



Banco de Costa Rica and Subsidiaries

Unaudited Consolidated Financial Statements

September 30, 2024, and 2023

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BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of September 30, 2024
(In colones without cents)

<u>ASSETS</u>	<u>Note</u>	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Availabilities	4	€ 921 686 141 825	857 141 935 007	967 923 171 237
Cash		58 429 661 501	94 545 532 532	77 064 884 819
Central Bank of Costa Rica		684 182 699 779	592 619 894 577	729 463 993 694
Local financial entities		2 801 469 446	1 417 055 883	879 270 934
Foreign financial entities		75 992 857 350	78 213 290 649	59 267 462 762
Notes payable on demand		1 126 239 846	958 261 787	5 520 298 553
Restricted cash and cash equivalents		99 153 213 903	89 387 879 925	95 727 254 305
Accounts and interest receivable		-	19 654	6 170
Investment in financial instruments	5	1 710 188 436 432	1 591 327 477 747	1 516 492 093 481
At fair value through profit or loss		127 260 092 184	137 856 680 612	29 014 453 297
At fair value through other comprehensive income		1 393 916 791 875	1 076 169 538 430	1 318 140 854 946
At amortized cost		168 430 775 924	356 017 903 026	149 536 370 634
Interest receivable		20 766 827 928	21 445 888 496	19 988 800 929
(Allowance for impairment)		(186 051 479)	(162 532 817)	(188 386 325)
Loan portfolio	6.b	4 113 665 333 400	3 967 208 057 310	3 912 039 903 840
Current loans	6.d	3 973 981 494 511	3 807 277 733 773	3 679 262 407 793
Past due loans		280 932 517 767	238 319 730 317	322 775 695 568
Loans in legal collection	6.e	48 307 548 701	54 557 170 035	57 562 880 112
(Deferred income loan portfolio)		(22 700 702 990)	(20 496 872 511)	(19 898 638 645)
Interest receivable	6.f	24 394 355 671	22 649 068 401	26 529 373 861
(Allowance for impairment)	6.g	(191 249 880 260)	(135 098 772 705)	(154 191 814 849)
Accounts and commissions receivable		47 123 883 720	43 423 565 381	47 569 488 822
Commissions receivable		4 363 731 029	4 957 981 131	5 495 562 608
Accounts receivable from stock exchange operations		85 016 892	434 827 061	841 289 510
Accounts receivable for transactions with related parties		637 113 488	583 187 977	738 882 727
Deferred income tax and income tax receivable	15	37 645 715 471	30 538 303 112	27 080 018 763
Other accounts receivable		15 872 258 410	17 629 733 158	27 253 296 038
(Allowance for impairment)		(11 479 951 570)	(10 720 467 058)	(13 839 560 824)
Foreclosed assets	7	43 297 551 924	41 509 863 245	43 585 790 611
Assets and securities acquired as recovery of loans		42 399 252 647	103 865 444 108	106 678 398 732
Other foreclosed assets		4 921 850 361	4 591 791 211	4 292 271 498
(Allowance for impairment and per legal requirement)		(4 023 551 084)	(66 947 372 074)	(67 384 879 619)
Interest in other companies' capital, net	8	1 889 768 356	133 402 390	415 417 188
Property, furniture and equipment, net	9	137 055 691 959	144 156 692 617	144 979 189 416
Property investments		6 831 625 000	6 831 625 000	6 831 625 000
Other assets		168 187 482 307	139 362 324 641	116 324 723 375
Deferred charges	10.a	1 297 724 567	1 547 496 053	1 673 481 910
Intangible assets, net	10.b	15 521 214 412	19 484 977 405	20 127 934 090
Other assets	10.c	151 368 543 328	118 329 851 183	94 523 307 375
TOTAL ASSETS	€	7 149 925 914 923	6 791 094 943 338	6 756 161 402 970

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2024
(In colones without cents)

<u>Note</u>	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Obligations with the public	€ 5 237 844 928 554	4 878 769 370 734	4 920 975 814 813
Demand obligations	11 3 234 064 016 613	3 153 836 915 299	2 905 125 010 901
Term obligations	12 1 976 632 444 235	1 689 297 909 582	1 967 513 039 764
Other obligations with the public	13 4 375 407 652	5 523 100 903	5 159 087 465
Financial charges payable	22 773 060 054	30 111 444 950	43 178 676 683
Obligations with the Central Bank of Costa Rica	14 91 980 859 408	106 132 196 511	106 814 754 946
Demand obligations	50 980 160	-	-
Term obligations	89 521 868 584	103 950 578 331	104 826 771 127
Financial charges payable	2 408 010 664	2 181 618 180	1 987 983 819
Obligations with entities	14 731 834 610 961	770 256 173 193	726 791 950 362
Demand obligations	12 89 714 417 079	67 760 617 913	89 002 841 655
Term obligations	12 635 070 742 790	696 165 600 038	629 537 464 937
Financial charges payable	7 049 451 092	6 329 955 242	8 251 643 770
Accounts payable and provisions	211 971 640 095	186 175 084 710	166 683 002 419
Provisions	16 51 823 302 918	51 651 539 202	43 077 976 540
Accounts payable for stock transactions	350 825 988	54 807 470	29 445 238
Deferred income tax	15 46 647 295 408	45 230 732 356	42 767 348 125
Other sundry accounts payable	17 113 125 101 614	89 217 012 247	80 787 107 178
Financial charges payable	25 114 167	20 993 435	21 125 338
Other liabilities	29 546 091 864	48 719 989 245	41 327 675 528
Deferred income	498 144 009	539 183 054	668 347 681
Other liabilities	29 047 947 855	48 180 806 191	40 659 327 847
Subordinated obligations	50 144 475 909	50 142 376 526	50 141 717 715
Subordinated obligations	14 49 960 053 687	49 957 954 304	49 957 295 493
Financial charges payable	184 422 222	184 422 222	184 422 222
TOTAL LIABILITIES	€ 6 353 322 606 791	6 040 195 190 919	6 012 734 915 783
EQUITY			
Capital stock	18.a € 181 409 990 601	181 409 990 601	181 409 990 601
Paid-in-capital	181 409 990 601	181 409 990 601	181 409 990 601
Adjustments to equity - Other comprehensive income	47 748 647 063	41 260 638 559	40 895 470 561
Equity reserves	364 708 053 622	351 152 901 365	351 152 901 365
Accrued earnings from previous periods	47 328 475 171	41 896 492 820	41 896 492 820
Profit of current period	36 696 400 880	22 086 766 162	13 877 781 310
Equity of the Development Financing Fund	48 866 249 077	45 766 617 523	45 766 617 523
Minority interest	8 69 845 491 718	67 326 345 389	68 427 233 007
TOTAL EQUITY	796 603 308 132	750 899 752 419	743 426 487 187
TOTAL LIABILITIES AND EQUITY	€ 7 149 925 914 923	6 791 094 943 338	6 756 161 402 970
DEBIT CONTINGENT ACCOUNTS	19 € 517 420 176 129	534 078 023 412	517 071 693 768
TRUST ASSETS	20 866 382 906 704	894 086 593 935	844 743 833 685
TRUST LIABILITIES	241 190 548 275	275 164 242 326	252 752 579 864
TRUST EQUITY	625 192 358 428	618 922 351 609	591 991 253 820
OTHER DEBIT MEMORANDA ACCOUNTS	21 € 28 270 687 047 716	23 348 135 612 055	24 234 482 018 074
Own debit memoranda accounts	15 760 544 923 073	12 192 182 211 203	12 605 026 999 685
Third party debit memoranda accounts	2 715 979 266 128	2 516 862 177 618	2 805 093 282 422
Own debit memoranda accounts for custodial activities	1 083 746 212 572	796 536 153 662	971 669 038 108
Third party debit memoranda accounts for custodial activities	8 710 416 645 943	7 842 555 069 572	7 852 692 697 859

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

Douglas Soto L.
General Manager

María Luisa Guzmán G.
Accountant

María Eugenia Zeledón P.
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended September 30, 2024
(In colones without cents)

	Note	September 2024	September 2023	Quarter from July 1 to September 30	
				2024	2023
Financial income					
For availabilities	¢	2 501 188 429	2 706 562 248	785 022 748	823 159 125
For investments in financial instruments	26	75 661 430 706	75 809 306 041	27 066 889 336	27 379 762 282
For loan portfolio	27	253 232 067 368	263 740 061 016	85 357 294 552	86 049 075 630
For financial leases	27	2 415 020 933	2 081 755 914	837 851 380	760 505 906
For profit from financial instruments at fair value through profit or loss		1 035 352 419	1 022 347 370	235 243 260	33 622 120
For profit from financial instruments at fair value through other comprehensive income		12 063 011 404	9 783 474 044	6 297 880 381	4 520 823 201
For other financial income		3 004 481 348	2 678 937 105	998 033 056	945 681 743
Total financial income		349 912 552 607	357 822 443 738	121 578 214 713	120 512 630 007
Financial expenses					
For obligations with the public	28	132 198 556 971	182 086 105 403	44 777 770 677	58 679 736 179
For obligations with the Central Bank of Costa Rica		596 855 626	863 625 807	193 257 624	214 313 453
For obligations with financial and non-financial entities		27 576 273 015	25 827 840 858	8 721 016 396	8 736 918 438
For subordinated, convertible and preferred obligations		4 612 906 949	4 612 157 079	1 537 485 930	1 537 404 359
For losses due to exchange differences and DU		13 291 572 981	10 609 382 478	5 761 907 276	3 276 726 618
For loss from financial instruments at fair value through profit or loss		144 707 461	924 285 305	69 041 026	35 482 952
For loss from financial instruments at fair value through other comprehensive income		158 818 960	1 778 136 143	112 445 503	236 004 133
For other financial expenses		11 893 415	37 910 526	4 731 486	12 865 142
Total financial expenses		178 591 585 378	226 739 443 599	61 177 655 918	72 729 451 274
Allowance for impairment of assets	29	26 687 774 209	10 436 142 425	19 141 722 754	4 238 134 542
For assets recovery and decrease in allowance and provisions	30	21 166 742 729	14 166 255 696	15 430 598 648	3 188 713 802
FINANCIAL INCOME		165 799 935 749	134 813 113 410	56 689 434 689	46 733 757 993
Other operating income					
For service fees	31	90 098 056 557	83 530 475 925	31 143 749 729	27 633 534 768
For foreclosed assets		65 633 414 811	13 430 789 135	358 991 073	4 497 433 882
For profit from equity interests in other companies	32	80 245 328	557 059	-	-
For foreign currency exchange and arbitrations		32 962 685 407	25 317 526 420	11 410 524 375	9 149 027 831
For other income from related parties		354 828 381	2 709 062	230 341 945	2 580 885
For other operating income		13 672 964 159	19 773 469 608	4 831 735 399	5 159 183 468
Total other operating income		202 802 194 643	142 055 527 209	47 975 342 521	46 441 760 834
Other operating expenses					
For service fees		24 434 897 356	22 709 631 370	8 171 090 695	8 116 048 645
For foreclosed assets		65 877 280 142	21 296 870 489	5 479 788 541	7 671 235 700
For loss in participations in capital interests of other companies		493 634 033	-	147 422 544	-
For provisions		2 047 074 519	2 704 694 615	719 255 677	414 587 018
For exchange and arbitration, foreign currency		2 288 226 782	700 536 364	1 112 075 539	564 924 435
For other expenses with related parties		195 414 323	11 462 180	195 308 913	(59 770 837)
For other operating expenses		32 731 428 624	38 249 921 640	11 590 912 819	14 804 867 552
Total other operating expenses		128 067 955 779	85 673 116 658	27 415 854 728	31 511 892 513
GROSS OPERATING INCOME		240 534 174 613	191 195 523 961	77 248 922 482	61 663 626 314
Administrative expenses					
Personnel expenses		94 501 357 456	94 641 357 693	31 769 658 017	31 527 688 919
Other administrative expenses		65 409 566 668	62 828 461 200	20 304 329 649	21 393 917 077
Total administrative expenses	33	159 910 924 124	157 469 818 893	52 073 987 666	52 921 605 996
OPERATING INCOME, NET OF INCOME TAX AND STATUTORY ALLOCATIONS		80 623 250 489	33 725 705 068	25 174 934 816	8 742 020 318
Income tax	15	24 340 792 859	16 674 669 622	5 782 866 573	915 818 860
Deferred income tax	15	7 464 641 257	17 263 662 665	4 174 865 657	14 124 449 556
Decrease in income tax		9 844 700 143	23 652 316 408	3 121 643 310	12 484 929 493
Legal allocation on profit	34	19 060 861 495	7 852 398 921	6 056 853 065	2 914 215 218
RESULT OF THE PERIOD		39 601 655 021	16 255 905 612	12 281 992 831	3 272 466 177
Attributed to non-controlling interests		2 905 254 141	2 378 124 302	1 008 037 454	780 725 940
Attributed to the controller		36 696 400 880	13 877 781 310	11 273 955 377	2 491 740 237
RESULTS OF THE PERIOD ATTRIBUTED TO THE FINANCIAL CONGLOMERATE		36 696 400 880	13 877 781 310	11 273 955 377	2 491 740 237
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX					
Adjustment for valuation of investments at fair value through other comprehensive income		12 400 220 525	38 700 995 472	3 567 697 397	6 832 928 544
Reclassification of unrealized profit to the income statement		(8 332 934 711)	(5 603 736 531)	(4 329 804 415)	(2 999 373 348)
Adjustment for valuation of restricted financial instruments, net of income tax		2 604 589 080	7 811 764 831	(695 157 817)	(201 966 381)
Other		(569 974 202)	(14 680 163 686)	(1 935 963 786)	(1 752 188 426)
OTHER COMPREHENSIVE INCOME OF THE PERIOD, NET OF TAX	35	6 101 900 692	26 228 860 086	(3 393 228 621)	1 879 400 389
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		45 703 555 713	42 484 765 698	8 888 764 210	5 151 866 566
Attributed to non-controlling interests		2 519 146 329	(4 888 834 676)	140 105 371	(74 347 361)
Attributed to the controller		43 184 409 384	47 373 600 374	8 748 658 839	5 226 213 927
COMPREHENSIVE INCOME ATTRIBUTED TO THE FINANCIAL CONGLOMERATE	¢	43 184 409 384	47 373 600 374	8 748 658 839	5 226 213 927

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

Douglas Soto L.
General Manager

María Luisa Guzmán G.
Accountant

María Eugenia Zeledón P.
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended September 30, 2024
(In colones without cents)

		Adjustments to equity									
	Capital Stock	Non-capitalized equity contributions	Surplus for revaluation of property, furniture and equipment	Adjustment for valuation of investments at fair value through other comprehensive income	Adjustment for translation of financial statements	Total adjustments to equity	Equity reserves	Accrued earnings from previous periods	Equity of the Development Financing Fund	Minority interest	Total equity
Note											
Balance as of December 31, 2022	181 409 990 601	-	41 085 212 831	(52 858 371 308)	19 172 809 908	7 399 651 431	325 313 265 088	73 026 024 841	40 476 721 777	73 316 067 683	700 941 721 487
Allocation of legal reserve	-	-	-	-	-	-	25 839 636 277	(25 839 636 277)	-	-	-
Allocation of the Development Financing Fund	-	-	-	-	-	-	-	(5 289 895 744)	5 289 895 746	-	2
Balance as of September 30, 2023	181 409 990 601	-	41 085 212 831	(52 858 371 308)	19 172 809 908	7 399 651 431	351 152 901 365	41 896 492 820	45 766 617 523	73 316 067 683	700 941 721 489
Other comprehensive income											
Exchange differences resulting from the translation of financial statements of foreign entities	-	-	-	-	(7 486 883 481)	(7 486 883 481)	-	-	-	(7 193 280 205)	(14 680 163 686)
Unrealized gain or loss in fair value of investments through other comprehensive income	-	-	-	68 199 736 384	-	68 199 736 384	-	-	-	(73 678 839)	68 126 057 545
Transfer of realized net gain to the income statement	-	-	-	(8 005 337 901)	-	(8 005 337 901)	-	-	-	-	(8 005 337 901)
Impairment – Investments at fair value through other comprehensive income	-	-	-	(1 175 287 079)	-	(1 175 287 079)	-	-	-	-	(1 175 287 079)
Transfer of impairment to the consolidated statement of income (RI)	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax recognition	-	-	-	(18 036 408 793)	-	(18 036 408 793)	-	-	-	-	(18 036 408 793)
Result of the period	-	-	-	-	-	-	-	13 877 781 310	-	2 378 124 302	16 255 905 612
Other total comprehensive income	-	-	-	40 982 702 611	(7 486 883 481)	33 495 819 130	-	13 877 781 310	-	(4 888 834 742)	42 484 765 698
Balance as of September 30, 2023	181 409 990 601	-	41 085 212 831	(11 875 668 697)	11 685 926 427	40 895 470 561	351 152 901 365	55 774 274 130	45 766 617 523	68 427 232 941	743 426 487 121
Attributed to minority interest	-	-	-	-	-	-	-	-	-	68 427 232 941	68 427 232 941
Attributed to the financial conglomerate	€ 181 409 990 601	-	41 085 212 831	(11 875 668 697)	11 685 926 427	40 895 470 561	351 152 901 365	55 774 274 130	45 766 617 523	-	674 999 254 180
Balance as of December 31, 2023	181 409 990 601	-	41 085 212 831	(9 553 277 894)	9 728 703 622	41 260 638 559	351 152 901 365	63 983 258 982	45 766 617 523	67 326 345 389	750 899 752 419
Allocation of legal reserve	-	-	-	-	-	-	13 555 152 257	(13 555 152 257)	-	-	-
Allocation of the Development Financing Fund	-	-	-	-	-	-	-	(3 099 631 554)	3 099 631 554	-	-
Balance as of September 30, 2024	181 409 990 601	-	41 085 212 831	(9 553 277 894)	9 728 703 622	41 260 638 559	364 708 053 622	47 328 475 171	48 866 249 077	67 326 345 389	750 899 752 419
Other comprehensive income											
Exchange differences resulting from the translation of financial statements of foreign entities	-	-	-	-	(290 686 843)	(290 686 843)	-	-	-	(279 287 359)	(569 974 202)
Unrealized gain or loss in fair value of investments through other comprehensive income	-	-	-	21 418 909 434	-	21 418 909 434	-	-	-	(106 820 453)	21 312 088 981
Transfer of realized net gain to the income statement	-	-	-	(11 904 192 444)	-	(11 904 192 444)	-	-	-	-	(11 904 192 444)
Impairment – Investments at fair value through other comprehensive income	-	-	-	240 574 869	-	240 574 869	-	-	-	-	240 574 869
Deferred income tax recognition	-	-	-	(2 976 596 512)	-	(2 976 596 512)	-	-	-	-	(2 976 596 512)
Result of the period	-	-	-	-	-	-	-	36 696 400 880	-	2 905 254 141	39 601 655 021
Other total comprehensive income	-	-	-	6 778 695 347	(290 686 843)	6 488 008 504	-	36 696 400 880	-	2 519 146 329	45 703 555 713
Balance as of September 30, 2024	181 409 990 601	-	41 085 212 831	(2 774 582 547)	9 438 016 779	47 748 647 063	364 708 053 622	84 024 876 051	48 866 249 077	69 845 491 718	796 603 308 132
Attributed to minority interest	-	-	-	-	-	-	-	-	-	69 845 491 718	69 845 491 718
Attributed to the financial conglomerate	€ 181 409 990 601	-	41 085 212 831	(2 774 582 547)	9 438 016 779	47 748 647 063	364 708 053 622	84 024 876 051	48 866 249 077	-	726 757 816 414

