
b. Provides a solid framework to address the problems of revenue;
c. Improves comparability of recognition practices of revenue between entities, industries, jurisdictions and capital market;
d. Provides more useful information to users of the financial statements through disclosure requirements improved; and
e. Simplify the preparation of the financial statements, reducing the number of requirements that and entity must refer.

The basic principle of IFRS 15 is that an entity recognizes revenue to represent transfer of goods or services committed to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled to exchange of such goods or services. An entity recognizes revenue in accordance with the basic principle by applying the following steps:

a. Step 1: Identify the contract (contracts) with the client a contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of IFRS 15 apply to each contract which has been agreed with a client and meets the specified criteria. In some cases, IFRS 15, requires an entity to combine contracts and accounted for as one. IFRS 15 also provides requirements for the posting contracts changes.

b. Step 2: Identify performance obligations in the contract - a contract includes commitments to transfer goods or services to a customer. If goods or services are different, commitments and performance obligation are accounted for separately. A good or service different if the client can take advantage of the good or service itself or with other resource that are available to the customer and commitment of the institution to transfer the good or service to the customer is separately recognizable from other contract commitments.

c. Step 3: To determine the transaction Price - the Price of transaction is the amount of consideration in a contract to which an entity expects to be entitled in exchange for the transfer of goods or services involved with the client. The transaction price can be a fixed amount of the consideration for the client, but may sometimes include a variable compensation in cash or other form. The transaction price is also adjusted by the value of money over time if the contract includes a significant financing component, as well as any consideration payable to the customer. If the consideration is variable, an entity shall estimate the amount of the consideration to which it shall be entitled to the exchange for goods or services involved. The estimated variable compensation amount is included in the price of transaction only to the extended that is highly likely that a significant reversal of the amount of income recognized accumulated to not occur when the uncertainty associated with the variable compensation was subsequently resolved.

d. Step 4: Allocate the transaction price between performance obligations of the contract an entity usually allocates the transaction price to each performance obligation based on the relative independent selling prices of each good or service involved in the contract. If a selling price is not observable independently, an entity shall estimate. Sometimes, the transaction price includes a discount or a variable amount of the consideration that relates entirely to a part of the contact. The requirements specify when an entity assigns the discount or variable consideration to one or more, but not all the performance obligations (different goods or services) of the contract.

e. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation -an entity recognizes the revenue when (or as) it satisfies a performance obligation by transferring goods or services committed to the client (which is when the customer obtains control of that good or service). The amount of income recognized is the amount allocated to the performance obligation satisfied. A performance obligation can be met at any given time (usually for commitments to serve the customer). For performance obligations that are satisfied overtime, an entity recognizes revenue over time by selecting an appropriate method to measure the progress of the entity toward complete satisfaction of that performance obligation.

cc) IFRIC 10: Interim Financial Reporting and Impairment

This statement prohibits the reversal of an impairment loss recognized in a previous interim period, regarding to surplus value, investment in an equity instrument or a financial asset booked at cost, IFRIC 10 applies to surplus value, investment in equity instruments and financial assets booked at cost starting from the date the first time the criteria of measurement of NIC 36 and NIC 39 was applied (i.e. January 1, 2004). The Board allows reversal of estimates.

dd) IFRIC 12: Services Concession Arrangements

This interpretation provides guidelines for the posting of public service concession arrangements to a private operator. This interpretation applies both to:

- The infrastructure that the operator builds or purchases from a third party. to be used for the provision of services agreements; and

- Existing infrastructure to which the operator has access in order to provide the services established in the agreement.

IFRIC 12 is mandatory for financial statements as of July 1. 2009. This IFRIC has not been adopted by the Board.

ee) IFRIC 13: Customer Loyalty Programs

This interpretation provides guidance to the entity that grants credits -awards to its customers for loyalty as part of sales transaction which, subject to compliance with any additional condition established as a requirement, the customer can redeem in the future in form of goods, free services or discounts. IFRIC 13 is mandatory for financial statements starting from January 1, 2011. This IFRIC has not been adopted by the Board.

ff) IFRIC 14, IAS 19: Limit on Defined Benefit Asset, Minimum Finding Requirement and their Interaction