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

Douglas Soto L.
General Manager

María Luisa Guzmán G.
Accountant

María Eugenia Zeledón P.
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended September 30, 2024
(In colones without cents)

	<u>Note</u>	<u>September 2024</u>	<u>September 2023</u>
Cash flows from operating activities			
Income of the period	€	36 696 400 880	15 010 280 645
Items applied to results not requiring cash outlays		(88 557 047 514)	(72 712 410 212)
Increase or (decrease) for			
Allowance for impairment or devaluation of financial instruments		434 572 014	281 089 124
Allowance for impairment of loan portfolio		22 659 673 957	6 398 051 287
Allowance for impairment and default of other accounts receivable		3 593 528 238	3 757 002 014
Allowance for impairment of assets in lieu of payment		58 604 997 732	12 554 202 646
Income from reversal of allowance for impairment or devaluation of investments		(177 255 570)	(1 535 263 023)
Income from reversal of allowance for impairment of loan portfolio		(12 000 000 000)	(722 669 534)
Income from reversal of allowance for impairment and default of accounts receivable		(2 630 341 578)	(2 889 255 835)
Income from reversal of allowance for impairment of assets in lieu of payment		(64 969 030 327)	(12 884 944 546)
Income or loss for sale of assets received in lieu of payment and of property, furniture and equipment		4 742 258 775	5 721 213 177
Interest in net profit of other companies		413 388 705	(557 059)
Depreciation		11 205 302 363	10 714 476 442
Amortization		11 723 538 636	15 443 406 035
Provision for social benefits		74 495 951	445 538 459
Provisions for pending lawsuits		1 972 578 568	2 259 156 156
Other provisions		5 080 833	5 194 288
Income from provisions		(891 078 680)	(1 138 697 926)
Income tax		24 340 792 859	16 674 669 622
Deferred income tax		7 464 641 257	17 263 662 665
Decrease in income tax from previous periods		(9 844 700 143)	(23 652 316 408)
Profit sharing		19 060 861 495	7 183 783 577
Interest for obligations with the public		132 198 556 971	182 086 105 403
Interest for obligations with financial entities		32 786 035 590	31 303 623 744
Income from availabilities		(2 501 188 429)	(2 706 562 248)
Interest from investment in financial instruments		(75 661 430 706)	(75 809 306 041)
Income from loan portfolio		(253 232 067 368)	(263 740 061 016)
Net profit or loss from exchange differences and Development Units		(544 825 955)	5 384 807 964
Minority interest in net profit of subsidiaries		2 905 254 141	2 378 124 302
Adjustments for conversion of financial statements of the entity abroad		(290 686 843)	(7 486 883 481)
Cash flows from operating activities		(674 604 621 562)	280 954 522 250
Net variation in assets increase or (decrease)			
Increase in financial instruments - at fair value through profit or loss		(483 565 498 020)	(388 301 022 298)
Decrease in financial instruments - at fair value through profit or loss		493 928 288 666	592 981 154 150
Increase in financial instruments - at fair value through comprehensive income		(1 290 987 691 020)	(895 204 273 391)
Decrease in financial instruments - at fair value through comprehensive income		763 921 921 341	903 664 977 803
Loan portfolio		(183 115 282 227)	(17 293 372 124)
Accounts and commissions receivable		(6 842 268 689)	(23 347 713 809)
Available-for-sale assets		15 386 928 446	14 458 157 372
Interest receivable for financial instruments		21 445 888 496	25 079 315 361
Interest receivable for loan portfolio		18 194 767 064	19 116 543 289
Other assets		(22 971 675 619)	49 800 755 897
Net variations in liabilities, increase or (decrease)		254 995 920 442	(325 248 522 931)
Obligations with the public		379 530 870 922	(125 357 472 731)
Obligations with the Central Bank of Costa Rica and other entities		(49 601 465 541)	(104 348 659 184)
Obligations for accounts and commissions payable and provisions		(17 059 445 147)	(45 453 755 041)
Interest payable for obligations with the public		(30 111 444 950)	(20 264 542 985)
Interest payable for obligations with the BCCR and other entities		(8 695 995 644)	(8 077 876 318)
Interest payable for accounts and commissions payable and provisions		(20 993 435)	(16 858 391)
Other liabilities		(19 045 605 763)	(21 729 358 281)
Interests paid		(132 544 534 362)	(159 765 877 315)
Dividends received		3 800 000 000	5 300 000 000
Interest collected		290 687 804 241	300 104 132 061
Paid income tax		(10 174 801 059)	(11 123 223 168)
Net cash flows provided by operating activities		(319 700 878 934)	32 518 901 329
Cash flows from investment activities			
Increase in financial instruments at amortized cost		(34 416 309 566 276)	(20 456 480 026 446)
Decrease in financial instruments at amortized cost		34 603 896 693 378	20 397 129 696 004
Acquisition of property, furniture and equipment		(3 853 819 484)	(4 955 232 248)
Decrease for withdrawal and transfer of property, furniture and equipment		26 536 371	220 774 725
Acquisition of intangibles		(8 058 480 316)	(11 815 156 696)
Decrease for withdrawal and transfer of intangibles		596 800 355	173 326 401
Equity interests in other companies		(5 969 754 671)	(5 365 564 843)
Cash flows (used for) provided by investment activities		170 328 409 357	(81 092 183 103)
Cash flows from financing activities			
Subordinated obligations		2 099 383	1 862 079
Cash flows provided by financing activities		2 099 383	1 862 079
Net increase (decrease) in cash and cash equivalents		(149 370 370 194)	(48 571 419 695)
Cash and cash equivalents at the beginning of the year		1 239 883 579 946	1 124 702 795 131
Effect of changes in exchange rates on cash		(2 121 098 088)	(37 415 851 640)
Cash and cash equivalents at the end of the year	4 €	<u>1 088 392 111 664</u>	<u>1 038 715 523 864</u>

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

Douglas Soto L.
General Manager

María Luisa Guzmán G.
Accountant

María Eugenia Zeledón
General Auditor

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 September 30, 2024, the Bank has a total 144 (161 and 161 for December and September 2023, respectively) branches distributed across the national territory, has in operation 519 (557 and 562 for December and September 2023 respectively) ATM's and has 4,146 (4,050 and 4,052 for December and September 2023 respectively) employees.

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

The Bank fully owns 100% of the following subsidiaries:

BCR Valores, S.A. - Puesto de Bolsa, was organized as a corporation in February 1999 under the laws of the Republic of Costa Rica. Its main activity is securities trading. The number of employees as of September 30, 2024, is of 72 (75 and 72 for December and September 2023 respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

BCR Sociedad Administradora de Fondos de Inversión, S.A. was organized as a corporation in July 1999 under the laws of the Republic of Costa Rica. Its main activity is investment fund management. The number of employees as of September 30, 2024, is of 100 (105 and 102 for December and September 2023, respectively) and is regulated by the General Superintendence of Securities (SUGEVAL).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. was organized as a corporation in September 1999 under the laws of the Republic of Costa Rica. Its main activity is managing supplemental pension plans and offering additional services related to disability and death plans to members. The number of employees as of September 30, 2024, is of 113 (106 and 104 for December and September 2023, respectively) and is regulated by the Superintendence of Pensions (SUPEN).

BCR Sociedad Corredora de Seguros, S.A. was organized as a corporation in February 2009 under the laws of the Republic of Costa Rica. Its main activity is insurance underwriting. The number of employees as of September 30, 2024, is of 95 (94 and 90 for December and September 2023, respectively) and it is regulated by the General Superintendence of Insurance (SUGESE).

Banprocesa, TI S.R.L. was organized as a corporation in August 2009 under the laws of the Republic of Costa Rica. Its main activity will be to provide IT processing services and technical support, purchase, lease, and maintain hardware and software, including software development, and address the Bank's IT needs. This entity has not started operations. As of September 30, 2024, the number of employees is 88 (82 and 80 for December and September 2023, respectively). As of July 29, 2021, CONASSIF sends communication CNS-1676/06 accepting its participation as part of the conglomerate.

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

Depósito Agrícola de Cartago, S.A. has a wholly owned subsidiary named 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 September 30, 2024, the number of employees is of 89 (79 and 74 for December and September 2023, respectively).

BCR LEASING PREMIUM PLUS S.A. is a corporation incorporated on July 4, 2022, under the laws of the Republic of Costa Rica and is one more subsidiary of the BCR Financial Conglomerate. Its main activity is the leasing of personal property to current and potential clients of the BCR Conglomerate. The number of employees as of September 30, 2024, is 14 (12 and 11 for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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. The remaining 49% of BICSA's shares are owned by Banco Nacional de Costa Rica. The number of employees as of September 30, 2024, is of 243 (237 and 233 for December and September 2023, respectively).

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

BICSA has two subsidiaries, BICSA Factoring and Capital S.A., engaged in providing funding through financial leases and purchase of invoices and brokerage services, respectively.

In addition, they have a subsidiary located in Costa Rica, called BICSA Fiduciaria, S. A., which is dedicated to offering fiduciary services.

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

Miami Agency

The Agency is subject to regulations and periodic supervision by certain federal agencies and the State of Florida. In this sense, the Agency maintains an agreement with the Federal and State Regulatory authorities, which requires, among other things, the continuous maintenance and reporting of certain minimum capital ratios, as well as maturity parameters. Within the requirements of this agreement, the Agency must maintain the ratio of its eligible assets to third party liabilities at a minimum percentage of 110%, on a daily basis.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Panamá Branch

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

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

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

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

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(c) Investment in other companies

Valuation of investments by the equity method

i. Subsidiaries

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(d) Foreign currency

i. Transactions in foreign currency

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

ii. Monetary unit and foreign exchange regulations

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

- In this regime, the Central Bank of Costa Rica will allow the exchange rate to be freely determined by the foreign exchange market but may participate in the market in a discretionary manner, to meet its own requirements of currency and those of the non-banking Public Sector, to avoid sharp exchange fluctuations.
- The Central Bank of Costa Rica may carry out direct operations or use forex held-for-trading instruments it deems appropriate in accordance with the current regulations.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

As established in the Chart of Accounts, assets and liabilities held in foreign currency should be expressed in colones at the exchange rate disclosed by the Central Bank of Costa Rica. Thus, as of September 30, 2024, monetary assets and liabilities denominated in U.S. dollars were valued at the exchange rate of ¢522.87 (¢526.88 and ¢542.35 for December and September 2023, respectively) for US\$1.00.

Valuation in colones of monetary assets and liabilities in foreign currency for the period ended September 30, 2024, gave rise to foreign exchange losses of ¢405,986,795,637 (¢611,392,816,217 and ¢550,375,733,385 for December and September 2023, respectively), and gains of ¢392,695,222,656, (¢597,816,037,164 and ¢539,766,350,907, for December and September 2023, respectively), which are presented net in the consolidated income statement.

Additionally, valuation of other assets and other liabilities gave rise to gains and losses, respectively, which are booked in "Other operating income" and "Other operating expenses", respectively. For the period ended September 30, 2024, valuation of other assets gave rise to profits of ¢146,093,232, (¢159,390,535 and ¢978,900,298 loss, for December and September 2023, respectively) and valuation of other liabilities gave rise to gains of ¢328,604,440, (¢1,252,174,77 and ¢1,406,664,366 income for December and September 2023, respectively).

iii. Financial statements of foreign subsidiaries (BICSA)

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

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

As result of the conversions for the period ended on September 30, 2024, losses for exchange differences arise for ¢9,438,016,779, (¢9,444,106,286 and ¢7,486,883,481 for December and September 2023, respectively) shown in the equity section, within "Currency translation adjustment of the financial statements".

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(f) Financial instruments

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

(i) *Classification*

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

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

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

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

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

(ii) *Recognition*

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(iii) Measurement

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

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

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

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

(iv) Principles of measurement at fair value

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

(v) Profits and losses on subsequent measurement

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) De-recognition

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

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

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(g) Cash and cash equivalents

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

(h) Investments in financial instruments

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

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

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

1. The conventional purchase or sale of financial assets should be recorded applying the accounting on the settlement date.
2. Financial assets are divided into those that are measured at amortized cost and those that are measured at fair value.
3. Based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset, the entity must classify its own investments or joint portfolios in financial assets according to the following valuation categories:

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- a. Amortized cost. If an entity, according to its business model and current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
 - i. The fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement.
 - ii. The profit or loss that should have been recognized in the result for the period, for the financial statements indicated in the previous section.
- b. Fair value through other comprehensive income.
- c. Fair value through profit or loss: Participations in open investment funds must be recorded in this category.

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

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

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

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

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For purposes of defining a business model, these correspond to the main business model that characterizes the management of the Funds investment portfolio.

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

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

- Main business model

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

- Secondary business model

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

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

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

Investments in securities of BICSA

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

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(i) Loan portfolio

Banco de Costa Rica - Loan portfolio

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

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

BICSA -Loan portfolio:

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

(j) Allowance for doubtful accounts

Banco de Costa Rica - Loan portfolio

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

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

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- Creditworthiness, which includes an analysis of projected cash flows, an analysis of financial position, considers the experience in the line of business, quality of management, stress testing for critical variables, and an analysis of the creditworthiness of individuals, regulated financial intermediaries, and public institutions.
- Historical payment behavior, which is determined by the borrower's payment history over the previous 48 months, considering servicing of direct loans, both current and settled, in the National Financial System as a whole. SUGEF is responsible of calculating the historical payment behavior level for borrowers reported by entities during the previous month.
- Arrears
- Pursuant to the Directive, collateral may be used to mitigate risk for purposes of calculating the allowance for loan impairment. The market value and its updates should be considered and adjusted at least once annually. Further, the percentage of acceptance of collateral is also a mitigating factor. Collateral must be depreciated six months after the most recent appraisal.

Risk categories are summarized as follows:

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

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

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

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

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

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

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

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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%

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

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

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

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

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

As of September 30, 2024, the total allowance of the loan portfolio reflected in the accounting records amounts to ¢180,157,462,295, (¢124,899,677,183 and ¢141,197,972,813 for December and September 2023, respectively).

As of September 30, 2024, increases in the allowance for loan impairment resulting from the minimum allowance are included in the accounting records in compliance with Article 20 of CONASSIF Agreement 14-21, "Regulation on the Calculation of Credit Estimates" (previously with article 17 of SUGEF Directive 1-05 "Regulation for Rating Debtors"), prior authorization from SUGEF in compliance with article 10 of IRNBS.

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

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

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

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

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

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

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

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

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

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

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

- i) Recognizes the existence of different business lines of credit, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line.
- ii) Establishes segments according to the type of credit that allows to distinguish between a per-operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a per-debtor approach, for business and corporate portfolios.
- iii) Improves the calculation of estimates for each relevant line using forward-looking elements consistent with expected credit loss approaches. These approaches identify three essential components of credit losses:
 - a) the probability of default;
 - b) the severity of loss in the event of default; and
 - c) exposure given default. In all cases, relevant historical information from each line of business is used to calibrate the respective risk factors.

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

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Notes to the Consolidated Financial Statements

Credit portfolio by segments

The credit portfolio must be classified into the following segments:

- Revolving consumer loans to individuals. Loans for vehicles to individuals and legal entities, whose sole purpose is to allocate it to the acquisition of the vehicle by an individual.
- Regular consumer loans: Consumer loans to individuals not belonging to the previous paragraph. Housing loans to individuals and legal entities.
- Business: Credits to micro and small businesses, medium businesses, large businesses (Corporate) and Central Government, according to the following classification:
 - Business 1: Legal entities and natural persons whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 1,000 million colones on at least one occasion. Also, the following are classified in this segment:
 - i) Legal entity belonging to an economic interest group reported by the entity to SUGEF.
 - ii) Entities and bodies comprising the institutions of the Public Sector, according to the “Institutional Classification of the Public Sector” published by the Ministry of Finance.
 - iii) Entity supervised by SUGEF, or any Superintendence attached to the National Council for Supervision of the Financial System (CONASSIF).
 - Business 2: Legal entities and natural persons not classified in the Business 1 segment and whose total balance owed, excluding the housing loans referred to in literal d) above, in the financial institution during the last 12 months has exceeded 500 million of colones at least once.
 - Business 3: Legal entities and natural persons not classified in any previous segment. Also, revolving consumer loans to legal entities are classified in this segment. In the case of the Business 1 or Business 2 segments, all the debtor's transactions are classified as Business 1 or Business 2, including housing transactions and any other prior classification. The threshold of the total balance owed referred to in the definition of Business 1 and Business 2, will be adjusted at least every 3 years using the Consumer Price Index calculated by the National Institute of Statistics and Censuses (INEC).

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Risk categories

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

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

Analysis of payment capacity

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

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

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

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Classification of the payment capacity

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

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

Classification of the historical payment behavior

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

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

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

Risk rating

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

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

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a) Segment of revolving consumer loans:

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

b) Segment of vehicle and regular consumer loans:

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

c) Segment of housing loans:

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

d) Segment of Business 3:

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

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e) Segment of Business 1 and Business 2:

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

f) Segments of Business 1 and Business 2:

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

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

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

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

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Rate of default

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

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

Guarantee

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

Conditions to apply guarantee mitigation

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

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

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Accounting estimate

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

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

On the other hand, for entities that use internal methodologies based on expected losses, which have not obtained any objection for the creation of estimates by the Superintendence, the following criteria apply.

- a) If the amount of the estimates resulting from applying the internal methodology is less than the amount of the estimates calculated under the standard methodology, the entity must at least keep the amount corresponding to the standard methodology recorded and its registration will be against the results at the end of each month.
- b) If the amount of the estimates resulting from applying the internal methodology is greater than the amount of the estimates calculated under the standard methodology, only the amounts derived from the standard methodology must be recorded with a counterpart in the income statement at the end of each month.

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

Settlement of credit operations against the estimate

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

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

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

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

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

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

Internal methodologies

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

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

Accounts and interest receivable - Banco de Costa Rica

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

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

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

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

Goods that meet the conditions described in IFRS5:

Initial recognition:

At least among:

- a) Principal plus products receivable, accounts receivable associated with credit, insurance and administration expenses derived from the credit, or
- b) Awarded amount or appraisal amount in case of lieu of payment.

Subsequent valuation:

At least among:

- a) Carrying amount (without considering the regulatory estimate recorded in subaccount 159.10).
- b) Fair value less sales costs.

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

Goods not complying with the provisions of IFRS 5:

Initial recognition:

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

Subsequent valuation: (IAS 36 Impairment of Assets)

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At least among:

- a) Carrying amount at the date of the analysis
- b) Recoverable amount.

Recoverable amount:

The greatest among:

- a) Fair value less cost of sales
- b) Value in use (discounted cash flows).

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

BICSA- Allowance for loan impairment

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

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

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

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

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If in a subsequent period the amount of the impairment loss decreases and the decrease can be linked objectively to an event occurring after 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 September 30, 2024, the allowance disclosed in the accounting records amounts to ¢191,249,880,260, (¢135,098,772,705 and ¢154,191,815,012 for December and September 2023, respectively).

BICSA -Accounts and interest receivable

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

(k) Securities sold under repurchase agreements

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

(l) Accounting for interest receivable

Interest receivable is accounted for on an 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.

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(m) Other receivables

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

(n) Held-for-sale assets

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

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

Starting January 1, 2024, the new CONASSIF Agreement 14-21 "Regulation on the Calculation of Credit Estimates" will come into force in Section III "Losses in the Event of Default."

Entities using the standard methodology must keep the amount of the estimate referred to in Article 14 and Article 15 of this Regulation recorded individually in their books, with a counterpart in the income statement, at the closing of each month. Entities may record an amount for estimates higher than the minimum established using the standard methodology. In such cases, applying percentages corresponding to higher risk categories will imply the automatic reclassification of the debtor or operation to the risk category associated with the reported estimate.

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

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

(o) Offsetting

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

(p) Property, furniture, and equipment

(i) *Own assets*

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

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

(ii) *Leased assets*

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

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

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

(iii) *Subsequent disbursements*

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

(iv) *Depreciation and amortization*

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

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

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

Useful lives of assets owned by BICSA:

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

(v) *Revaluation*

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

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

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

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

(q) Deferred charges

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

(r) Intangible assets

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

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

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

(s) Impairment of assets

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

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

The recoverable amount of an asset is the greater of its net selling price and value in use. The net selling price is equal to the value obtained in free transactions 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.

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

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

(t) Obligations with the public

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

(u) Accounts payable and other payables

Accounts payable and other payables are recognized at cost.

(v) Provisions

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

Employees' legal benefits (severance pay)

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

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

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

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

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

BICSA retirement savings plan

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

BICSA has adopted a voluntary retirement savings plan in which BICSA contributes twice the amount contributed by employees, up to a maximum of 10% of the monthly salaries. The contribution made by BICSA and subsidiary under this plan as of September 30, 2024, amounted to ¢295,140,314 (¢402,109,020 and ¢254,098,186, for December and September 2023, respectively), equivalent to US\$580,695, (US\$763,189 and US\$472,262 for December and September 2023, respectively).

BICSA -Seniority premium and indemnity for employees

Under Panamanian labor law, companies are required to establish a severance fund to guarantee payment of a seniority premium and indemnity to eligible employees upon resignation or dismissal without just cause. To create the fund, quarterly contributions of the relative portion to the employee seniority premium equivalent to 1.92% of salaries paid in the Republic of Panama are made to cover the seniority premium, while monthly contributions equivalent to 5% are made to cover the indemnity. Quarterly contributions are to be placed in a trust. As of September 30, 2024, the severance fund had a balance of ¢590,878,909, (¢833,422,472 and ¢997,133,254 for December and September 2023, respectively), equivalent to US\$1,162,567, (US\$1,581,807 and US\$1,838,542, for December and September 2023, respectively) which is disclosed in the consolidated financial statements as prepaid expenses.

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(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 5% of their earnings after taxes to a legal reserve.

(x) Revaluation surplus

The 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 the revaluation surplus by increasing the capital stock.

(y) Use of estimates

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

(z) Estimates for litigation

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

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

(aa) Uncertainty over Income Tax Treatments, IFRIC 23

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

It may not be clear how tax laws apply to a particular transaction or circumstance. The acceptability of a particular tax treatment under tax law may not be known until a decision is made in the future by the relevant tax authority or the courts of law.

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Accordingly, a dispute or inspection of a particular tax treatment by the tax authority may affect an entity's accounting for deferred or current tax assets or liabilities.

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

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

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

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

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

(bb) 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.

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(ii) Income from fees and commissions

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

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

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

(iv) Expenses from operating lease

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

(cc) Income tax

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

(i) Current:

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

(ii) Deferred:

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

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

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(dd) 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.

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

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

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

(ff) Legal allocations

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

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

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

(gg) Development Financing Fund

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

(hh) 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 funds.

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.

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

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

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

(ii) 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.

(jj) Fiscal year

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2). Collateralized or restricted assets

Collateralized or restricted assets are as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Cash and cash equivalents deposited in the Central Bank of Costa Rica (see note 4)	¢ 764,321,498,906	669,801,835,274	780,654,581,409
Restricted cash and cash equivalents (see note 4)	152,989,328	69,969,930	281,899,256
Total cash and cash equivalents	<u>764,474,488,234</u>	<u>669,871,805,204</u>	<u>780,936,480,665</u>
Past due and restricted financial instruments (see note 5)	215,260,163,372	146,916,193,300	207,685,889,042
Other assets	63,439,755,401	930,715,606	911,006,447
	<u>¢ 1,043,174,407,007</u>	<u>817,718,714,110</u>	<u>989,533,376,154</u>

3). Balances and transactions with related parties

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

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Assets:			
Loan portfolio	¢ 944,431,867	1,000,300,653	(1,232,232,536)
Other accounts receivable	658,751,157	587,481,977	738,998,433
Interests in other entities	1,889,768,356	133,402,390	415,417,188
Total assets	<u>¢ 3,492,951,380</u>	<u>1,721,185,020</u>	<u>(77,816,915)</u>
Income:			
Income from interest in entities	80,245,328	557,059	557,059,
Sundry operating income	¢ 633,164,956	435,930,700	2,709,062,
Total income	<u>¢ 713,410,284</u>	<u>436,487,759</u>	<u>3,266,121,</u>
Expenses:			
Financial expenses	0	1,466,464,363	1,090,120,269
Expense from investments in other companies	493,634,033	282,014,799	0
Total expenses	<u>¢ 493,634,033</u>	<u>1,748,479,162</u>	<u>1,090,120,269</u>

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

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Short-term benefits	¢ 3,221,158,997	3,913,060,494	3,218,231,497
Long-term benefits	27,252,519	22,406,652	22,598,955
Directors' seating fees	202,845,190	247,615,493	183,785,202
	<u>¢ 3,451,256,706</u>	<u>4,183,082,639</u>	<u>3,424,615,654</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Bank's executive committee is considered key personnel.

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

4). Cash and cash equivalents

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

	September 2024	December 2023	September 2023
Cash	58,429,661,501	94,545,532,532	77,064,884,819
Demand deposits in BCCR	684,182,699,779	592,619,894,577	729,463,993,694
Checking accounts and demand deposits			
in local financial entities	2,801,469,446	1,417,055,883	879,270,934
Checking accounts and demand deposits			
in foreign financial entities	75,992,857,350	78,213,290,649	59,267,462,762
Notes payable on demand	1,126,239,846	958,261,787	5,520,298,553
Restricted cash and cash equivalents	99,153,213,903	89,387,879,925	95,727,254,305
Interest receivable	0	19,654	6,170
Total cash and cash equivalents	921,686,141,825	857,141,935,007	967,923,171,237
Investments in short-term financial instruments	166,705,969,839	382,741,644,939	70,792,352,627
Total cash and cash equivalents	1,088,392,111,664	1,239,883,579,946	1,038,715,523,864

As of September 30, 2024, demand deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢764,047,241,189, (¢669,762,792,743 and ¢780,616,873,490, for December and September 2023, respectively).

As of September 30, 2024, BCR Pension's deposits in BCCR are restricted as a minimum legal reserve in the amount of ¢12,370,790, (¢13,870,528 and ¢12,149,166 for December and September 2023, respectively), for a total of ¢6,619,851,809, (¢6,287,854,162 and ¢5,934,697,029 for December and September 2023, respectively).

As of September 30, 2024, BCR Valores, S.A. - Puesto de Bolsa holds restricted deposits in the Central Bank of Costa Rica in the amount of ¢261,886,927, (¢25,172,002 and ¢25,737,002 for December and September 2023, respectively), for a total of ¢43,445,839,278, (¢27,509,308,760 and ¢30,812,757,256 for December and September 2023, respectively).

As of September 30, 2024, BCR Valores, S.A. - Puesto de Bolsa holds restricted assets as part of the guarantee fund in the amount of ¢152,989,328, (¢27,414,166,828 and ¢30,505,299,247 for December and September 2023, respectively). (See note 2).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2024, the Bank has a liability for outstanding checks in the amount of ¢846,432,950, (¢608,813,166 and ¢1,192,069,147 for December and September 2023, respectively), which is offset by notes payable on demand cashed the next day once cleared by the clearing house.

5). Investments in financial instruments

Investments in financial instruments are as follows:

	September 2024	December 2023	September 2023
At fair value through profit or loss			
At fair value through other comprehensive income	¢ 127,260,092,184	137,856,680,612	29,014,453,297
At amortized cost	1,393,916,791,875	1,076,169,538,430	1,318,140,854,946
Interest receivable for investments at fair value through profit or loss	168,430,775,924	356,017,903,026	149,536,370,634
Interest receivable for investments at fair value through other comprehensive income	4,889,391,163	2,399,300,384	3,429,113,629
Interest receivable for investments classified at amortized cost	15,715,946,759	18,751,106,347	16,162,371,691
Allowance for impairment of financial instruments	161,490,006	295,481,765	397,315,609
	(186,051,479)	(162,532,817)	(188,386,325)
	¢ 1,710,188,436,432	1,591,327,477,747	1,516,492,093,481
	September 2024	December 2023	September 2023
At fair value through profit or loss	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
Government	¢ 419,871,837	0	0
Private issuers	77,648,880	0	0
Other (Open Investment Funds)	37,511,331,120	53,247,645,117	7,396,479,761
	38,008,851,837	53,247,645,117	7,396,479,761
<u>Foreign issuers:</u>			
State-owned Banks	0	162,089,489	368,514,054
Private issuers	89,031,755,058	84,300,800,005	21,151,650,000
Other	219,485,289	146,146,001	97,809,482
	¢ 127,260,092,184	137,856,680,612	29,014,453,297

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At fair value through other comprehensive income	September 2024	December 2023	September 2023
	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
Government	¢ 1,149,238,824,167	890,213,468,239	1,038,182,591,095
State-owned Banks	83,608,125,701	55,407,239,075	87,755,796,416
Private Banks	3,327,420,083	3,582,262,526	8,919,973,916
Private issuers	27,662,325,507	7,176,521,117	7,944,633,943
Other	9,313,525,823	30,353,053,121	12,534,347,165
	1,273,150,221,281	986,732,544,078	1,155,337,342,535
<u>Foreign issuers:</u>			
Private issuers	63,732,470,637	56,824,935,520	13,678,257,121
Other	57,034,099,957	32,612,058,832	149,125,255,290
	¢ 1,393,916,791,875	1,076,169,538,430	1,318,140,854,946
Financial instruments at amortized cost issued by entities	September 2024	December 2023	September 2023
	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
Government	¢ 113,984,003,764	283,769,481,873	64,018,205,529
State-owned Banks	23,682,177,753	26,870,880,000	29,015,725,000
Private Banks	18,707,747,056	31,803,832,794	42,484,087,410
Private issuers	12,056,847,351	13,573,708,359	14,018,352,695
	¢ 168,430,775,924	356,017,903,026	149,536,370,634

As of September 30, 2024, the investment portfolio amounts to ¢85,641,040,989, (¢94,495,938,981 and ¢111,907,454,550 for December and September 2023, respectively) corresponding to the managed amounts of the Development Credit Fund (See note 40).

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

Purchased financial instruments earn annual yield rates as follows:

	September 2024	December 2023	September 2023
Colones	4.00% to 7.25%	4.60% to 11.53%	4.60% to 11.53%
US dollars	0,14% to 6.25%	0,01% to 6.58%	0,01% to 6.58%

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Investments have been pledged as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Securities in guarantee, liquidity market	¢ 165,609,348,540	113,228,042,839	171,258,041,932
Restricted minimum operating capital of BCR Pensión Operadora de Pensiones Complementarias, S.A.	6,619,851,809	6,273,983,633	5,922,547,863
Guarantee for obligations by repurchase of Securities, BCR Valores, S.A. BCR Puesto de Bolsa, S.A.	<u>43,030,963,023</u>	<u>27,414,166,828</u>	<u>30,505,299,247</u>
	<u>¢ 215,260,163,372</u>	<u>146,916,193,300</u>	<u>207,685,889,042</u>

In accordance with Article 37 of the Labor Protection Law, the Pension Fund Manager must hold a minimum operating capital equivalent to a percentage of the net assets of the managed funds that as of September 30, 2024, amount to ¢6,619,851,809, (¢6,273,983,633 and ¢5,922,547,863 for December and September 2023, respectively).

As of September 30, 2024, BCR Valores holds restricted investments in securities in the amount of ¢43,030,963,023 (¢27,414,166,828 and ¢30,505,299,247 for December and September 2023, respectively).

Repurchase Operations:

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

As of September 30, 2024, purchased financial instruments remain under resale agreements.

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Others	2,306,535,878	2,306,535,878	To 01/07/24 at 30/09/2024	100%
	<u>¢ 2,306,535,878</u>	<u>2,306,535,878</u>		

As of December 31, 2023

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local government	¢ 1,689,615,963	1,663,700,000	To 20/12/2023 at 04/01/2024	100%
Others	1,299,703,075	1,299,703,075	To 01/01/2024 at 31/03/2024	100%
	<u>¢ 2,989,319,038</u>	<u>2,963,403,075</u>		

As of September 30, 2023

<u>Issuer</u>	<u>Asset Balance</u>	<u>Fair Value of Collateral</u>	<u>Resale Date</u>	<u>Resale Price</u>
Local government	¢ 247,042,104,131	643,869,750	To 01/04/22 at 30/06/2022	100%
Others	908,501,353	908,501,353	To 01/10/22 at 31/12/2022	100%
	<u>¢ 247,950,605,485</u>	<u>1,552,371,103</u>		

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6). Loan portfolio

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

a) Loan portfolio by economic sector

	September 2024	December 2023	September 2023
Current loans			
Personal loans	¢ 1,395,183,178,490	1,319,024,596,705	1,298,757,787,344
Loans Development Banking System	82,800,809,332	81,194,734,463	65,927,392,926
Business loans	164,701,846,324	94,182,522,224	88,290,384,441
Loans - Corporate	2,044,112,044,445	2,232,385,298,886	2,142,602,177,990
Loans - Public sector	272,396,471,553	58,050,059,983	59,295,244,249
Loans - Financial sector	14,787,144,367	22,440,521,512	24,389,420,843
	3,973,981,494,511	3,807,277,733,773	3,679,262,407,793
Past due loans			
Personal loans	134,354,875,734	130,559,339,318	146,874,147,341
Loans Development Banking System	6,992,913,621	4,370,523,362	4,427,686,363
Business loans	13,450,675,498	13,546,557,498	11,655,598,251
Loans - Corporate	126,134,052,914	89,843,310,139	159,818,263,613
	280,932,517,767	238,319,730,317	322,775,695,568
Loans in legal collection			
Personal loans	29,917,073,835	31,015,697,072	32,877,853,581
Loans Development Banking System	405,907,142	742,263,981	810,590,802
Business loans	3,557,843,207	4,433,526,632	4,231,774,316
Loans - Corporate	14,426,724,517	18,365,682,350	19,642,661,413
	48,307,548,701	54,557,170,035	57,562,880,112
	¢ 4,303,221,560,979	4,100,154,634,125	4,059,600,983,473

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

b) Loan portfolio by activity

Activity	September 2024	December 2023	September 2023
Artistic, entertainment and recreational activities ¢	2,944,146,451	0	0
Human health care and social assistance activities	271,775,906	0	0
Administrative and support services activities	18,879,411,097	0	0
Professional, scientific and technical activities	564,120,133	0	0
Agriculture, livestock, hunting and service activities	153,307,564,027	163,719,118,126	160,448,998,211
Public administration	293,704,412,291	19,382,332,809	19,921,304,502
Fishing and aquaculture	0	42,617,690	42,986,799
Manufacturing	340,948,805,932	352,101,468,268	345,762,057,479
Telecommunications and public services	79,750,284,291	237,657,850,422	240,714,168,608
Mining and quarrying	16,618,079	21,982,027	23,726,264
Retail	465,551,145,932	453,381,163,120	443,493,657,238
Services	677,263,743,758	710,227,297,856	722,278,557,593
Transportation	31,399,828,159	31,005,549,708	34,008,123,216
Financial activities and stock exchange	46,943,455	97,277,493	770,105,503
A Real estate, business, and leasing activities	1,253,435,813,743	21,398,613,478	23,840,459,930
Construction, purchase, and repair of real estate	341,249,628,306	1,513,233,349,688	1,508,417,172,169
Consumer	553,735,975,368	492,299,480,166	451,193,584,996
Hospitality	89,662,256,261	104,478,630,055	107,539,260,229
Education	489,087,790	657,174,250	679,871,590
Other activities from the non-financial private sector	0	450,728,969	466,949,146
	<u>4,303,221,560,979</u>	<u>4,100,154,634,125</u>	<u>4,059,600,983,473</u>
Plus, interest receivable	24,394,355,671	22,649,068,401	26,529,373,861
Deferred income from loan portfolio	(22,700,702,990)	(20,496,872,511)	(19,898,638,645)
Less allowance for loan	(191,249,880,260)	(135,098,772,705)	(154,191,814,849)
¢	<u>4,113,665,333,400</u>	<u>3,967,208,057,310</u>	<u>3,912,039,903,840</u>