This interpretation applies to benefits defined for former employees and other long term benefits for employees. It also considers requirements to maintain a minimum level of funding to any requirement to fund a benefits plan for former employees or other long term benefits plans. It also covers the situation where a minimum level of funding may result in a liability. The IFRIC 14 is mandatory for financial statements starting from January 1, 2011, which retrospective application. This IFRIC has not been adopted by the Board.

gg) IFRIC 16: Hedges of a Net Investment in a Foreign Operation

This interpretation allows an entity using step considerations to choose an accounting policy that covers the risk of exchange rate, in order to determine the accumulative adjustment of currency conversion that is reclassified in results for the disposal of net investments in abroad business, as if the direct method has been used. The IFRIC 16 is mandatory for financial statements as of July, 1, 2009. The Board has not adopted his standard.

hh) IFRIC 17: Distribution of Non-Cash Assets to Owners

This interpretation provides guidance for accounting dividends payable distributed using non- cash assets, at the beginning and the end of the period.

If an entity declares dividends to be distributed through non- cash assets, after the closing of a reported period but before the financial statements are authorized to be issued, it will disclose:

a) The nature of the asset to be distributed;

b) The carrying amount of the asset at the closing date; and

c) If the fair values are determined, wholly or partially, by reference to price quotes published in an active market or are estimated using a valuation method, as well as the method used to determine the fair value and the assumptions applied when using a valuation method.

IFRIC 17 is mandatory for financial statements starting from July 1, 2009. This standard has not been adopted by the Board, Its application is prospective; a retrospective application is not permitted.

ii) IFRIC 18: Transfer of Assets from Customers

This interpretation offers guidance for accounting of transfers of property, plant and equipment for entities receiving such transfer from customers, as well as those agreements in which an entity receives cash from customers and must use the cash amount only for construction or purchasing property, plant and equipment. This IFRIC is mandatory for financial statements from July 1, 2009. This IFRIC has not been adopted by the Board.

jj) IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

This interpretation provides guidance for accounting renegotiated terms of financial liability and give rise to the entity that issues the equity instruments to extinguish the financial liability totally or in part, IFRIC 19 is mandatory for financial statements starting from July 1, 2010. This IFRIC has not been adopted by the Board.

kk) IFRIC 17: Distributions of Non- Cash Assets to Owners

This IFRIC is mandatory for financial statements from July 1, 2009. Its application is prospective; a retrospective application is not permitted.

ll) IFRIC 18: Transfer of Assets from Customers

This interpretation is mandatory for financial statements form July 1, 2009. This interpretation is applicable to entities that transfer assets to other entities for goods or services of different nature, for which an income has to be recognized due to the difference in value.

mm) IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is mandatory for financial statements starting from July 1, 2010.

nn) IFRIC 21: Levies

This interpretation addresses the accounting of a liability to pay a levy if that liability is within IAS 37. It also addresses the accounting of a liability to pay a levy where the amount and maturity are true.

This interpretation does not address the accounting of cost arising from the recognition of a liability to pay a levy. Entities should apply other standards to decide whether the recognition of a liability to pay a tax results in an asset or an expense.

The event that triggers the obligation and results in a liability to pay a levy is the activity that produces the levy payment, as established by law. For example, if the activity that results in the levy payment is to generate an income from ordinary activities in this period, and the calculation of this tax is based on income from ordinary activities that took place in an earlier period, the event that results in the obligation of the levy is the income generation in the current period. Generating revenue in the previous periods is necessary, but not sufficient to create a present obligation.

An entity does not have an implied obligation to pay a levy to be generated by future period operation; as a result, the entity is economically compelled to continue operating in that future period.

The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy to be generated by operations in future periods.

The liability to pay a levy is recognized progressively if the event results in the obligation over a period (for example, if the activity that generates the payment of the tax occurs as established by law, over a period). For example, if the event that results in the obligation is the generation of a regular income for activities over a period, the corresponding liability is recognized as the entity produces that income.

An entity shall apply this interpretation for annual periods beginning on or after January 1, 2014.

oo) Amendments to Existing Standards:

Employee Benefits
(Amendment to IAS19)

This standard is modified to recognized the discount rate to be used corresponding with local currency bonds.

The transition date is for annual periods that begin in or after January 1, 2016; it may be applied in advance and disclose that fact. Any application adjustment must be made against retained earnings at the beginning of the period.