As of September 30, 2024, with the adoption of CONASSIF Regulation 14-21 'Regulation on the Calculation of Credit Provisions,' which came into effect on January 1, 2024, there is a change in the composition of the portfolio activities.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

c) Current loans

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

	September 2024	December 2023	September 2023
Current			
Personal	¢ 1,395,183,178,490	1,319,024,596,706	1,298,757,787,344
Development Banking System	82,800,809,332	81,194,734,463	65,927,392,926
Business	164,701,846,324	94,182,522,224	88,290,384,441
Corporate	2,050,687,134,695	2,234,975,320,891	2,142,602,177,990
Public sector	272,396,471,553	58,050,059,983	59,295,244,249
Financial sector	8,212,054,117	19,850,499,506	24,389,420,843
	¢ 3,973,981,494,511	3,807,277,733,773	3,679,262,407,793

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

	September 2024	December 2023	September 2023
Past due			
Personal	¢ 134,354,875,734	130,559,339,317	146,874,147,341
Development Banking System	6,992,913,621	4,370,523,362	4,427,686,363
Business	13,450,675,498	13,546,557,498	11,655,598,251
Corporate	126,134,052,914	89,843,310,140	159,818,263,613
	¢ 280,932,517,767	238,319,730,317	322,775,695,568

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

	September 2024	December 2023	September 2023
Judicial collection			
Personal	¢ 29,917,073,835	31,015,697,072	32,877,853,581
Development Banking System	405,907,142	742,263,981	810,590,802
Business	3,557,843,207	4,433,526,632	4,231,774,316
Corporate	14,426,724,517	18,365,682,350	19,642,661,413
	¢ 48,307,548,701	54,557,170,035	57,562,880,112

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

BICSA - Financial lease receivables

The balance of financial lease receivables is as follows:

	September 2024	December 2023	September 2023
Total minimum payments	¢ 34,314,788,049	30,396,734,632	176,727,219,815
	¢ 34,314,788,049	30,396,734,632	176,727,219,815

The maturities of the financial leases are as follows:

	September 2024	December 2023	September 2023
Less than a year	¢ 3,295,722,944	1,203,786,462	1,173,564,673
From 1 to 5 years	31,019,065,105	29,192,948,170	175,553,655,142
	¢ 34,314,788,049	30,396,734,632	176,727,219,815

d) Loan portfolio by arrears

The loan portfolio by arrears is detailed as follows:

	September 2024	December 2023	September 2023
Current	¢ 3,973,981,494,511	3,807,277,733,773	3,679,262,407,793
1 to 30 days	178,580,162,420	137,628,151,472	210,835,219,163
31 to 60 days	36,749,816,026	34,006,091,018	46,226,938,201
61 to 90 days	7,901,605,303	13,688,173,686	15,250,959,711
91 to 120 days	4,233,962,294	11,706,015,302	6,688,311,363
121 to 180 days	2,649,542,363	7,321,009,903	4,349,669,196
Over 181 days	50,817,429,361	33,970,288,936	39,424,597,934
Legal collection	48,307,548,701	54,557,170,035	57,562,880,112
	¢ 4,303,221,560,979	4,100,154,634,125	4,059,600,983,473

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

e) Past due loans

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

	September 2024	December 2023	September 2023
Number of operations	2,484	2,061	2,068
Past due loans in non-accrual status	¢ 96,646,594,519	83,308,468,126	93,830,661,315
Past due loans bearing interest	¢ 232,593,471,949	209,568,432,226	286,507,914,365
Total of unearned interest	¢ 24,572,079,292	14,608,974,402	15,224,395,713

Loans in legal collection as of September 30, 2024:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,272	1.12%	¢ <u>48,307,548,701</u>

Loans in legal collection as of December 31, 2023:

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,087	1.33%	¢ <u>54,557,170,035</u>

Loans in legal collection as of September 30, 2023

<u># of operations</u>	<u>Percentage</u>	<u>Balance</u>
1,263	1.42%	¢ <u>57,562,880,112</u>

As of September 30, 2024, the average annual interest rate earned on loans is 8.25%, (8.77% and 8.85% for December and September 2023, respectively) in colones and 6.83%, (7.14% and 7.14% for December and September 2023, respectively) in US dollars. For Banco Internacional de Costa Rica, S.A., the annual rate for operations in US dollars is 8.43%, (8.06% and 8.25% for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

f) Interest receivable on loan portfolio

Interest receivable is detailed as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Personal	¢ 8,838,284,008	9,012,628,757	9,681,966,248
Development Banking System	294,891,063	289,864,050	271,029,266
Business	2,070,003,038	1,151,439,604	1,103,916,517
Corporate	12,135,046,373	11,791,269,378	14,830,051,610
Public sector	999,033,183	282,987,434	504,020,260
Financial sector	57,098,006	120,879,178	138,389,960
	¢ <u>24,394,355,671</u>	<u>22,649,068,401</u>	<u>26,529,373,861</u>

g) Allowance for loan impairment

Movement in the allowance for loan impairment is as follows:

2024 Initial balance	¢ 135,098,772,705
Currency translation effect	(3,158,637)
Adjusted balance at the beginning of 2023	<u>135,095,614,068</u>
Plus:	
Allowance charged through profit or loss (see note 29)	22,659,673,957
Recoveries	334,304,254
Transfer of balances	53,066,927,417
Adjustments for exchange differences	2,149,236,655
Less:	
Adjustments for exchange differences	(2,513,480,618)
Transfer to unpaid balances	(7,542,395,473)
Reversal of allowance against income (see note 30)	(12,000,000,000)
Balance as of September 30, 2024	¢ <u><u>191,249,880,260</u></u>
2023 Initial balance	¢ 160,471,231,286
Currency translation effect	(1,893,146,586)
Adjusted balance at the beginning of 2022	<u>158,578,084,700</u>
Plus:	
Allowance charged through profit or loss (see note 29)	9,258,581,692
Recoveries	8,202
Reversal of unsolved	318,731,125
Less:	
Adjustments for exchange differences	(7,223,777,683)
Transfer to unpaid balances	(10,104,156,554)
Reversal of allowance against income (see note 30)	(15,740,896,049)
Transfer of balances	12,197,272
Balance as of December 31, 2023	¢ <u><u>135,098,772,705</u></u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2023 Initial balance	¢	160,471,231,286
Currency translation effect		<u>(1,453,536,277)</u>
Adjusted balance at the beginning of 2023		159,017,695,009
Plus:		
Allowance charged through profit or loss (see note 29)		6,398,051,288
Recoveries		8,202
Reversal of unsolved		318,731,125
Less:		
Adjustments for exchange differences		(5,819,414,565)
Transfer to unpaid balances		(5,005,467,826)
Reversal of allowance against income (see note 30)		(722,669,534)
Transfer of balances		4,881,150
Balance as of September 30, 2023	¢	<u>154,191,814,849</u>

h) Syndicated loans

As of September 30, 2024, 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

As of September 30, 2024:

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
1	Banco Agromercantil de Guatemala, S.A.	¢ 68,407,925,484	2,628,805,557	¢ 71,036,731,041
1	BANISTMO	284,492,068,245	5,177,911,755	289,669,980,000
4	Credicorp Bank	25,474,304,166	669,195,834	26,143,500,000
1	Credit Suisse AG	122,874,450,000	0	122,874,450,000
2	GLOBAL BANK	23,851,547,015	730,233,314	24,581,780,329
1	PRIVAL BANK	39,552,730,418	1,049,939,964	40,602,670,382
1	Banco Centroamericano de Integración Económica	127,667,207,127	8,278,992,873	135,946,200,000
3	BLADEX	108,483,462,797	9,162,287,203	117,645,750,000
4	Banco Aliado	172,808,535,000	9,150,225,000	181,958,760,000
2	Bancolombia	38,453,554,396	4,944,655,604	43,398,210,000
1	MMG Bank Corporation	1,496,184,359	648,235,173	2,144,419,532
1	BNCR	62,956,583,271	5,016,516,729	67,973,100,000
1	BANCO SANTANDER CHILE	231,631,410,000	2,614,350,000	234,245,760,000
	Citigroup Global Markets Inc., Deutsche Bank AG and JPMorgan Chase Bank	72,843,697,077	2,614,350,000	75,458,047,077
1	THE BANK OF NEW YORK	517,641,300,000	5,228,700,000	522,870,000,000
	JPMorgan Chase Bank, National Bank of Canada (National Bank Financial Inc. #NBF#) y Royal Bank of Canada (RBC Capital Markets, LLC	27,832,853,059	924,996,941	28,757,850,000
1	CITIBANK N.Y.	159,475,350,000	7,843,050,000	167,318,400,000
1	Banco Santander	425,922,849,184	8,320,685,816	434,243,535,000
1	Banco Industrial, S.A.	70,326,015,000	5,228,700,000	75,554,715,000
2	DEUTSCHE BANK AG	204,494,457,000	4,653,543,000	209,148,000,000
2	Banco de Sabedell, S.A. (Miami Brach-Sabadell)	205,656,740,174	3,491,259,826	209,148,000,000
37		¢ <u>2,992,343,223,772</u>	<u>88,376,634,589</u>	¢ <u>3,080,719,858,361</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023:

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
1	Global Bank	¢ 66,798,021,240	4,783,505,432 ¢	71,581,526,672
1	Banco Agromercantil de Guatemala, S.A.	289,145,529,450	2,745,990,550	291,891,520,000
13	Credicorp Bank	24,901,502,609	1,442,497,391	26,344,000,000
1	Credit Suisse AG	119,281,050,436	4,535,749,564	123,816,800,000
3	Prival Bank	23,687,957,767	1,082,345,405	24,770,303,172
1	Banistmo	34,502,459,140	6,411,601,661	40,914,060,801
1	Bladex	130,739,112,910	6,249,687,090	136,988,800,000
2	Banco Centroamericano de Integración Económica	109,766,447,125	8,781,552,875	118,548,000,000
3	Bancolombia	177,046,429,890	6,307,810,110	183,354,240,000
2	Banco Aliado	36,486,440,000	7,244,600,000	43,731,040,000
1	MMG Bank Corporation	1,478,814,365	682,051,171	2,160,865,536
1	Banco Santander, Natixis, ING Bank	379,400,473,447	8,383,206,553	387,783,680,000
1	BNCR	66,841,885,401	1,652,514,599	68,494,400,000
1	Banco Agente Santander	233,407,840,000	2,634,400,000	236,042,240,000
1	Banco Stander Chile	73,402,350,710	2,634,400,000	76,036,750,710
5	Citigroup Global Markets Inc., Deutsche Bank AG and JPMorgan Chase Bank	524,245,600,000	2,634,400,000	526,880,000,000
1	The Bank Of New York	23,709,600,000	5,268,800,000	28,978,400,000
1	JPMorgan Chase Bank, National Bank of Canada (National Bank Financial Inc. #NBF#) y Royal Bank of Canada (RBC Capital Markets, LLC	165,967,200,000	2,634,400,000	168,601,600,000
40		¢ 2,480,808,714,490	76,109,512,401 ¢	2,556,918,226,891

As of September 30, 2023

No. Operations		Syndicated balances other banks	Syndicated balance BICSA	Total balance
3	Global Bank	¢ 68,550,532,965	5,132,736,452 ¢	73,683,269,417
1	Banco Agromercantil de Guatemala, S.A.	297,635,282,982	2,826,617,018	300,461,900,000
13	Credicorp Bank	25,535,093,502	1,582,406,498	27,117,500,000
2	Credit Suisse Ag	117,825,537,500	9,626,712,500	127,452,250,000
1	Prival Bank	24,375,053,235	1,122,543,800	25,497,597,035
1	Banistmo	35,447,576,883	6,667,783,114	42,115,359,997
3	Bladex	126,450,877,663	14,560,122,337	141,011,000,000
1	Banco Centroamericano de Integracion Economica	112,537,624,995	9,491,125,005	122,028,750,000
1	Bancolombia	182,226,463,075	6,511,336,925	188,737,800,000
2	Banco Aliado	39,591,550,000	5,423,500,000	45,015,050,000
1	MMG Bank Corporation	1,515,597,417	708,714,425	2,224,311,842
1	Banco Santander, Natixis, Ing Bank	390,323,246,463	8,846,353,537	399,169,600,000
35		¢ 1,747,011,482,984	78,878,755,307 ¢	1,825,890,238,291

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

7). Held-for-sale assets, net

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

	September 2024	December 2023	September 2023
Financial instruments	¢ 42,229,191,010	103,319,727,566	106,093,874,091
Other assets	170,061,637	545,716,542	584,524,641
Purchased-for-sale	2,652,210,428	2,296,276,749	2,301,255,101
Idle real property, furniture, and equipment	2,269,639,933	2,295,514,462	1,991,016,397
	<u>47,321,103,008</u>	<u>108,457,235,319</u>	<u>110,970,670,230</u>
Allowance for impairment and per legal requirement	(4,023,551,084)	(66,947,372,074)	(67,384,879,619)
	<u>¢ 43,297,551,924</u>	<u>41,509,863,245</u>	<u>43,585,790,611</u>

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

	September 2024	December 2023	September 2023
At the beginning of the year	¢ 108,457,235,319	118,808,483,863	118,808,483,863
Translation effect	(118,690,842)	(2,257,540,801)	(1,782,389,500)
Adjusted balance	108,338,544,477	116,550,943,062	117,026,094,363
Increase for awarded assets	15,552,843,305	16,759,393,848	12,490,780,088
Transfer to unused property, furniture, and equipment	152,514,958	503,882,698	166,053,285
Increase goods acquired for sale	8,558,799,416	13,302,920,018	9,916,267,637
Sales of goods	(28,135,532,868)	(38,473,657,144)	(28,475,609,329)
Withdrawal of unused property, furniture, and equipment	(178,389,487)	(186,247,163)	(152,915,814)
Transfer to inactive accounts	(56,967,676,793)	0	0
Balance at the end of the period	<u>¢ 47,321,103,008</u>	<u>108,457,235,319</u>	<u>110,970,670,230</u>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024	December 2023	September 2023
Opening balance	¢ 66,947,372,073	67,864,844,691	67,864,844,691
Currency conversion effect	(2,066,305)	(61,916,884)	(49,164,717)
Adjusted Balance	66,945,305,768	67,802,927,807	67,815,679,974
Increase in the allowance	58,604,997,732	16,095,628,678	12,554,202,646
Reversal in the allowance	(64,969,030,327)	(16,772,635,939)	(12,884,944,546)
Liquidación de la estimación por venta de propiedades			
Transfer of balances	(224,847,331)	1,202,642,158	0
Adjustment of the estimate for appraisal of assets	0	(1,381,190,630)	1,131,593,989
Closing balance	¢ 4,023,551,084	66,947,372,074	67,384,879,619

8). Interest in other companies' equity

Interest in other companies' equity is detailed as follows:

	September 2024	December 2023	September 2023
Capital interest in Bolsa Nacional Valores, S.A.	¢ 29,060,460	29,060,460	29,057,201
Capital interest in Interclar Central de Valores, S.A.	36,356,728	36,356,728	36,359,987
Capital interest in BCR Leasing, S.A.	1,824,351,168	67,985,202	350,000,000
	1,889,768,356	133,402,390	415,417,188
(Impairment of investments in other companies)	0	0	0
	¢ 1,889,768,356	133,402,390	415,417,188

As of September 30, 2024, the interest in Bolsa Nacional de Valores, S.A., is of 1,514,974 common shares with a par value of ¢19,18 each, recorded at cost since these shares are not subject to public offering.

As of September 30, 2024, the interest in Interclar Central de Valores, S.A. is of 24,545,455 common shares with a par value of ¢1.4813 each, recorded at cost since these shares are not subject to public offering.

Interest in the equity of the financial conglomerate:

As of September 30, 2024, 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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2024, the capital stock of BCR Sociedad Administradora de Fondos de Inversión, S.A. is represented by 96,784 common and registered shares, with a par value of ¢50,000 each, for a total of ¢4,839,200,000.

As of September 30, 2024, the capital stock of BCR Valores, S.A. - Puesto de Bolsa, S.A., is represented by 12,626 common and registered shares, subscribed, and paid in full, with a par value of ¢1,000,000 each, for a total of ¢12,626,000,000.

As of September 30, 2024, the capital stock of BCR Sociedad Corredora de Seguros, S.A., is represented by 45,000 common and registered shares, subscribed, and paid in full, and with a par value of ¢50,000 each, for a total of ¢2,250,000,000. At the extraordinary Shareholders' Meeting 04-19 of BCR Corredora de Seguros on December 4, 2019, an increase in the Company's share capital was authorized in the amount of 1,000,000,000, representing an increase of 20,000 shares with which the share capital reaches the amount of ¢2,250,000,000 comprised of 45,000 common and registered, authorized and issued shares with a par value of ¢50,000 each.

As of September 30, 2024, the capital stock of Depósito Agrícola de Cartago S. A., is represented by 1 common and registered shares, which are authorized and issued, with a par value for a total of ¢305,842,762.

As of September 30, 2024, the capital stock of Banprocesa, S.R.L., is represented by 100 common and registered shares, which are authorized and issued with a par value of ¢100,000, for a total of ¢10,000,000.

The Bank owns a 51% ownership interest in BICSA (domiciled in Panama). As of September 30, 2024, ownership interest is represented by 6,772,137 common shares of US\$10 par value each. The remaining 49% of shares is owned by Banco Nacional de Costa Rica.

The Bank's income statement for the period ended September 2024, includes the amounts of ¢3,023,846,868, (¢3,344,760,119 and ¢2,475,190,879, for December and September 2023, respectively), corresponding to the net operating income of BICSA.

The Bank's statement of changes in equity for the period ended September 30, 2024, includes an equity decrease of ¢290,686,843, (¢9,444,106,286 and ¢7,486,883,481 for December and September 2023, respectively) corresponding to the changes resulting from the currency translation effect of BICSA's financial statement.