This standard is for application in the periods that begin in or after January 1, 2013. It includes changes referring to the benefit plans defined for which it previously required that the re measurement of the actuarial appraisals were recognized in the income statement or in other integral results. The new IAS 19 will require changes in the measurements to be included in other integral results and the cost of services and net interest to be included in the income statement.

Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
(Amendments to IFRS 10 and IAS 28)

Loss of Control

When a controlling company loses control of a subsidiary, the controlling company:

a) Will derecognize assets and liabilities of former subsidiary of the consolidated statement of financial position.

b) Recognizes an investment retained in the former subsidiary at fair value and subsequently accounted for this investment and the amount owed by or to the former subsidiary thereof, in accordance with relevant IFRS's. This retained interest at fair value is measured again, as described in paragraph B98 (b) (iii) and B99(a). The value measured again, if applicable, at the date when control is lost, is regarded as the fair value on initial recognition of financial assets, in accordance with IFRS 9 or cost on initial recognition of an investment in an associate or joint venture.

c) Will recognize gain or loss associated with the loss of control of previous controlling company as specified in paragraphs B98 to B99A.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Issued in September 2014, it amended paragraphs 25 and 26 and added paragraph B99A. An entity will apply such amendments in a prospective manner to transactions that take places in annual periods starting as of January 1, 2016. An early application is allowed. If an entity applied the amendments earlier, this must be disclosed.

Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS11)

This IFRS requires the acquirer of an interest in a joint venture whose activity is a business, as defined in IFRS Business Combinations, to apply all the principles on accounting for business combinations of IFRS 3 and other IFRS, except those in conflict with the guidelines of this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRS for business combinations.

Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014, amended the heading after paragraph B33 and added paragraphs.

If an entity applies these amendments but doesn't apply IFRS 9, the reference in these amendments to IFRS 9 shall be read as a reference to IAS 39, Financial Instruments: Recognition and Measurement. Amendments to IFRS 11, May, 2014. An entity shall apply those amendments prospectively for annual periods that begin in or after January 1, 2016. Earlier application is permitted. If an entity applies these amendments for a period beginning before, it will disclose that fact.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Separate financial statements are those presented by a controller (inverter with control on a subsidiary) or an investor with joint control in an investee or significant influence over it. Subject to the requirements of this standard, an entity may choose to account for its investment in subsidiaries, joint ventures and associates at cost, in accordance with IFRS 9, Financial Instruments, or using the equity method as described in IAS 28, Investments in associates and joint ventures.

When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates:

a) at cost, or;
b) in accordance with IFRS 9; or
c) Using the equity method as described in IAS 28.

An entity shall apply the same accounting for each category of investment. The accounted investments are registered at cost or using the equity method in accordance with IFRS 5, non- current assets held for sale and discontinued operations, in cases where they are classified as held for sale or for distribution (or included in a group of assets for disposal that are classified as held for sale or for distribution). Under these circumstances, the measurement of investments accounted is not amended in accordance with IFRS 9.

The equity method in separate financial statements (Amendments to IAS 27), issued in August, 2014, amended paragraphs 4 to 7, 10, 11 B and 12. An entity shall apply those amendments for annual periods beginning on or after January 1, 2016, retrospectively, in accordance with IAS 8, Accounting Policies, changes in Accounting Estimates and Errors. Earlier application is permitted. If an entity applies these amendments for a period beginning before, it will disclose that fact.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

This document established amendments to IAS 39, Financial Instruments: Recognition and Measurement. These amendments result from proposals of the standard project 2013/2: Novation of Derivatives and Continuation of Hedge Accounting, and the corresponding responses received (Proposed Amendments to IAS 39 and IFRS 9) was published in February 2013.

IASB has amended IAS 39 to discontinue exempting the hedge accounting when the novation of a derivative designed as a hedging instrument meets certain conditions. A similar exception will be included in IFRS 9, Financial Instruments.

It is effective from annual periods beginning on or after January 1, 2014.

Disclosure of the recoverable amount of non- financial assets

This document establishes the amendments to IAS 36, Impairment of Assets, The amendments result from proposal of the standard project 2013/1, Disclosure of the recoverable amount of non- financial assets and corresponding response received (Proposed Amendments to IAS 36) that was published in January 2013.