As of September 30, 2024, the accumulated balance of the minority interest of Banco Nacional de Costa Rica presented in the equity section of the consolidated balance as non-controlling interest amounts to ¢69,845,491,718, (¢67,326,345,389 and ¢68,427,232,460 for December and September 2023, respectively) and the income of the period represents the minority interest in the consolidated income statement in the amount of ¢2,519,146,329 (¢3,213,593,880 and ¢2,378,123,756 for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024		December 2023		September 2023	
	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars	Quantity	Amount in US Dollars
Balance at the beginning of the period	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>
Balance at the end of the period	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>	<u>13,278,700</u>	<u>132,787,000</u>

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

As of September 30 2024, for the presentation of the financial statements of the Banco de Costa Rica Financial Conglomerate, due to the incorporation as a member company, and due to the nature of Banprocesa SRL's business, an adjustment was made in the amount of ¢183,592,417, (¢223,706,436 and ¢289,836,910 for December and September 2023, respectively), corresponding to the profit generated in the service provided in support of the Bank's software, in the statement of financial position and in the income statement.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

9). Property, furniture, and equipment

As of September 30, 2024, property, furniture, and equipment are detailed as follows:

						Assets for the right-of-use, buildings, and facilities	Total
Cost:	Property	Buildings	Furniture and equipment	Computer hardware	Vehicles		
Balance as of December 31, 2023	€ 35,720,211,143	102,695,444,319	39,042,926,783	52,981,007,354	6,310,290,123	32,309,209,276	269,059,088,998
Conversion effect	(3,139,428)	(49,970,677)	(5,962,897)	(6,507,324)	(505,784)	(10,287,739)	(76,373,849)
Adjusted balance	35,717,071,715	102,645,473,642	39,036,963,886	52,974,500,030	6,309,784,339	32,298,921,537	268,982,715,149
Additions	0	235,757,425	384,164,647	2,556,023,625	2	729,505,728	3,905,451,427
Withdrawals	0	0	(404,739,838)	(901,501,834)	0	(238,595,594)	(1,544,837,266)
Transfers	0	0	(581,373,930)	(235,136,878)	(1,866,596)	(706,309,829)	(1,524,687,233)
Revaluation	0	0	292,670	0	0	0	292,670
Balance as of September 30, 2024	35,717,071,715	102,881,231,067	38,435,307,435	54,393,884,943	6,307,917,745	32,083,521,842	269,818,934,747
Accumulated depreciation and impairment							
Balance as of December 31, 2023	0	39,858,431,004	27,062,163,552	39,203,781,042	4,982,597,414	13,795,423,368	124,902,396,380
Conversion effect	0	(8,118,218)	(4,966,020)	(2,700,873)	(108,028)	(8,456,463)	(24,349,602)
Adjusted balance	0	39,850,312,786	27,057,197,532	39,201,080,169	4,982,489,386	13,786,966,905	124,878,046,778
Depreciation expenses	0	1,543,160,028	1,846,038,571	4,582,388,211	192,624,511	3,041,091,042	11,205,302,363
Withdrawals	0	0	(1,124,060,605)	(975,488,339)	0	(1,259,583,270)	(3,359,132,214)
Transfers	0	0	42,915,896	(41,449,659)	2	37,659,255	39,125,494
Reversal of accumulated depreciation	0	0	(4,712)	(94,921)	0	0	(99,633)
Balance as of September 30, 2024	€ 0	41,393,472,814	27,822,086,682	42,766,435,461	5,175,113,899	15,606,133,932	132,763,242,788
September 30, 2024	€ 35,717,071,715	61,487,758,253	10,613,220,753	11,627,449,482	1,132,803,846	16,477,387,910	137,055,691,959

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023, property, furniture, and equipment are detailed as follows:

	<u>Property</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Computer hardware</u>	<u>Vehicles</u>	<u>Assets for the right-of-use, buildings, and facilities</u>	<u>Total</u>
Cost:							
Balance as of December 31, 2022	€ 36,112,762,169	101,494,422,613	39,930,981,792	54,066,568,409	5,960,479,952	32,152,214,688	269,717,429,623
Conversion effect	(58,803,596)	(935,984,428)	(110,697,181)	(197,708,756)	(7,206,889)	(176,421,850)	(1,486,822,700)
Adjusted balance	36,053,958,573	100,558,438,185	39,820,284,611	53,868,859,653	5,953,273,063	31,975,792,838	268,230,606,923
Additions	0	801,689,831	1,257,329,694	8,557,135,432	53,282,258	199,779,471	10,869,216,686
Withdrawals	(333,747,430)	0	(195,342,717)	(1,217,532,681)	0	0	(1,746,622,828)
Transfers	0	1,335,316,303	(1,853,229,336)	(8,227,455,050)	303,793,943	128,142,099	(8,313,432,041)
Revaluation	0	0	13,884,531	0	0	5,494,869	19,379,400
Reversal of depreciation	0	0	0	0	(59,142)	0	(59,142)
Balance as of December 31, 2023	35,720,211,143	102,695,444,319	39,042,926,783	52,981,007,354	6,310,290,122	32,309,209,277	269,059,088,998
Accumulated depreciation and impairment							
Balance as of December 31, 2022	0	37,958,884,721	26,458,862,052	39,611,176,674	4,692,318,066	9,807,713,141	118,528,954,654
Conversion effect	0	(183,170,595)	(106,121,276)	(166,069,641)	(7,146,973)	(122,836,032)	(585,344,517)
Adjusted balance	0	37,775,714,126	26,352,740,775	39,445,107,033	4,685,171,093	9,684,877,109	117,943,610,136
Depreciation expenses	0	2,082,716,879	3,445,414,805	4,884,259,001	310,602,780	4,175,303,246	14,898,296,711
Adjustment for previous periods	0	0	0	0	0	0	0
Withdrawals	0	0	(1,849,253,206)	(6,775,458,711)	(12,882,743)	(28,766,067)	(8,666,360,727)
Transfers	0	0	(886,738,821)	1,649,873,719	(293,717)	(35,990,920)	726,850,261
Balance as of December 31, 2023	€ 0	39,858,431,005	27,062,163,553	39,203,781,042	4,982,597,413	13,795,423,368	124,902,396,381
December 31, 2023	€ 35,720,211,143	62,837,013,314	11,980,763,230	13,777,226,312	1,327,692,709	18,513,785,909	144,156,692,617

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, property, furniture, and equipment are detailed as follows:

	<u>Property</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Computer hardware</u>	<u>Vehicles</u>	<u>Assets for the right-of-use, buildings, and facilities</u>	<u>Total</u>
Cost:							
Balance as of December 31, 2022	€ 36,112,762,169	101,494,422,613	39,930,981,792	54,066,568,409	5,960,479,952	32,152,214,688	269,717,429,623
Conversion effect	(46,692,138)	(743,204,783)	(87,897,786)	(156,988,082)	(5,722,545)	(140,085,248)	(1,180,590,582)
Adjusted balance	36,066,070,031	100,751,217,830	39,843,084,006	53,909,580,327	5,954,757,407	32,012,129,440	268,536,839,041
Additions	0	801,689,831	955,571,149	3,680,154,188	30,135,135	197,250,348	5,664,800,651
Withdrawals	0	0	(161,552,130)	(1,163,466,272)	0	0	(1,325,018,402)
Transfers	0	1,310,774,228	(1,811,244,497)	(6,163,231,792)	273,128,739	134,914,355	(6,255,658,967)
Revaluation	0	0	4,775,204	0	0	5,494,869	10,270,073
Balance as of September, 2023	36,066,070,031	102,863,681,889	38,830,633,732	50,263,036,451	6,258,021,281	32,349,789,012	266,631,232,396
Accumulated depreciation and impairment							
Balance as of December 31, 2022	0	37,958,884,721	26,458,862,052	39,611,176,674	4,692,318,066	9,807,713,141	118,528,954,654
Conversion effect	0	(143,520,968)	(84,064,598)	(129,986,675)	(5,643,614)	(97,536,253)	(460,752,108)
Adjusted balance	0	37,815,363,753	26,374,797,454	39,481,189,999	4,686,674,452	9,710,176,888	118,068,202,546
Depreciation expenses	0	1,568,668,673	1,899,751,383	4,307,616,005	231,080,236	2,707,360,145	10,714,476,442
Withdrawals	0	0	(1,732,562,234)	(5,753,581,254)	0	0	(7,486,143,488)
Transfers	0	0	45,051,407	(53,724,918)	0	364,180,991	355,507,480
Balance as of September 30, 2023	€ 0	39,384,032,426	26,587,038,010	37,981,499,832	4,917,754,688	12,781,718,024	121,652,042,980
September 30, 2023	€ 36,066,070,031	63,479,649,463	12,243,595,722	12,281,536,619	1,340,266,593	19,568,070,988	144,979,189,416

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

10). Other assets

(a) Other deferred charges

Other deferred charges are detailed as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Improvement of properties in operating lease	¢ 456,623,979	578,802,141	634,779,118
Other deferred charges	841,100,588	968,693,912	1,038,702,792
	¢ <u><u>1,297,724,567</u></u>	<u><u>1,547,496,053</u></u>	<u><u>1,673,481,910</u></u>

(b) Intangible assets

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

September	2024
<i>Cost:</i>	
Balance as of December 31, 2023	¢ 94,451,550,670
Currency translation effect	(52,310,643)
Adjusted balance	94,399,240,027
Additions to computer systems	8,006,705,207
Revaluation of indices	81,487,359
Transfers	(468,662,377)
Withdrawals	(871,405,659)
Balance as of September 30, 2024	<u>101,147,364,557</u>
<i>Accumulated depreciation and impairment:</i>	
Balance as of December 31, 2023	74,966,573,265
Currency translation effect	(33,113,140)
Adjusted balance	74,933,460,125
Amortization expense on computer systems	11,435,957,701
Transfers	128,137,978
Withdrawals	(871,405,659)
Amortized balance and impairment as of September 30, 2024	<u>85,626,150,145</u>
Balance as of September 30, 2024	¢ <u>15,521,214,412</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December	2023
<i>Cost:</i>	
Balance as of December 31, 2022	¢ 83,282,029,043
Currency translation effect	(966,937,862)
Adjusted balance	82,315,091,181
Additions to computer systems	16,755,801,520
Transfers	(2,699,330,491)
Withdrawals	(1,920,011,540)
Balance as of December 31, 2023	<u>94,451,550,670</u>
<i>Accumulated depreciation and impairment:</i>	
Balance as of December 31, 2022	59,734,564,757
Currency translation effect	(718,864,815)
Adjusted balance	59,015,699,942
Amortization expense on computer systems	20,347,984,409
Transfers	(4,392,639,979)
Withdrawals	(4,471,107)
Amortized balance and impairment as of December 31, 2023	<u>74,966,573,265</u>
Balance as of December 31, 2023	¢ <u>19,484,977,405</u>
September	2023
<i>Cost:</i>	
Balance as of December 31, 2022	¢ 83,282,029,043
Currency translation effect	(767,782,800)
Adjusted balance	82,514,246,242
Additions to computer systems	12,024,086,438
Transfers	(2,699,330,491)
Withdrawals	(1,920,011,540)
Balance as of September 30, 2023	<u>89,918,990,649</u>
<i>Accumulated depreciation and impairment:</i>	
Balance as of December 31, 2022	59,734,564,757
Currency translation effect	(558,852,380)
Adjusted balance	59,175,712,377
Amortization expense on computer systems	15,061,359,812
Transfers	(4,441,544,524)
Withdrawals	(4,471,106)
Amortized balance and impairment as of September 30, 2023	<u>69,791,056,559</u>
Balance as of September 30, 2023	¢ <u>20,127,934,090</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Other assets

Other assets are detailed as follows:

	September 2024	December 2023	September 2023
Prepaid taxes	¢ 20,311,092,027	28,253,907,995	22,240,930,850
Other prepaid taxes	190,208,714	75,473,096	216,450,164
Prepaid leases	78,383	78,383	78,383
Prepaid insurance policy	441,518,194	552,774,612	476,634,363
Other prepaid expenses	358,925,539	79,443,898	204,986,853
Prepaid expenses	21,301,822,857	28,961,677,984	23,139,080,613
Stationery, supplies and other materials	211,566,814	231,667,984	244,629,272
Library and works of art	54,409,676	46,258,188	48,028,057
Construction in process	10,763,119,069	8,996,494,115	8,204,893,887
Automated applications under development	6,081,024,179	5,102,479,616	5,220,662,567
Membership in social and professional institutions	69,333,800	36,633,800	36,633,800
Other miscellaneous goods	23,886,964,071	24,827,434,648	23,896,919,616
Miscellaneous goods	41,066,417,609	39,240,968,351	37,651,767,199
Missing cash	54,408,652	48,850,004	48,426,766
Transactions to be settled	32,198,308,902	48,768,901,077	32,390,755,676
Other operations pending allocation	117,307,606	170,809,574	180,994,510
Operations pending allocation	32,370,025,160	48,988,560,655	32,620,176,952
Guarantee deposits	1,234,284,213	1,138,644,193	1,112,282,611
Restricted assets	1,234,284,213	1,138,644,193	1,112,282,611
Other available-for-sale assets outside the scope of IFRS 5	55,395,993,489	0	0
¢	151,368,543,328	118,329,851,183	94,523,307,375

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

11). Demand obligations with the public

Demand obligations with the public are as follows:

	September 2024	December 2023	September 2023
Checking accounts	¢ 2,196,118,715,272	2,077,967,789,370	1,910,236,671,209
Cashier's checks	690,143,018	144,476,108	72,977,700
Demand savings deposits	1,026,461,030,972	1,068,469,506,288	976,583,249,662
Overdue term borrowings	1,724,672,781	1,863,395,806	1,444,255,008
Overnight deposits	3,798,650,550	1,815,101,600	2,817,508,250
Other demand obligations with the public	5,270,804,020	3,576,646,127	13,970,349,072
	¢ 3,234,064,016,613	3,153,836,915,299	2,905,125,010,901

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

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

	September 2024	December 2023	September 2023
<u>Obligations with the public</u>	<u>Demand</u>	<u>Demand</u>	<u>Demand</u>
Deposits from the public	¢ 3,228,793,212,592	3,150,260,269,171	2,891,154,661,829
Other obligations with the public	5,270,804,021	3,576,646,128	13,970,349,072
(See note 11)	3,234,064,016,613	3,153,836,915,299	2,905,125,010,901
<u>Obligations with entities</u>			
Deposits from state-owned entities	17,850,769,179	10,212,383,310	26,438,174,223
Deposits from other Banks	6,691,827,510	4,188,632,771	4,202,689,363
Other obligations with entities	65,171,820,390	53,359,601,832	58,361,978,069
	89,714,417,079	67,760,617,913	89,002,841,655
	¢ 3,323,778,433,692	3,221,597,533,212	2,994,127,852,556

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September 2024 Term	December 2023 Term	September 2023 Term
<u>Obligations with the public</u>			
Deposits from the public	¢ 1,976,615,018,845	1,689,282,292,778	1,967,497,226,446
Other obligations with the public	17,425,390	15,616,804	15,813,318
	<u>1,976,632,444,235</u>	<u>1,689,297,909,582</u>	<u>1,967,513,039,764</u>
<u>Obligations with entities</u>			
Deposits from state-owned entities	52,324,909,750	62,134,077,995	56,980,000,000
Deposits from other Banks	478,018,084	593,590,024	798,776,678
Other obligations with entities	582,267,814,956	633,437,932,019	571,758,688,259
	<u>635,070,742,790</u>	<u>696,165,600,038</u>	<u>629,537,464,937</u>
	<u>¢ 2,611,703,187,025</u>	<u>2,385,463,509,620</u>	<u>2,597,050,504,701</u>

As of September 30, 2024, demand deposits with the public include court-ordered deposits for ¢257,898,493,565, (¢258,756,472,753 and ¢249,963,861,440, for December and September 2023, respectively), which are restricted because of their nature.

As of September 30, 2024, the Bank has a total of de 1,879,442, (1,896,596 and 1,864,373, for December and September 2023, respectively) employees with demand deposits and with term deposits 37,759, (36,047 and 39,044, for December and September 2023, respectively). The subsidiary BICSA has a total of 1,033 customers (920 and 914 for December and September 2023, respectively) with demand deposits and 1,537, (1,386 and 1,311 for December and September 2023, respectively).

13). Other obligations with the public

Other obligations with the public are as follows:

	September 2024	December 2023	September 2023
Obligations for confirmed letters of credit	¢ 4,375,407,652	5,523,100,903	5,159,087,465
	<u>¢ 4,375,407,652</u>	<u>5,523,100,903</u>	<u>5,159,087,465</u>

Repurchase agreements:

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

As of September 2024, and December and September 2023, there are no repurchase agreements.

Changes in the amendment to the Securities Clearing and Settlement Regulations (SUGEVAL) have no impact on the custodian. In the event of a default in payments, the Default Guarantee Fund would be used.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

	September 2024	December 2023	September 2023
Term obligations with the Central Bank of Costa Rica	¢ 89,521,868,584	103,950,578,331	104,826,771,127
Charges payable for obligations with the Central Bank of Costa Rica	<u>2,408,010,664</u>	<u>2,181,618,180</u>	<u>1,987,983,819</u>
	91,980,859,408	106,132,196,511	106,814,754,946
Checking accounts of local financial entities	36,172,111,188	23,899,287,874	40,470,208,574
Checking accounts of foreign financial entities	2,484,663,108	329,112,136	214,274,838
Overdrafts on demand checking accounts of foreign financial entities	14,876,178,103	7,021,274,657	8,344,467,646
Obligations for check deposits	846,432,950	608,813,166	1,192,069,147
Overnight deposits	35,335,031,730	35,902,130,080	38,781,821,450
Term deposits from local financial entities	81,461,084,571	80,394,940,576	67,615,749,530
Term deposits from financial entities abroad	33,742,395,163	36,901,844,305	29,015,725,000
Loan from foreign financial entities (See note 14-a)	207,640,852,893	306,997,236,235	252,523,640,978
Obligations for right-of-use assets received under leases (note 14-a)	16,890,562,534	18,720,688,670	20,056,168,551
Obligations with resources from the Development Credit Fund (DCF)	136,755,230,839	140,481,206,433	143,481,127,128
Charges payable for obligations with financial and non-financial entities	7,035,155,242	6,329,955,245	8,251,643,773
Charges payable for obligations with related parties	<u>14,295,851</u>	<u>0</u>	<u>0</u>
	573,253,994,172	657,586,489,377	612,070,615,615
Loans from local financial entities (See note 14-a)	118,556,066,668	84,682,787,997	85,801,939,397
Obligations for deferred liquidity operations (See note 14-a)	<u>40,024,550,121</u>	<u>27,986,895,819</u>	<u>28,919,395,350</u>
	731,834,610,961	770,256,173,193	726,791,950,362
Loans of subsidiaries			
Subordinated obligations	49,960,053,687	49,957,954,304	49,957,295,493
Charges payable for subordinated obligations	<u>184,422,222</u>	<u>184,422,222</u>	<u>184,422,222</u>
	50,144,475,909	50,142,376,526	50,141,717,715
	<u>¢ 873,959,946,278</u>	<u>926,530,746,230</u>	<u>883,748,423,023</u>

The maturities of the term obligations with entities are from July 1, 2024, to June 05, 2025.