In May 2013, paragraphs 130 and 134 and the heading on paragraph 138 were modified. An entity shall retroactively apply those amendments to annual periods beginning on or after 1 January 2014. Earlier application is permitted. An entity will not apply those changes to periods (including comparative periods) in which IFRS 13 does not apply.

The changes made in this document along the disclose requirements to IAS 36 with the original intention of the IASB. For the same reason, the IASB also amended IAS 36 to require amount of assets that present impairment is based on fair value less cost of disposal, consistent with the disclosure requirements for impairment assets presented in U.S. GAAP.

pp) Amendments to Standards Established by CONASSIF

The following amendments to the accounting standards applicable to entities supervised by SUGEF, SUGEVAL, SUGESE, SUPEN and non- financial issuers established by CONASSIF shall apply from January 1, 2014:

1. Delete the last paragraph of article 8. Therefore, not allowed to commercial state banks to capitalize total revaluation surplus, but may continue to capitalize revaluation surplus as permitted by IAS 16, i.e., the part already used of that surplus (or realized by selling the asset), since on that subject no exception is included by SUGEF.

2. Delete paragraph two of article 19, IAS 40, Investment Property for rent or goodwill, Therefore, the adjustments to fair value of investment properties are recognized in the income statement.

3. Modify paragraph four of the concept of Group 130, Loan portfolio, so the commissions representing an adjustment to the effective yield should be recorded as a deferred credit.

4. Add the account of deferred direct cost associated with credit, recognizing the direct cost incurred by the entity in the formalization of credit and must be repaid by means of effective interest method.

5. Another important change is that the formats and the scope of the information to be disclosed in the financial statements will be made mostly based on IAS 1, including the concept of other comprehensive income, adjusting the statement of changes in equity, and requiring the presentation criteria, for the intermediate financial information in accordance with IAS 34.

(44) Figures for 2018

As of December 31, 2019, financial statement figures have not been reclassified for comparison with those of 2018, per modifications to the Chart of Accounts and SUGEF Directive 31-04: "Regulation on the financial information of entities, groups and financial conglomerates" approved by CONASSIF.

(45) Relevant and subsequent events

As of December 2019, there are relevant and subsequent events to disclose as follows:

Transfer of charges and observations

On November 21, 2014, Provisional Regularization Proposal No. 1-10-017-14-124-031-03 was notified, which informs the bank of the differences found in tax bases and tax assessments, as well as the Legal facts and basis. The total tax debt is of ¢3.003.887.889 and interest of ¢1.079.849.565 corresponding to fiscal periods 2010-2011-2012 and 2013.

The Bank of Costa Rica expressed partial disagreement with the proposed regularization and awaits notification of the administrative act of liquidation, with concrete expression of the Legal facts and basis that motivate the differences in tax bases and assessments.

On January 14, 2015, according to the last Proposed Regularization, the Tax authorities notified the Bank, in respect of the items presented, together constituting a tax contingency, which from the point of view of legal risk would mean their eventual confirmation of payment obligation or dismissal in the future. For the purpose of making the corresponding provision, the total of the adjustments confirmed for tax plus interest and proportional penalties to January 8, 2015, date of the settlement, is the amount of ¢5.116.774.222.

On August 30, 2016, Provisional Regularization Proposal No. 1-10-071-16-085-041-03 was notified, which informs the bank of the differences found in tax bases and tax assessments, as well as the Legal facts and basis. The total tax debt is of ¢9.932.739.485 and interest of ¢2.145.983.333 corresponding to fiscal period 2014.

The Bank expressed partial disagreement with the proposed regulation and is expecting the administrative liquidation to be notified, containing concrete facts and legal principles motivating the differences in the tax bases and tax fees.

On January 2, 2019, the Bank proceeds with the payment of ¢14,138,113,417 to the Ministry of Finance, corresponding to the amounts determined in the audit procedures for the periods from 2010 to 2014, under the tax amnesty, as indicated in Transitory XXIV of the Law on Strengthening of Public Finances No. 9635.

The amounts of the payment are presented as follows:

Period		Income tax		Penalties		Total
2010	¢	679.647.526	¢	33.982.376	¢	713.629.902
2011		1.059.187.613		52.959.381		1.112.146.994
2012		987.937.205		98.793.721		1.086.730.926
2013		272.356.511		27.235.651		299.592.162
2014		9.932.739.485		993.273.948		10.926.013.433
	¢	12.931.868.340	¢	1.206.245.077	¢	14.138.113.417

Presidential guideline

As of June 2018, within the measures taken by the Governing Council, the presidential directive 09-H was issued, ordering the administrative and management authorities of the Public Sector to review the current collective convention agreements and determine the existence of clauses that imply an expense of public resources not in compliance with constitutional jurisprudence. In view of such directive, the Board of Directors of the Bank instructed Management to review the current collective agreement and submit to assessment articles that do not comply with the constitutionality parameter given by the Constitutional Chamber.

The measures resulting from the pronouncement of the Chamber will always be within the framework of legality and with respect to the rights and conditions of all workers of this institution.

Adjustment of severance provision

As of December 31, 2018, the adjustment to results of a partial balance of the severance payment was based on the criteria of the Bank's legal area, based on the new law of strenghtening of public finances according to the following articles:

Article 39- Severance payment

"The compensation for severance payment for all officials of the institutions referred to in article 26 of this law shall be regulated according to the provisions of the Labor Code and may not exceed 8 years."

As of January 8, 2020, the Constitutional Chamber in vote 2020-000321 declares as unconstitutional the rule contained in article 29 of the Collective Convention of the Employees of the Bank of Costa Rica.

Capital contributions

As of June 25, 2019, the bank provides Banprocesa, S.R.L, the amount of ¢700,000,000 as an initial contribution to its operations.

Refund of capital and distribution of dividends

As of April 30, 2018, BCR Pensiones Operadora de Planes de Pensiones Complementarias S.A, distributed dividends in the amount of ¢1.743.996.172, complying with resolution of the Extraordinary General Shareholder´s Meeting Nº 01-18, dated April 23, 2018.
As of May 31, 2018, BCR Corredora de Seguros, S.A, distributed dividends in the amount of ¢1.500.000.000, complying with reslution of the Extraordinary General Shareholder´s Meeting Nº 07-18, dated March, 21, 2018.

As of June 29, 2018, BCR Sociedad Administradora de Fondos de Inversión S.A, distributed dividends in the amount of ¢2.500.000.000, complying with resolution of the Extraordinary General Shareholder´s Meeting Nº 02-18 dated April, 23, 2018.

As of September 21, 2018, in additon to the agreement of the Extraordinary General Shareholder´s Meeting Nº 02-18 dated April 23, 2018, BCR Sociedad Administradora de Fondos de Inversión S.A, distributed dividends in the amount of ¢500.000.000.

Payment for allocation of bonds in international markets

As of August 13, 2018, the Bank paid US$500 million for the international issuance made in August 2013 at a rate of 5.25%, without pressuring the domestic markets to obtain such funds. The funds corresponding to the payment were transferred to the Bank of New York Mellon, entity in charge of making the payment to the bondholders.

As planned, the Bank of Costa Rica, did not affect the local financial and exchange market due to the extraction of these resources or else, it has not taken resources from other issuers in that currency through auctions or windows. For the payment of an issuance of these characteristics, the Bank made an adequate cash flow planning in order to have the funds available by the due date.

Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica

1. Absorption of Banco Crédito Agrícola de Cartago by Banco de Costa Rica

   As of September 10, 2018, through Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Baco de Costa Rica", the merger of Banco Crédito Agrícola de Cartago (Bancrédito) and Banco de Costa Rica (BCR) is decreed, by which the latter will absorb the former and continue its legal being as the prevailing entity.

The operative merger will be effective within a maximum term of sixty business days after the law comes into force, so that within the aforementioned term Bancrédito must carry out, by means of whoever is exercising its administration, the pertinent administrative or operative tasks to consolidate the merger and absorption process, including the settlement of the remaining personnel of the banking entity.

Consequently, as a result of this merger, Banco Crédito Agrícola de Cartago will be ceased as a legal entity, and its net assets will be transferred to Banco de Costa Rica, of which it will be a full party as of the effective date of this law.

In the event that at the time of the merger Bancrédito's equity is negative or less than the amount required for Bancrédito to comply with a minimum capital adequacy equal to the BCR's capital adequacy indicator at the effective date of merger, with a minimum limit of ten percent (10%), this difference will be contributed by the Government to Banco de Costa Rica; the amount of the contribution during the 2018 period was of ¢18.907.432.694.