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

	September 2024	December 2023	September 2023
Colones	4.62 % to 5.50%	6.03 % to 9.75%	7.92 % to 9.75%
US dollars	2.66% to 8.91%	1.0% to 7.59%	2.96% to 3.43%

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

a) Maturity of loans payable

As of September 30, 2024, the maturities of loans payable are detailed as follows:

	Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢ 89,521,868,584	116,818,028,810	148,540,604,624	0	354,880,502,018
From one to two years	0	3,447,665,000	21,462,983,682	1,529,394,750	26,440,043,432
From three to five years	0	0	25,819,831,657	0	
Over five years	49,960,053,687	0	0	13,071,750,000	63,031,803,687
Total	¢ 139,481,922,271	120,265,693,810	195,823,419,963	14,601,144,750	470,172,180,794

As of December 31, 2023, the maturities of loans payable are detailed as follows:

	Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢ 2,108,456,619	57,541,618,560	181,942,922,801	26,344,000,000	267,936,997,979
From one to two years	103,950,578,331	23,716,449,437	49,848,239,594	0	177,515,267,362
From three to five years	0	3,424,720,000	42,605,809,881	2,054,832,000	48,085,361,881
Over five years	0	0	4,201,431,959	0	4,201,431,959
Total	¢ 106,059,034,950	84,682,787,997	278,598,404,235	28,398,832,000	497,739,059,182

As of September 30, 2023, the maturities of loans payable are detailed as follows:

	Central Bank of Costa Rica	Local financial entities	Foreign financial entities	International organizations	Total
Less than one year	¢ 104,826,771,127	55,423,288,850	130,607,209,206	0	290,857,269,183
From one to two years	0	26,853,375,550	79,226,018,035	0	106,079,393,585
From three to five years	0	3,525,275,000	40,398,984,986	2,291,428,750	46,215,688,736
Total	¢ 104,826,771,127	85,801,939,400	250,232,212,227	2,291,428,750	443,152,351,504

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

b) Lease obligations

As of September 30, 2024, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,331,916,325	890,745,250	0	3,441,171,075
From one to five years		<u>15,530,643,241</u>	<u>1,802,611,906</u>	<u>0</u>	<u>13,728,031,334</u>
	¢	<u>19,862,559,566</u>	<u>2,693,357,157</u>	<u>0</u>	<u>17,169,202,409</u>

As of December 31, 2023, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,674,882,288	1,075,348,978	0	3,599,533,310
From one to five years		<u>18,244,580,707</u>	<u>2,530,813,580</u>	<u>0</u>	<u>15,713,767,127</u>
	¢	<u>22,919,462,995</u>	<u>3,606,162,558</u>	<u>0</u>	<u>19,313,300,437</u>

As of September 30, 2023, there are obligations for the right of use – leased assets received.

		<u>Fee</u>	<u>Interest</u>	<u>Maintenance</u>	<u>Present value</u>
Less than one year	¢	4,308,639,610	1,044,052,428	0	3,264,587,181
From one to five years		<u>20,321,057,479</u>	<u>2,840,917,170</u>	<u>0</u>	<u>17,480,140,308</u>
	¢	<u>24,629,697,088</u>	<u>3,884,969,599</u>	<u>0</u>	<u>20,744,727,490</u>

As of September 30, 2024, the allowance for future lease payments is as follows:

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	820,991,094	2,774,496,498
2 years		893,358,253	2,270,284,359
3 years		915,887,709	2,065,313,394
4 years		896,097,584	2,008,568,075
5 years		1,043,451,474	2,297,596,844
Over 5 years		363,893,481	819,263,642
	¢	<u>4,933,679,595</u>	<u>12,235,522,814</u>

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

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	1,305,192,530	3,691,623,601
2 years		1,145,864,320	3,046,220,554
3 years		1,107,240,405	2,335,851,199
4 years		1,107,240,405	2,309,660,986
5 years		1,107,240,405	2,302,595,212
Over 5 years		1,107,240,405	2,302,595,215
	¢	<u>6,880,018,470</u>	<u>15,988,546,767</u>

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As of September 30, 2023, the allowance for future lease payments is as follows:

		<u>Colones</u>	<u>US\$ translated to colones</u>
1 year	¢	736,754,367	2,913,455,344
2 years		994,827,028	2,793,396,776
3 years		890,492,876	1,903,159,783
4 years		910,709,896	2,065,656,964
5 years		974,823,873	2,147,502,641
Over 5 years		1,407,344,689	3,006,603,253
	¢	<u>5,914,952,730</u>	<u>14,829,774,761</u>

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

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	31/12/2022	4,468,330,874	3,473,117,168	2,515,093,115	987,088,536	13,764,580,255
2	31/12/2023	3,942,132,513	3,226,722,517	2,539,899,298	725,119,935	10,593,562,569
3	31/12/2024	3,532,392,401	2998263711	2,471,503,102	541,496,770	7,471,099,013
4	31/12/2025	3,534,773,781	3,181,661,228	2,833,535,375	358,099,253	4,289,437,785
5	31/12/2026	3,537,195,646	3,376,630,863	3,218,630,913	163,129,618	912,806,923
6	31/12/2027	921,441,239	912,806,923	904,533,982	8,995,693	(0)
7	31/12/2028	0	0	0	0	(0)
8	31/12/2029	0	0	0	0	0
9	31/12/2030	0	0	0	0	(0)
10	31/12/2031	0	0	0	0	(0)
		¢ <u>19,936,266,454</u>	<u>17,169,202,409</u>	<u>14,483,195,786</u>	<u>2,783,929,804</u>	

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

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	31/12/2022	5,016,860,198	4,978,453,485	3,933,914,845	1,096,755,159	18,085,615,539
2	31/12/2023	4,189,654,562	4,177,957,436	3,335,534,706	859,840,816	13,870,937,821
3	31/12/2024	3,471,928,178	3,476,786,450	2,805,874,895	668,025,926	10,243,379,818
4	31/12/2025	3,415,719,498	3,415,696,631	2,923,391,889	492,350,053	6,819,671,235
5	31/12/2026	3,409,835,829	3,409,835,617	3,102,247,190	307,588,427	3,409,835,617
6	31/12/2027	3,409,835,829	3,409,835,617	3,228,165,035	181,670,582	0
7	31/12/2028	0	0	0	0	0
8	31/12/2029	0	0	0	0	0
9	31/12/2030	0	0	0	0	0
10	31/12/2031	0	0	0	0	0
		¢ <u>22,913,834,094</u>	<u>22,868,565,237</u>	<u>19,329,128,560</u>	<u>3,606,230,964</u>	

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

	Year	Payments	Present value	Amortization	Interest	Balance of the agreement
1	31/12/2022	4,601,071,544	3,541,842,970	2,250,172,011	1,194,007,637	17,440,121,054
2	31/12/2023	4,992,814,679	3,915,414,692	3,136,490,305	950,362,108	13,529,533,493
3	31/12/2024	3,835,347,024	3,067,449,833	2,302,200,823	767,899,018	10,308,904,398
4	31/12/2025	3,477,443,541	2,930,544,418	2,383,645,296	546,899,122	7,289,475,578
5	31/12/2026	3,279,926,613	2,933,149,862	2,586,373,112	346,776,750	4,356,325,716
6	31/12/2027	3,477,443,541	3,302,087,063	3,126,730,585	175,356,478	1,054,238,653
7	31/12/2028	1,066,877,813	1,054,238,653	1,041,599,493	12,639,160	0
8	31/12/2029	0	0	0	0	0
9	31/12/2030	0	0	0	0	0
10	31/12/2031	0	0	0	0	0
		<u>¢ 24,730,924,754</u>	<u>20,744,727,490</u>	<u>16,827,211,624</u>	<u>3,993,940,273</u>	

15). Income tax

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

As of September 30, 2024, the consolidated balance of income tax payable amounts to ¢24,189,461,800, (¢12,828,353,865 and ¢4,524,093,505, for December and September 2023, respectively) (see note 17) and the income tax advance payments amounted to ¢20,311,092,027, (¢28,253,907,995 and ¢22,240,930,850, for December and September 2023, respectively) (see note 10.c), recorded as other assets.

Income tax expenses are detailed below:

	September 2024	December 2023	September 2023
Current income tax	¢ 24,340,792,859	27,897,022,954	16,674,669,622
Decrease in income tax	(527,838,634)	(13,178,030,592)	(12,193,805,570)
Increase in income tax	376,507,575	86,743,304	66,963,832
Adjustment for income tax of the previous period	0	(1,262,259,957)	(23,734,379)
Advances of settled income taxes	0	(715,121,844)	0
	<u>24,189,461,800</u>	<u>12,828,353,865</u>	<u>4,524,093,505</u>
<u>Expenses for income taxes:</u>			
Expense for current income tax of the period	24,340,792,859	27,897,022,954	16,674,669,622
Expense for deferred income tax	7,464,641,257	20,742,526,046	17,263,662,665
	<u>31,805,434,116</u>	<u>48,639,549,000</u>	<u>33,938,332,287</u>
<u>Income for income taxes</u>			
Decrease of income taxes for the period	(521,811,269)	(13,174,356,578)	(12,192,680,135)
Income for deferred income tax	(9,317,226,592)	(16,295,906,202)	(11,458,510,837)
Decrease in the deferred income tax from the previous period	(5,662,282)	(3,674,016)	(1,125,436)
	<u>(9,844,700,143)</u>	<u>(29,473,936,796)</u>	<u>(23,652,316,408)</u>
Income tax, net	<u>¢ 21,960,733,973</u>	<u>19,165,612,204</u>	<u>10,286,015,879</u>
Realization of deferred income tax	<u>¢ 1,852,585,335</u>	<u>(4,446,619,844)</u>	<u>(5,805,151,828)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 September 30, 2024

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 1,029,203,845	(4,579,175,203)	(3,549,971,358)
Revaluation of assets	242,823,928	(13,924,390,680)	(13,681,566,752)
Provisions	(21,543,469)	(15,545,253)	(37,088,722)
Financial leases	4,813,094,840	(4,717,310,492)	95,784,348
Deferred taxes for exchange differences	13,673,765,198	(23,410,873,780)	(9,737,108,583)
Losses and unused tax credits	288,097,470	0	288,097,470
Allowance for doubtful accounts	88,456,126		88,456,126
	¢ 20,113,897,938	(46,647,295,408)	(26,533,397,471)

As of December 31, 2023

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 3,218,370,397	(3,767,810,511)	(549,440,114)
Revaluation of assets	242,823,928	(14,262,628,638)	(14,019,804,710)
Provisions	(8,404,053)	(34,976,819)	(43,380,872)
Financial leases	5,646,614,598	(5,579,520,286)	67,094,312
Deferred taxes for exchange differences	10,392,860,153	(21,585,796,102)	(11,192,935,948)
Losses and unused tax credits	240,624,914	0	240,624,914
Allowance for doubtful accounts	88,456,126	0	88,456,126
	¢ 19,821,346,063	(45,230,732,356)	(25,409,386,292)

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2024

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Valuation of investments	¢ 4,477,209,790	(3,772,801,478)	704,408,312
Revaluation of assets	242,823,928	(14,227,649,940)	(13,984,826,012)
Provisions	20,689,550	(40,806,290)	(20,116,740)
Financial leases	6,348,579,691	(5,926,118,242)	422,461,449
Deferred taxes for exchange differences	6,017,345,246	(18,799,972,175)	(12,782,626,928)
Losses and unused tax credits	11,939,646	0	11,939,646
Allowance for doubtful accounts	142,462,632	0	142,462,632
	<u>¢ 17,261,050,483</u>	<u>(42,767,348,125)</u>	<u>(25,506,297,641)</u>

The movement of temporary differences is as follows:

As of September 30, 2024

	<u>December 31, 2023</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>September 30, 2024</u>
On liabilities account				
Valuation of investments	¢ (3,767,810,512)	0	(811,364,691)	(4,579,175,203)
Revaluation of assets	(8,485,524,632)	338,237,958	0	(8,147,286,674)
Revaluation of land	(5,777,104,006)	0	0	(5,777,104,006)
Financial leases	(5,579,520,286)	836,432,702	25,777,092	(4,717,310,492)
For exchange differences	(21,585,796,102)	(1,825,077,678)	0	(23,410,873,780)
Allowance for doubtful accounts	(34,976,819)	19,431,566	0	(15,545,253)
On assets account				
Valuation of investments	3,218,370,397	0	(2,189,166,552)	1,029,203,845
Financial leases	5,646,614,597	(833,523,507)	3,750	4,813,094,840
Income tax for asset revaluation	242,823,928	0	0	242,823,928
Losses and unused tax credits	240,624,914	49,318,667	(1,846,111)	288,097,470
Provisions	(8,404,053)	(13,139,416)	0	(21,543,469)
Allowance for doubtful accounts	88,456,126	0	0	88,456,126
For exchange differences	10,392,860,154	3,280,905,043	0	13,673,765,197
	<u>¢ (25,409,386,294)</u>	<u>1,852,585,335</u>	<u>(2,976,596,512)</u>	<u>(26,533,397,471)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023

	<u>December 31, 2022</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>December 31, 2023</u>
On liabilities account				
Valuation of investments	¢ (469,153,500)	0	(3,298,657,011)	(3,767,810,511)
Revaluation of assets	(8,632,345,029)	146,820,397	0	(8,485,524,632)
Revaluation of land	(5,777,104,006)	0	0	(5,777,104,006)
Financial leases	(6,733,911,989)	1 154 391 703	0	(5,579,520,286)
For exchange differences	(7,280,460,002)	(14,305,336,100)	0	(21,585,796,102)
Allowance for doubtful accounts	(58,294,700)	23,317,881	0	(34,976,819)
On assets account				
Valuation of investments	19,159,652,189	0	(15,941,281,792)	3,218,370,397
Financial leases	7,647,460,580	(1,658,943,707)	(341,902,275)	5,646,614,598
Income tax for asset revaluation	242,823,928	0	0	242,823,928
Losses and unused tax credits	124,687,031	(167,873,767)	283,811,650	240,624,914
Provisions	23,293,290	(31,697,343)	0	(8,404,053)
Allowance for doubtful accounts	88,615,188	(159,062)	0	88,456,126
For exchange differences	0	10,392,860,154	0	10,392,860,154
	¢ (1,664,737,020)	(4,446,619,844)	(19,298,029,428)	(25,409,386,292)

As of September 30, 2023

	<u>December 31, 2021</u>	<u>Effects on income statement</u>	<u>Effects on equity</u>	<u>September 30, 2023</u>
On liabilities account				
Valuation of investments	¢ (469,153,500)	0	(3,303,647,978)	(3,772,801,478)
Revaluation of assets	(8,632,345,029)	181,799,095	0	(8,450,545,934)
Revaluation of land	(5,777,104,006)	0	0	(5,777,104,006)
Financial leases	(6,733,911,989)	807,793,747	0	(5,926,118,242)
For exchange differences	(7,280,460,002)	(11,519,512,174)	0	(18,799,972,176)
Allowance for doubtful accounts	(58,294,700)	17,488,410	0	(40,806,290)
On assets account				
Valuation of investments	19,159,652,189	0	(14,682,442,399)	4,477,209,790
Financial leases	7,647,460,580	(1,294,203,174)	(4,677,715)	6,348,579,691
Income tax for asset revaluation	242,823,928	0	0	242,823,928
Losses and unused tax credits	124,687,031	(67,106,684)	(45,640,701)	11,939,646
Provisions	23,293,290	(2,603,740)	0	20,689,550
Allowance for doubtful accounts	88,615,188	53,847,444	0	142,462,632
For exchange differences	0	6,017,345,248	0	6,017,345,248
	¢ (1,664,737,020)	(5,805,151,828)	(18,036,408,793)	(25,506,297,641)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2024, the consolidated group presents a balance for income tax receivable of ¢16,743,400,761, (¢8,909,791,476 and ¢9,002,785,767, for December and September 2023, respectively), in addition to supported value added tax for ¢766,717,391, (¢1,785,036,658 and ¢786,230,324, for December and September 2023, respectively) and deductible value added tax for ¢21,699,381, (¢22,128,915 and ¢29,952,189, for December and September 2023, respectively).

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

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

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

	September 2024	December 2023	September 2023
Banco de Costa Rica	¢ 18,640,703,527	18,640,703,527	13,766,003,528
BCR Valores, S.A.- Puesto de Bolsa	323,346,107	323,346,107	635,236,468
BCR Sociedad Administradora de Fondos de inversión, S.A.	242,098,043	229,690,558	155,205,344
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	55,794,630	55,794,630	166,162,078
BCR Corredora de Seguros, S.A.	65,297,213	65,297,213	152,719,661
	¢ 19,327,239,521	19,314,832,036	14,875,327,079

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

As of September 30, 2024, the application of the resolution described above gave rise to a temporary difference which required the recording of a deferred income tax liability of ¢23,410,873,780, (¢21,585,796,102 and ¢18,799,972,176, for December and September 2023, respectively) and assets of ¢13,673,765,197, (¢10,392,860,154 and ¢6,017,345,248, for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

16). Provisions

The movement of provision is as follows:

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
Balance as of December 31, 2023	¢ 10,412,806,247	20,906,202,424	20,332,530,532	51,651,539,203
Currency conversion effect	(3,135,872)	(481,202)	0	(3,617,074)
Adjusted balance	10,409,670,375	20,905,721,222	20,332,530,532	51,647,922,129
Provision made	119,323,724	2,006,943,059	1,140,185,505	3,266,452,288
Provision used	(47,971,751)	(1,023,816,455)	(643,409,057)	(1,715,197,263)
Adjustment for exchange rate differences	0	96,370	0	96,370
Provisions reversed	(618,978,452)	(181,093,017)	(575,899,137)	(1,375,970,606)
Balance as of September 30, 2024	¢ 9,862,043,896	21,707,851,179	20,253,407,843	51,823,302,918

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
Balance as of December 31, 2022	¢ 10,655,153,393	15,460,700,748	15,294,247,597	41,408,245,332
Currency conversion effect	(17,274,749)	1,708,575	0	(15,566,174)
Adjusted balance	10,637,878,644	15,460,552,918	15,294,247,597	41,392,679,158
Provision made	806,182,906	6,799,882,720	6,910,329,185	14,516,394,811
Provision used	(75,836,383)	(1,332,653,074)	(1,275,491,324)	(2,683,980,781)
Adjustment for exchange rate differences	0	(3,197,138)	0	(3,197,138)
Provisions reversed	(955,418,920)	(18,383,003)	(596,554,925)	(1,570,356,848)
Balance as of December 31, 2023	¢ 10,412,806,247	20,906,202,423	20,332,530,533	51,651,539,202

	<u>Legal benefits</u>	<u>Lawsuits</u>	<u>Other</u>	<u>Total</u>
Balance as of December 31, 2022	¢ 10,660,273,061	15,460,700,748	15,294,247,597	41,415,221,405
Currency conversion effect	10,303,828	(174)	1,708,743	12,012,397
Adjusted balance	10,670,576,889	15,460,700,574	15,295,956,340	41,427,233,802
Provision made	687,610,939	2,257,447,413	1,517,915,380	4,462,973,732
Provision used	(33,737,003)	(1,192,972,261)	(960,683,455)	(2,187,392,719)
Adjustment for exchange rate differences	0	(3,109,809)	0	(3,109,809)
Balance as of September 30, 2023	¢ 10,721,105,362	16,503,682,914	15,853,188,265	43,077,976,540

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 2024, the number of litigations with the probability of occurrence is detailed as follows:

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provision in colones	Provision in US dollars
Contentious	242	25	214	3	38,002,513,395	365,961,985	2,396,413,281	813,767
Criminal	21	2	19	0	637,039,162	5,857	196,070,318	
Labor	267	54	213	0	4,089,028,216	825,000	2,246,268,253	
Proceedings	29	3	26	0	64,026,744	12,100	13,459,490	
Total					¢42,792,607,516.14	\$366,804,941.87	¢4,852,211,342.98	\$813,767.02

As of September 30, 2024, there are 9 high category litigations without estimation (32 and 23 litigations, for December and September 2023, respectively).