This contribution must be made immediately on the effective date of the merger, which will be made by decreasing the liability that Bancrédito has with the Ministry of Finance for deposits, first charging interest and then the principal of the debt held by Bancrédito with the Ministry of Finance.

The shares of the subsidiaries of the absorbed Bank will be understood as transferred in full right to Banco de Costa Rica, which will assess keeping them in operation, for sale or settlement, all within the maximum and non-extendable period of eighteen subsequent calendar months upon the entry into force of this law, within which period it will be authorized to act as the sole shareholder of such companies.

For all legal purposes, Banco de Costa Rica is authorized to act as the owner of one hundred percent (100%) of the shares of Bancredito's subsidiaries, even though the Bank already owns an Innsurance Broker, so that BCR will determine the future of the company.

Upon expiration of the aforementioned term the company may not remain in force independently.

2. Integration of the assets of the extinct Banco Crédito Agrícola de Cartago to the equity of Banco de Costa Rica

The equity of Banco Crédito Agrícola de Cartago (Bancrédito), that is, all of its assets, liabilities, contracts, contingent and debit meoranda accounts, and, in general, all of its rights and obligations, all of the subjective legal situations existing at the effective date of this law and of which it is the holder, will be fully integrated into the legal-equity sphere of Banco de Costa Rica (BCR) and, consequently, will be reflected in the balance sheet from which the merger provided by this law is effective, as provided in Article 1.

The equity of Banco Crédito Agrícola de Cartago will increase the capital stock of Banco de Costa Rica, except in the portion corresponding to the resources of the Financing Development Fund (FOFIDE) managed by the absorbed bank, which will also become part of the equity of Banco de Costa Rica, but added to the equity resource of FOFIDE, so that they are managed by Banco de Costa Rica, pursuant to Law No. 8634, Development Banking System, of April 23 of 2008.

The methodology that will be followed in recording the merger will be based on carrying values.

Banco de Costa Rica will assume the legal position held by Banco Crédito Agrícola de Cartago with respect to any pre-existing legal relationship.

The National Registry is authorized to, within the term provided in article 1 of this law, proceeds with the change of the owner´s name in favor of Banco de Costa Rica, as well as in the position of creditor held by Banco Crédito Agrícola de Cartago.

If by means of what is indicated in the previous paragraph, Banco de Costa Rica must assume the contractual position of fiduciary with respect to any trust in which it is already a trustee, then the trustor must substitute the fiduciary, for which it is fully authorized, in order to comply with the provisions of article 656 of Law No. 3284, Code of Commerce, of April 30, 1964.

3. About the employees and the directors of Banco Crédito Agrícola de Cartago

The appointments of all the members of the managing bodies of Banco Crédito Agrícola de Cartago (Bancrédito) and its subsidiaries, and of all the management positions of the absorbed Bank and its subsidiaries, which were in force as of this date, shall be settled in full right from the effect date of this law.

The settlement of its personnel will be carried out by Banco Crédito Agrícola de Cartago, through the Interventoría or by someone who is in the exercise of its administration at the time of this law entering into force. The settlement procedure will be carried out in accordance with the legal system applicable to Bancredito's labor relations upon the entry into force of this law, and must be completed within the term established by article 1 of this law.

Any labor contingency that arises after the labor settlement is carried out, according to a final judicial decision, will be processed before and assumed by the Government.

This law does not affect in any way the possible responsibilities, of any nature, that may arise due to the exercise of the position by Bancredito staff, including those derived from the actions of the members of the managing bodies of this Bank or its subsidiaries, as well as those who held managing positions, without prejudice to the application of the limitation periods that may correspond.

4. Other liabilities or supervening contingenies

The eventual tax contingencies derived from the income tax that Banco Crédito Agrícola de Cartago (Bancrédito) and its subsidiaries had at the merger date will not be transferred to Banco de Costa Rica (BCR) but will be assumed by the Government.

In the event that subsequent to the merger, other contingent liabilities or contingencies arise according to final judicial resolution, including collection of professional fees of lawyers or experts for judicial proceedings or pending administrative proceedings, or of any other type that were not recorded in the balance sheet of Banco Crédito Agrícola de Cartago or its subsidiaries, must be claimed and processed directly before the Government.

With respect to possible obligations or losses of any kind, which in the future may arise from the different risks inherent to the trusts, due to the fault or negligence of Bancrédito as trustee and which must be assumed with the trustee's equity, be processed before and claimed directly to the Government, in addition to what is required in article 642 of Law No. 3284, Commercial Code, of April 30, 1964.

With respect to compliance with Law No. 8204, "Law on Narcotic Drugs, Psychotropic Substances, Drugs of Unauthorized Use, Related Activities, Money Laundering and Financing of Terrorism", dated December 26, 2001, in case penalties or sanctions are originated, derived from customers that come from Bancrédito, and that at the time of the merger those risks have not been identified in spite of the due diligence performed by BCR, this Bank is exonerated from all responsibility for the actions by Bancrédito during the five years prior to the effective date of the merger.

5. Settlement of the closed Collective Capitalization Fund

The management and operation of the closed Collective Capitalization Fund of Banco Crédito Agrícola de Cartago (Bancrédito) is transferred to Banco de Costa Rica (BCR). If upon settlement of the aforementioned Fund there is a positive balance of resources, these will become part of BCR's equity.

In case the Fund loses its sustainability in the future that originates an actuarial deficit for the payment of pensions, such deficit will be assumed by BCR.

6. Transitory dispositions

Transitory I- Related to the indicators mentioned below and included in the Regulation for Judging the Economic-Financial Situation of the Supervised Entities (Agreement SUGEF 24-00), or related to the regulations and indicators that may be issued or substituted in the future, the General Superintendence of Financial Entities (SUGEF) is authorized to exclude within its assessments the effects that on such indicators may be derived from the credit portfolio that Banco de Costa Rica (BCR) has received from Banco Crédito Agrícola de Cartago (Bancrédito), by means of the merger operated by the provisions of this law. The foregoing for a term of three years, counted from the monthly closing date near to the day on which the merger provided for in this law is effective. The indicators that will be excluded are the following:

a) Portfolio with delinquency greater than ninety days on the direct portfolio.
b) Expected los son loan portfolio over the total portfolio.

In addition, that same exception will also apply to any other regulatory indicator, of any kind, that may be adversely affected during that three-year period, as a result of the merger.

Transitory II- Banco Crédito Agrícola de Cartago (Bancrédito) will transfer, within the term established in Article 1 of this law, the active portfolio that is impaired in the risk categories D and E, settled accounts – insolvent -, whose effects should be reduced from the value of Bancrédito's equity that will be delivered to Banco de Costa Rica (BCR), in order to apply the scope of article 1 of this law.

As a result of this transfer, the portfolio indicating arrears greater than 90 days over the direct portfolio must be collected; the indicator must represent a result equal to or lower than that presented at the effective date of merger by BCR, with a maximum limit of three percent (3%), so that the results o BCR will not deteriorate.

Once the Portfolio in categories D and E is transferred, if this indicator in Bancrédito is greater than the one presented by BCR, the additional amount of the impaired portfolio (from higher to lower impairment) must be transferred to liquidated - insolvent accounts with delinquency greater than ninety days, so that the indicator is at least equal to that of BCR, whose effects must be reduced from the value of Brancrédito's equity that will be delivered to Banco de Costa Rica, in order to apply the scope of Article 1 of this Law.

Payment Agreement of Merger by Absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica

The Bank and the Ministry of Finance signed an agreement that will allow compliance with Law 9605 "Merger by Absorption of Banco Crédito Agrícola de Cartago and the Bank of Costa Rica", where the latter will pay the Costa Rican Governement the amount of US$50,000. 000 and ¢100,000,000,000, plus accrued interest as of the subscription date, amounting to US$1,104,639 and ¢5,928,991,551. To cancel these amounts, on November 20, the Bank transferred in advance the amount of US$50,000,000 and interest accrued on the debt.

In addition, the Bank will issue four term deposit certificates in favor of the Ministry of Finance; the first in the amount of ¢30,052,510,000 due on March 29, 2019. In addition, three certificates of term deposits will be issued in favor of the Ministry of Finance, the first two for ¢23,000,000,000 for a one- and two- year term, respectively, and the last one for ¢24,000,000,000 with a maturity of three years, for a total of ¢70,000,000,000. These three certificates with an issuance date of December 10, 2018.

The structuring of these certificates was carried out in accordance with the provisions of Law No. 9605 of September 12, 2018.