As of December 2023

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provision in colones	Provision in US dollars
Contentious	251	28	221	2	¢35,192,664,484	\$370,448,045	¢2,569,200,262	\$5,669
Criminal	18	2	16	0	¢636,459,162	\$5,857	¢186,625,634	\$0
Labor	354	66	288	0	¢6,575,485,878	\$825,000	¢2,689,522,920	\$0
Proceedings	22	0	22	0	¢15,096,422	\$2,000	¢0	\$0
Total	645	96	547	2	¢42,419,705,947	\$371,280,902	¢5,445,348,817	\$5,669

As of September 2023:

Type	Number	High	Low	Pending evaluation	Total amount in colones	Total amount in US dollars	Provision in colones	Provision in US dollars
Contentious	250	30	218	2	28,231,164,629	372,973,329	1,587,766,710	47,791
Criminal	19	2	17	0	1,879,803,039	5,857	179,801,638	0
Labor	370	84	286	0	6,598,598,696	825,001	2,959,418,983	0
Proceedings	22	0	22	0	15,096,422	2,000	0	0
Total	661	116	543	2	¢28,929,652,475.80	\$374,504,630.53	¢3,108,044,870.32	\$47,791.48

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

- Ordinary suits against the Bank have been estimated for ¢38,002,513,395 and US\$365,961,985 for which the Bank has provisions recorded in the amounts of ¢2,396,413,281.37 and US\$ 813,767.02.
- The criminal lawsuits against the Bank have been estimated in ¢637,039,162 and US\$5,857, for which the Bank has recorded a provision in the amount of ¢ 196,070,318.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- For their nature, labor suits are difficult to estimate, however they are estimated in ¢4,089,028,216 and US\$825,001 for which the Bank has provisions recorded in the amount ¢2,246,268,253, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated in ¢ 64,026,744 and US\$12,100 for which the Bank recorded provisions in the amount of ¢ 13,459,490.
- A provision in the amount of ¢441,262,484. corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of September 30, 2024, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. maintains amounts provisioned for ¢1,708,743 for legal processes in labor matters.

As of September 30, 2024, BCR Sociedad Administradora de Fondos de Inversión, S.A. keeps provisions for ¢164,769,008 related to the BCR Fondo de Inversión Inmobiliario.

As of September 30, 2024, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On February 7, 2023, BCR Valores filed an appeal for revocation against the resolution of the First Chamber that processed the appeal. On September 12, 2023, the First Chamber rejected the appeal filed by BCR Valores. By resolution 105-F-S1-2024 of January 23, 2024, at 2:15 pm, the First Chamber declared the appeal filed by the plaintiff against the ruling of the Contentious Administrative Court void. With this, this process is completed. BCR Valores may file a judgment execution process to try to collect the costs of the process (legal fees).

As of September 30, 2024, BCR Valores is involved in a case with an estimated amount of ¢43,236,411.88, processed under file number 19-005051-1027-CA at the Administrative and Civil Tax Court. On October 11, 2022, the public oral trial for this case was held before the ACT. Through judgment 80-2022-V issued at 1:15 p.m. on November 7, 2022, Section V of the ACT dismissed the claim filed by BCR Valores in its entirety and ordered it to pay both sets of legal costs. On November 29, 2022, BCR Valores filed a cassation appeal against the ACT ruling before the Administrative Litigation Cassation Court, which is still pending resolution. For this case, a provision has been set for an amount of ¢8,871,922.

As of September 30, 2024, BCR Valores is involved in a legal process under judicial file number 23-000523-1178-LA. The claim was received, and a response with evidence was submitted.

As of September 30, 2024, there are no provisions for litigation in BICSA.

BANCO DE COSTA RICA AND SUBSIDIARIES

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

- Ordinary suits against the Bank have been estimated for ¢33,113,828,061 and US\$370,297,533 for which the Bank has provisions recorded in the amounts of ¢1,834,841,446 and US\$5,669, respectively.
- The criminal lawsuits against the Bank have been estimated in ¢476,459,162 and US\$5,857, for which the Bank has recorded a provision in the amount of ¢182,625,634.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢6,359,515,866 and US\$825,001 for which the Bank has provisions recorded in the amount ¢2,669,522,921, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US\$2,000.
- A provision in the amount of ¢471,102,734 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of December 31, 2023, BCR Pensi3n Operadora de Planes de Pensiones Complementarias, S.A. maintains amounts provisions for ¢1,708,743 for legal processes in labor matters.

As of December 31, 2023, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of December 31, 2023, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San Jos3. On February 7, 2023, BCR Valores filed an appeal for revocation against the resolution of the First Chamber that processed the appeal. On September 12, 2023, the First Chamber rejected the appeal filed by BCR Valores. The First Chamber must resolve on the merits the appeal presented by the plaintiff.

As of December 31, 2023, BICSA there are no provisions for litigation.

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

- Ordinary suits against the Bank have been estimated for ¢32,807,090,362 and US\$372,822,817 for which the Bank has provisions recorded in the amounts of ¢709,111,337 y US\$5,610, respectively.

BANCO DE COSTA RICA AND SUBSIDIARIES

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- The criminal lawsuits against the Bank have been estimated in ¢476,459,162 and \$5,857, for which the Bank has recorded a provision in the amount of ¢182,966,542.
- For their nature, labor suits are difficult to estimate, however they are estimated in ¢6,719,840,888 and \$825,000 for which the Bank has provisions recorded in the amount ¢3,502,339,141, in the cases in which there is no firm condemnatory.
- There are administrative proceedings in different stages, estimated for ¢15,096,422 and US\$2,000.
- A provision in the amount of ¢442,118,302 corresponding to the Deposit Guarantee Fund is created and recorded in "Others".

As of September 30, 2023, BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. has provisioned amounts for legal proceedings in labor matters totaling ¢1,708,743.

As of September 30, 2023, there are no provisions for litigation at BCR Sociedad Administradora de Fondos de Inversion S.A.

As of September 30, 2023, there is a process against BCR Valores S.A. in the amount of US\$465,000, processed under file 16-000208-1027-CA-2 of the Contentious Administrative and Civil Tax Court of the Second Judicial Circuit of San José. On February 7, 2023, BCR Valores filed an appeal for reconsideration against the resolution of the First Chamber that admitted the appeal. On September 12, 2023, the First Chamber dismissed the appeal filed by BCR Valores. The First Chamber must rule on the merits of the cassation appeal filed by the plaintiff.

As of September 30, 2023, there are no provision for litigation in BICSA.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

17). Other miscellaneous accounts payable

Other miscellaneous accounts payable are detailed as follows:

	September 2024	December 2023	September 2023
Fees payable	¢ 70,378,575	65,399,842	67,419,427
Due for goods and services	617,831,913	480,228,506	699,532,375
Current income tax	24,189,461,800	12,828,353,865	4,524,093,505
Tax on DU propts	11,411,851	24,218,622	(11,517,516)
Value added tax	280,691,965	322,573,499	209,250,928
Employer contributions	2,376,238,152	2,384,432,763	3,053,489,742
Court-ordered withholdings	854,467,791	836,338,637	818,182,931
Tax withholdings payable	2,543,770,442	3,962,650,913	3,811,842,889
Withheld employer contributions payable	1,267,010,086	1,166,801,256	1,220,999,314
Other third-party withholdings payable	15,179,586,851	13,715,553,530	17,334,215,975
Compensations and salaries payable	7,179,933,298	9,081,267,164	7,231,843,114
Interests (distributions) payable on results of the period (see note 33)	19,060,861,495	12,138,129,334	6,051,284,243
Accrued vacations	7,493,533,175	7,399,844,839	7,416,190,448
Accrued statutory Christmas bonus	5,969,948,043	1,395,494,314	5,997,165,548
Commissions payable from insurance placement	43,910,781	167,096,264	591,245,605
Commissions payable from insurance placement	11,910,643	13,498,575	10,966,606
Contribution to the Superintendence budget	21,070,094	4,825,261	4,825,261
Miscellaneous creditors	25,953,084,659	23,230,305,063	21,756,076,783
	¢ 113,125,101,614	89,217,012,247	80,787,107,178

18). Equity

a) Capital Stock

The Bank's capital stock is as follows:

	September 2024	December 2023	September 2023
Capital under Law No. 1644	¢ 30,000,000	30,000,000	30,000,000
Bank capitalization bonds	1,288,059,486	1,288,059,486	1,288,059,486
Capital increase per Law No. 7107	118,737,742,219	118,737,742,219	118,737,742,219
Capital increase per Law No. 8703	27,619,000,002	27,619,000,002	27,619,000,002
Capital increase per Law No. 9605	18,907,432,694	18,907,432,694	18,907,432,694
Increase for revaluation of assets	14,130,125,230	14,130,125,230	14,130,125,230
Other	697,630,970	697,630,970	697,630,970
	¢ 181,409,990,601	181,409,990,601	181,409,990,601

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

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

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

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

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

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

As of September 30, 2024, the balance of the adjustment for valuation of investments at fair value with changes through other comprehensive income corresponds to unrealized net profits in the amount of ¢2,774,582,547, (¢9,553,277,894 and ¢11,875,68,697, for December and September 2023, respectively).

d) Adjustments for valuations of interest in other companies

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

As of September 30, 2024, changes in equity include foreign exchange differences corresponding to investments in other companies in the amount of ¢9,438,016,779, (¢9,728,703,622 and ¢11,685,926,427, for December and September 2023, respectively).

e) Equity of the Development Financing Fund (FOFIDE)

As of September 30, 2024, the amount for the constitution of the equity of the Development Financing Fund is of ¢48,866,249,077, (¢45,766,617,523 and ¢40,476,721,777, for December and September 2023, respectively). In compliance with Law 9605 "Merger by absorption of Banco Crédito Agrícola de Cartago and Banco de Costa Rica", the amount of ¢2,627,265,346 of the assets managed by the entity was transferred.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

f) Special reserves of retained earnings from BICSA

As of September 30, 2024, 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\$46,418,200,, (51% de US\$91,016,079,) (US\$36,730,185 and US\$36,431,870, equivalent to 51% for US\$72,019,971 and US\$71,435,039 for December and September 2023, respectively) due to changes made to policies concerning the subsidiary.

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

The General Board of Directors resolution SBP-GJD-003-2013 dated July 9, 2013 establishes the accounting for the differences that may arise between the regulations issued by the Superintendence of Banks and the IFRS, so that: 1) the accounting records and the financial statements are prepared in accordance with IFRS as required by agreement No.006-2012 dated December 18, 2012; 2) according to standards applicable to banks and presenting additional specific accounting aspects than those required by IFRS, in the event that an estimate of provision or reserve is greater than the correspondent calculation under IFRS, the excess of provision or reserve will be recognized in the equity.

This general resolution came into effect for the accounting periods ending on or after December 31, 2014. Subject to prior authorization of the Superintendence of Banks, banks can reverse the established provision, partially or totally, based on justification duly evidenced and presented to the Superintendence of Banks.

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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

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

g) Equity reserves

As of September 30, 2024, changes in equity include amounts for equity reserves for ¢364,708,053,622, (¢351,152,901,365 and ¢351,152,901,365, for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Regulatory capital

As of September 30, 2024, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate	<u>Capital base</u>	<u>Minimum individual capital requirement</u>	<u>Individual surplus or deficit</u>	<u>Non-transferable items</u>
Parent Company				
Banco de Costa Rica	¢ 637,043,659,970	388,099,467,125	248,944,192,844	0
	<u>637,043,659,970</u>	<u>388,099,467,125</u>	<u>248,944,192,844</u>	<u>0</u>
Regulated entities				
Banco Internacional de Costa Rica, S. A and subsidiary	142,539,590,700	102,979,246,500	39,560,344,200	19,384,568,658
BCR Valores, S. A.- Puesto de Bolsa	21,985,689,080	4,814,005,670	17,171,683,410	0
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,860,957,290	2,058,428,850	3,802,528,440	0
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,250,408,141	4,014,152,754	236,255,387	0
BCR Comercializadora de Seguros, S.A.	4,743,669,910	1,766,910,310	2,976,759,600	0
	¢ <u>179,380,315,121</u>	<u>115,632,744,084</u>	<u>63,747,571,037</u>	<u>19,384,568,658</u>
Non-regulated entities				
Banprocesa R.L.	1,145,313,500	304,355,900	840,957,600	0
Depósito Agrícola de Cartago S.A. and subsidiary	1,057,368,200	384,439,200	672,929,000	0
	¢ <u>2,202,681,700</u>	<u>688,795,100</u>	<u>1,513,886,600</u>	<u>0</u>
Global surplus or deficit of the Financial Conglomerate				

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items
Companies of the Financial Conglomerate				
Parent Company				
Banco de Costa Rica	¢ 606,431,243,069	390,768,302,061	215,662,941,009	0
	606,431,243,069	390,768,302,061	215,662,941,009	0
Regulated entities				
Banco Internacional de Costa Rica, S. A and subsidiary	137,399,766,400	99,791,072,000	37,608,694,400	18,428,260,256
BCR Valores, S. A.- Puesto de Bolsa	19,369,565,352	6,411,919,936	12,957,645,416	0
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,456,563,230	2,537,928,660	2,918,634,570	0
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,250,408,141	3,675,413,228	574,994,913	0
BCR Comercializadora de Seguros, S.A.	4,423,774,250	1,902,084,460	2,521,689,790	0
	¢ 170,900,077,373	114,318,418,284	56,581,659,089	18,428,260,256
Non-regulated entities				
Banprocesa R.L.	1,223,060,900	320,604,500	902,456,400	0
Depósito Agrícola de Cartago S.A. and subsidiary	1,060,770,600	281,493,600	779,277,000	0
	¢ 2,283,831,500	602,098,100	1,681,733,400	0
Global surplus or deficit of the Financial Conglomerate				

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, the net worth equity for the BCR Financial Conglomerate is detailed as follows:

Companies of the Financial Conglomerate	Capital base	Minimum individual capital requirement	Individual surplus or deficit	Non-transferable items
Parent Company				
Banco de Costa Rica	¢ 599,624,316,716	393,984,021,384	205,640,295,333	0
	<u>599,624,316,716</u>	<u>393,984,021,384</u>	<u>205,640,295,333</u>	<u>0</u>
Regulated entities				
Banco Internacional de Costa Rica, S. A and subsidiary	138,707,288,100	97,217,384,300	41,489,903,800	20,330,052,862
BCR Valores, S. A.- Puesto de Bolsa	18,306,378,100	6,143,758,566	12,162,619,534	0
BCR Sociedad Administradora de Fondos de inversión, S.A.	5,105,281,270	2,605,565,110	2,499,716,160	0
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A.	4,250,408,141	3,589,196,759	661,211,381	0
BCR Comercializadora de Seguros, S.A.	4,719,634,730	1,649,524,240	3,070,110,490	0
	¢ <u>171,088,990,341</u>	<u>111,205,428,975</u>	<u>59,883,561,366</u>	<u>20,330,052,862</u>
Non-regulated entities				
Banprocesa R.L.	1,178,277,300	308,743,800	869,533,500	0
Depósito Agrícola de Cartago S.A. and subsidiary	1,052,919,300	286,057,700	766,861,600	0
	¢ <u>2,231,196,600</u>	<u>594,801,500</u>	<u>1,636,395,100</u>	<u>0</u>
Global surplus or deficit of the Financial Conglomerate				

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

19). Contingent accounts

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

Off balance financial instruments with risk are as follows:

	September 2024	December 2023	September 2023
Guarantees granted:			
Performance bonds	¢ 57,071,453,524	69,892,937,188	73,057,768,164
Bid bonds	8,716,577	88,636,438	155,692,908
Other guarantees	44,931,546,164	47,062,913,733	48,337,959,571
Issued non-negotiated letters of credit	19,287,307,837	37,888,972,926	20,165,639,309
Confirmed non-negotiated letters of credit	2,082,207,084	3,932,680,134	5,248,093,754
Credit lines to be used automatically	164,683,309,194	142,278,939,278	130,081,379,475
Other contingencies	229,306,201,767	232,883,506,405	239,975,710,436
Credits pending disbursement	49,433,982	49,437,310	49,450,151
	¢ 517,420,176,129	534,078,023,412	517,071,693,768

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

	September 2024	December 2023	September 2023
With prior deposit	¢ 7,410,698,294	15,051,804,160	5,248,449,074
Without prior deposit	280,703,276,068	286,142,712,847	271,847,534,258
Pending lawsuits and claims	229,306,201,767	232,883,506,405	239,975,710,436
	¢ 517,420,176,129	534,078,023,412	517,071,693,768

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

As of September 30, 2024, letters of credit are backed 100% by guaranteed deposits or credit facilities.

As of September 30, 2024, floating guarantees in custody are for ¢222,263,795,916, (¢238,214,652,955 and ¢239,808,977,369, for December and September 2023, respectively).