Dissolution of Bancrédito Sociedad Agencia de Seguros S.A.

On December 17, 2018, in Extraordinary General Shareholders' Meeting No. 29-18, the General Board of Banco de Costa Rica, by law, agrees to dissolve S.A., in accordance with the article two hundred and one, subsection b) of the Commercial Code and agree to appoint a liquidator to proceed with the distribution of the company's existing assets within the term of the law and according to the inventory made.

Properties investment

The Bank determines that in order to safeguard the institutional permanence and not affect the operation of the Consejo Nacional de Producción, to sign a contract to modify the leasing area, so that the new leasing area contemplates the current one, such as the one that is being used in precarious conditions. Due to the foregoing, as of January 31, 2018, the amounts corresponding to the property and building that were kept in other assets were reclassified to Properties Investments.

Decrease in the percentage of commissions in the Régimen Obligatorio de Pensiones Complementarias (ROPC)

Article 37, paragraph 2, of the Opening and Operating Regulations establishes that the calculation basis of the commission for management of the Régimen Obligatorio de Pensiones Complementarias (ROPC) will be a percentage of the administered balance, the latter defined as the difference between the total assets and liabilities. The maximum limit of commission that entities may charge to affiliates of the ROPC will be of 0.35% per year.

In transitory I of the Regulation of Opening and Operation, it is established that the calculation basis for the commission for the ROPC will be effective as of January 1, 2011. In the same transitory, it establishes a graduality table that adjusts the commissions' percentage every three years.

During 2014, 2015 and 2016, the commission charged to the ROPC affiliates was of 0.70%. As of January 1, 2017, and until December 31, 2019 the administration fee for the ROPC decreases from 0.70% to 0.50% in accordance with transitory I of the Opening and Operating Regulations.

During the periods 2017, 2018 and 2019 the commission charged to ROPC affiliates was 0.50%. As of January 1, 2020, the administration fee for the ROPC decreases from 0.50% to 0.35% in accordance with transitory I of the Opening and Operating Regulations.

Adjustments to the participation in BICSA

In the audited financial statements of Banco Internacional de Costa Rica, S.A. (BICSA) for the 2018 period following accounting adjustments were applied:

			Debits	**Credits**
129-02-2-1	Allowance for impairment of available-for-sale investments-own resources	US$	53.172	
342-02-1-99	Other reserves [1]		2.136.554	
139-01-2	(Allowance for loan portfolio)			650.727
351-01-1-01	Retained earnings from previous periods [1]			1.538.999
		US$	**2.189.726**	**2.189.726**

The effect on the financial statements as of December 31, 2018 of Banco de Costa Rica is as follows:

		Amount
Data in BICSA´s equity in US$, net [1]	US$	597.555
Exchange rate		604.39
Data in BICSA´s equity in colones, net		**361.156.266**
Percentage of participation		51%
Adjustment to BCR´s participation	¢	**184.189.696**

The recording of this adjustment will be carried out in the Bank's accounting during the 2019 period.

Value added Tax

With the promulgation of Law No. 9635, Law on Strengthening Public Finances of December 3, 2018, the sales tax system is comprehensively reformed, repealing in its entirety the General Sales Tax Law, Law No. 6826 of November 8, 1982 and its reforms, and migrated in its Title 1 to a new regulatory framework, called the Value Added Tax Law. This tax is regulated in article 1 of the aforementioned Law. In this new regulatory framework, all goods and services are taxed as a general rule, presupposing an improvement in the control and oversight of the tax, since the list of exempt goods and services is considerably reduced, according to what is established in Article 8 of the Law. Likewise, the essential elements of the tax, be it the taxable event, the accrual, the taxpayers, and the taxable base, were modified with the Article 1 of the Law for Strengthening Public Finances.

New Administration of the Notarial Guarantee Fund

On October 8, 2019, BCR Pensiones started to manage the Notarial Guarantee Fund; this fund was created with the promulgation of the Notarial Code that began in effect since 1998.

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

As of December 31, 2019, the Notarial Guarantee Fund generated an income of ¢171,744,963.

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

Financial Information Regulation

a) 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.

b) 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.

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

The General Management of the Bank authorized the issuance of the consolidated Financial Statements on January 8, 2019.

SUGEF might require amendments to the Financial Statements after the date of authorization for issuance.