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.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Other contingencies

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ¢35,606,100,114 and US\$358,316,485. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In criminal matters there are active ordinary labor processes which were estimated at ¢440,968,843 and US\$5,857.
- In labor matters there are active ordinary processes estimated in the amounts of ¢1,842,759,963 and US\$825,000.
- Administrative proceedings against the Bank have been estimated in the amounts of ¢50,567,254 y US\$12,100.

As of September 30, 2024, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of September 30, 2024, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2022, BCR Valores is facing a lawsuit for US\$175,000, which is being processed under file number 16-000207-1027-CA-8 of the Administrative and Civil Court of the Treasury of the Second Judicial Circuit of San José. The public oral trial for the case was held on January 24, 2024, at the ACT headquarters in San José. Through judgment 2024-871 issued at 12:03 p.m. on February 14, 2024, the ACT issued a ruling declaring the plaintiff's claim partially admissible and ordering BCR Valores to pay moral damages in the amount of ¢2.5 million, as well as legal costs (attorney fees for both parties and litigation expenses).

The plaintiff must now initiate an enforcement proceeding for the payment of moral damages in the amount of ¢2.5 million, as well as the legal costs. BCR Valores will need to be notified of this process and will have the opportunity to present its defense before the respective court.

As of September 30, 2024, BCR Valores S.A. is involved in a labor-related case, judicial file number 17-002581-1178-LA, for which a provision of ¢8,441,966 has been set aside. The trial is currently suspended due to constitutional challenge No. 19-014055-0007-CO.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

- In contentious matters, there are active processes established against the Bank estimated in the amount of ₡31,278,986,615 and US\$370,291,865. In addition, other contentious processes are filed for preliminary injunction with no estimate.
- In criminal matters there are active ordinary labor processes which were estimated at ₡289,833,528 and US\$5,857.
- In labor matters there are active ordinary processes estimated in the amounts of ₡3,689,992,945 and US\$825,001.
- Administrative proceedings against the Bank have been estimated in the amounts of ₡15,096,422 and US\$2,000.

As of December 31, 2023, there are legal claims filed against BICSA and its subsidiaries that, in the opinion of Management and external attorneys, are not expected to have a material adverse effect on the consolidated position, the consolidated performance or the entity's operations.

As of December 31, 2023, 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, 2023, 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. The Contentious Administrative Court set the time and date for the oral and public trial, which will be on January 24, 25 and 26, 2024. After that, the Court will issue the judgment of the process.

As of December 31, 2023, BCR Valores S.A. has an established process, file number 23-000523-1178-LA. The demand was received and the response with the corresponding proof is sent.

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

- Criminal proceedings in which the Bank is a third-party defendant are estimated at ₡293,492,620 and US\$5,857.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- In labor matters there are active ordinary processes estimated in the amounts of ¢3,217,501,746 US\$825,001.
- Administrative proceedings against the Bank have been estimated in the amounts of ¢15,096,422 and US\$2,000.

As of September 30, 2023, there are legal claims filed against BICSA and its subsidiaries which, according to the opinion of Management and external legal counsel, are not expected to have a materially adverse effect on the consolidated financial position, consolidated performance, or operations of the entity.

As of September 30, 2023, due to the merger between INS Pensiones Operadora de Pensiones Complementarias, S.A. and BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., a series of contingencies arose that have been reasonably covered with pledged securities from the seller.

As of September 30, 2023, 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. The Administrative Litigation Court scheduled the public oral trial for October 17, 18, and 19, 2023. Following this, the Court will issue the ruling for the case.

As of September 30, 2023, BCR Valores S.A. is involved in a labor-related case, judicial file number 17-002581-1178-LA, for which a provision of ¢8,441,966 has been set aside. The trial is currently suspended due to constitutional challenge No. 19-014055-0007-CO.

As of September 30, 2023, there is a process of labor nature against BCR Valores S.A., file 17-002581-1178-LA. The claim was received, and a response with evidence was submitted.

20). Trusts

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024	December 2023	September 2023
Cash and due from banks	¢ 47,839,545,329	44,520,717,107	42,752,850,126
Investments in financial instruments	195,008,750,261	195,422,921,375	193,853,415,097
Loan portfolio	28,349,205,361	32,673,020,783	32,409,848,445
Allowance for doubtful accounts	(6,856,839,233)	(7,213,903,691)	(7,455,404,058)
Realizable assets	126,107,666,692	155,036,648,198	75,295,469,370
Investments in other companies	795,609,900	795,609,900	795,609,900
Other accounts receivable	29,816,237,443	32,439,325,803	32,608,613,504
Property, furniture, and equipment	98,428,883,350	101,878,211,099	156,620,305,304
Other assets	346,893,847,601	338,534,043,361	317,863,125,997
	¢ 866,382,906,704	894,086,593,935	844,743,833,685

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

	September 2024	December 2023	September 2023
Banco de Costa Rica	¢ 815,856,928,682	846,209,117,927	796,923,696,336
Banco Internacional de Costa Rica, S.A.	50,525,978,022	47,877,476,008	47,820,137,349
	¢ 866,382,906,704	894,086,593,935	844,743,833,685

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

21). Other debit memoranda accounts

Other debit memoranda accounts are detailed as follows:

	September 2023	December 2022	September 2023
Own assets and securities held in			
Custody	¢ 10,149,672,358	9,429,675,151	9,093,948,639
Guarantees received and held in custody	6,662,406,103,331	5,104,022,095,964	5,011,577,465,100
Guarantees received and held by third parties	5,749,234,624	4,168,318,384	1,687,003,864
Granted and unused credit lines	590,244,533,485	621,783,602,758	627,124,874,123
Write-offs	260,321,823,114	252,482,078,664	248,623,989,908
Suspense interest receivable	34,596,188,575	24,169,710,558	24,836,915,451
Other memoranda accounts	8,197,077,367,586	6,176,126,729,723	6,682,082,802,601
Assets and securities held in custody			
for third parties	138,079,379,955	53,753,994,108	131,513,298,100
Managed funds assets	2,272,142,847,894	2,217,020,610,714	2,193,594,797,902
Management of individual portfolios			
by the stock market	305,757,038,280	246,087,572,796	479,985,186,421
Marketable securities received as collateral (Guarantee Trust)	0	1,843,213,774	615,023,517
Marketable securities pending receipt	6,477,257,042	0	0
Confirmed cash contracts pending settlement	6,484,072,6316	0	0
Own held-for-trading securities	1,070,784,882,898	794,692,939,888	971,054,014,591
Cash and accounts receivable for custodial activities	67,520,938,866	108,289,699,228	111,838,466,145
Held-for-trading securities held in custody for third parties as guarantee (guarantee trust)	34,858,053,652	35,224,164,253	41,842,293,520
Held-for-trading securities pending receipt	38,182,489,470	6,662,993,266	7,466,470,719
Confirmed spot agreements pending Settlement	41,255,697,404	17,689,539,380	20,011,260,860
Futures pending settlement	44,561,976,525	27,866,013,236	36,151,286,679
Third parties held-for-trading securities	8,484,037,490,026	7,646,822,660,210	7,635,382,919,934
	¢ <u>28,270,687,047,716</u>	<u>23,348,135,612,055</u>	<u>24,234,482,018,074</u>

Other memoranda accounts by subsidiaries are detailed as follows:

	September 2024	December 2023	September 2023
Banco de Costa Rica	¢ 24,004,040,347,498	19,799,380,104,339	20,397,592,681,018
Banco Internacional de Costa Rica, S.A.	876,618,407,883	437,679,017,774	458,693,541,221
BCR Valores, S.A.- Puesto de Bolsa (see note 22)	1,103,563,882,010	879,123,941,958	1,169,475,827,905
BCR Sociedad Administradora de Fondos de Inversión, S.A. (see note 23)	505,400,668,493	598,691,302,869	608,109,317,875
BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A. (see note 24)	1,777,064,906,912	1,627,924,690,020	1,594,713,280,027
Depósito Agrícola de Cartago S. A.	3,998,834,920	5,336,555,094	5,897,370,028
	¢ <u>28,270,687,047,716</u>	<u>23,348,135,612,054</u>	<u>24,234,482,018,074</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

a) Repurchase

BCR Valores subscribes to 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 date and at a stated price. The difference between the contractual value and the value of the security represents additional collateral for the operation and corresponds to a portion of the security held in custody.

As of September 30, 2024, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 5,580,289,511	14,056,670,928	19,636,960,438	5,098,922,814	9,430,542,085	14,529,464,900
31 to 60 days	872,907,602	1,521,717,539	2,394,625,141	1,063,152,524	747,743,747	1,810,896,271
Third parties	6,453,197,113	15,578,388,466	22,031,585,580	6,162,075,338	10,178,285,833	16,340,361,171
Total	¢ 6,453,197,113	15,578,388,466	22,031,585,580	6,162,075,338	10,178,285,833	16,340,361,171

As of December 31, 2023, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Stock Exchange) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 3,324,284,572	14,580,635,946	17,904,920,518	3,556,499,138	5,590,980,624	9,147,479,761
31 to 60 days	236,681,387	340,250,184	576,931,571	236,681,387	0	236,681,387
Third parties	¢ 3,560,965,959	14,920,886,130	18,481,852,089	3,793,180,525	5,590,980,624	9,384,161,149
Total	¢ 3,560,965,959	14,920,886,130	18,481,852,089	3,793,180,525	5,590,980,624	9,384,161,149

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, forward buyer and seller positions in repurchase and reverse repurchase agreements in which BCR Valores, S.A. Puesto de Bolsa (Brokerage House) participates, are as follows:

	Forward buyer			Forward seller		
	Colones	US Dollars	Total	Colones	US Dollars	Total
Third parties						
1 to 30 days	¢ 3,008,818,494	18,120,828,081	21,129,646,575	3,606,027,702	9,294,474,346	12,900,502,048
31 to 60 days	0	1,445,563,403	1,445,563,403	0	675,574,653	675,574,653
Third parties	¢ 3,008,818,494	19,566,391,4484	22,575,209,978	3,606,027,702	9,970,048,999	13,576,076,700
Total	¢ 3,008,818,494	19,566,391,4484	22,575,209,978	3,606,027,702	9,970,048,999	13,576,076,700

b) Guarantees granted

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

To establish a risk management system, SUGEVAL set up a guarantee fund comprised of contributions from brokerage firms. Contributions are made proportionally based on the net buyer positions during the last six months. As of September 30, 2024, the Brokerage House had made contributions for a total of ¢141,989,328, (¢58,969,930 and ¢270,899,256, for December and September 2023, respectively). These contributions are registered in the subaccount "Guarantee fund - National Stock Exchange".

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

d) Customer securities and own securities in custody

As of September 30, 2024, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 99,262,110,879
Local	Repurchase operations	215,144,080,721
		¢ <u>314,406,191,600</u>
<i>US dollars</i>		
Local	Custody free	¢ 74,857,929,093
Local	Repurchase operations	135,042,656,397
Foreign custodians	Custody available at face value	142,941,054,272
		¢ <u>352,841,639,762</u>
Total own custody, colones, US dollars and other currencies		¢ <u>667,247,831,362</u>
Total custody, third parties, US Dollars and others		¢ <u>667,247,831,362</u>

As of December 31, 2023, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 253,581,543,957
Local	Repurchase operations	4,583,747,235
		¢ <u>258,165,291,192</u>
<i>US dollars</i>		
Local	Custody free	¢ 195,063,141,908
Local	Repurchase operations	15,955,066,482
Foreign custodians	Custody available at face value	76,238,297,084
Foreign custodians	Shares at purchase value	3,779,462,102
		¢ <u>291,035,967,576</u>
Total own custody, colones, US dollars and other currencies		¢ <u>549,201,258,768</u>
Total custody, third parties, US Dollars and others		¢ <u>549,201,258,768</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, BCR Valores, S.A. has following securities in custody:

<u>Place of Custody</u>	<u>Custody Type</u>	<u>Balance</u>
<i>Colones</i>		
Local	Custody free	¢ 291,866,651,055
Local	Repurchase operations	6,133,404,556
		¢ <u>298,000,055,611</u>
<i>US dollars</i>		
Local	Custody free	¢ 273,147,172,353
Local	Repurchase operations	24,681,098,305
Foreign custodians	Custody available at face value	37,964,500
		¢ <u>297,866,235,158</u>
Total own custody, colones, US dollars and other currencies		¢ <u>595,866,290,769</u>
Total custody, third parties, US Dollars and others		¢ <u>595,866,290,769</u>

23). Investment fund management agreements

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

<u>Investment Fund</u>	<u>Type of fund</u>	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
<i>In Colones</i>				
BCR Short-term colones, undiversified	Financial, open	¢ 45,432,129,411	41,207,514,546	35,650,951,957
BCR quarterly colones, undiversified	Financial, open, medium-term	411,677,326	483,512,737	507,023,802
BCR mixed colones, undiversified	Open, medium-term	30,004,798,834	39,331,350,487	41,404,167,323
BCR Portfolio Fund colones	Open, medium-term	35,236,430,265	46,015,956,767	48,761,936,031
BCR Real Estate, colones Undiversified	Closed, non-financial and mixed portfolio	16,573,843,336	14,937,461,118	14,366,574,980
		¢ <u>127,668,879,172</u>	<u>141,975,795,655</u>	<u>140,690,654,093</u>
<i>In US dollars</i>				
Investment Funds in US Dollars, equivalent in colones (See note 21)		<u>377,731,789,321</u>	<u>456,715,507,492</u>	<u>467,418,663,782</u>
		¢ <u>505,400,668,493</u>	<u>598,691,303,147</u>	<u>608,109,317,875</u>
<i>Investment Funds in US dollars</i>				
BCR Liquidity Dollars, undiversified	Open	US\$ 79,938,659	55,612,191	57,282,151
BCR Real Estate Dollars, undiversified	Real estate, closed, long-term	242,591,108	273,793,004	275,559,113
BCR Real Estate Trade and Industry, undiversified	Real estate, closed, long-term	195,071,398	192,164,899	193,925,313
BCR Liquidity Fund Dollars international, undiversified	Open, money market	78,750,857	143,016,217	134,967,067
BCR Portfolio Fund, US dollars	Open, medium-term	19,392,678	29,524,500	28,370,161
BCR Evolution	Open, medium-term	1,354,004	1,104,010	604,227
BCR Real Estate Progress Fund, undiversified	Real estate, closed	86,378,018	83,169,832	82,960,461
PEL Development Investment Fund	Real estate, closed	18,943,362	88,445,568	88,171,026
		US\$ <u>722,420,084</u>	<u>866,830,221</u>	<u>861,839,519</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

24). Pension fund management agreements

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

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Own assets and securities held in custody	¢ 10,149,672,358	9,429,675,151	9,093,948,639
Assets and securities held in custody by third parties	173 055 154	165,707,024	133,851,362
Mandatory pension fund	1 502 087 164 102	1,364,838,396,476	1,336,212,715,216
Voluntary pension fund	37 222 235 764	44,152,368,661	38,605,550,413
Labor capitalization fund	66 351 701 578	61,174,525,962	60,860,438,058
Supplementary pension funds created by special laws (see note 21)	161 081 077 956	148,164,016,746	149,806,776,339
	<u>¢ 1,777,064,906,912</u>	<u>1,627,924,690,020</u>	<u>1,594,713,280,027</u>

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:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Voluntary Pension Fund (colones)	¢ 28,319,860,963	35,051,543,183	30,051,971,573
At fair value through other comprehensive income	26,150,362,346	34,428,220,696	29,798,764,915
Entities from the public sector of the country	20,559,826,341	24,470,917,562	21,556,669,727
Ministry of Finance	17,541,533,696	18,759,022,291	16,583,748,045
Banco Central de Costa Rica	1,082,338,233	2,843,900,995	1,946,118,939
Other issuers from the public sector	1,935,954,412	2,867,994,276	3,026,802,743
Entities from the private sector of the country	5,590,536,005	9,957,303,134	8,242,095,188
Financial	4,990,644,721	9,258,182,133	7,343,083,508
Non-financial	599,891,284	699,121,001	899,011,680
At fair value with changes through profit or loss	2,169,498,617	623,322,487	253,206,658
Entities from the private sector of the country Financial	2,169,498,617	623,322,487	253,206,658
country Financial	132,034,430	623,322,487	253 206 658
Financial entities abroad from de private sector	2 037 464 187	0	0
Voluntary Pension Fund (US\$)	US 7,794,736,766	6,972,738,198	6,782,092,764
At fair value through other comprehensive income	6,803,007,616	6,929,415,458	6,665,548,328
Entities from the public sector of the country	5,236,806,070	4,001,471,605	3,962,535,679
Ministry of Finance	4,992,537,927	3,760,616,032	3,712,278,159
Central Bank of Costa Rica	0	0	0
Other issuers from the public sector	244,268,143	240,855,573	250,257,520
Entities from the private sector of the country	1,566,201,546	2,927,943,853	2,703,012,649
Financial	1,566,201,546	2,927,943,853	2 703 012 649
Non-financial	0	0	0
At fair value through profit or loss	991,729,150	43,322,740	116,544,436
Entities from the private sector of the country	991,729,150	43,322,740	116,544,436
Financial	582,824,517	43,322,740	116 544 436
Entities from the private sector abroad	408,904,633	0	0

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September		
	2024	December 2023	September 2023
Mandatory Regime of Supplementary Pensions (colones)	€ 1,633,836,819,803	1,476,782,816,435	1,401,476,848,265
At fair value through other comprehensive income	1,230,352,428,508	1,233,950,909,700	1,186,764,282,016
Entities from the public sector of the country	1,107,358,188,702	968,306,694,640	954,242,359,960
Ministry, of, Finance	959,046,168,315	846,714,511,898	828,212,677,651
Banco, Central, de, Costa, Rica	63,932,962,938	28,249,645,168	37,153,556,966
Other, issuers, from, the, public, sector	84,379,057,449	93,342,537,574	88,876,125,343
Entities from the private sector of the country	122,994,239,806	265,644,215,060	232,521,922,056
Financial	109,866,300,731	185,641,770,299	206,780,744,866
Non-financial	13,127,939,075	16,336,088,306	25,741,177,190
In public entities abroad	0	63,666,356,455	67,189,841,968
At fair value through profit or loss	398,562,924,778	242,831,906,735	214,712,566,249
Entities from the private sector of the country	11,216,184,918	13,430,296,426	25,929,427,106
Financial	11,216,184,918	13,430,296,426	12,964,713,553
Entities from the foreign the public sector	0	0	12,964,713,553
Entities from the public sector of the country	387,346,739,860	229,401,610,309	188,783,139,143
Financial	0	223,461,235,563	183,122,061,519
In public entities abroad	372,582,340,310	5,940,374,746	5,661,077,624
At amortized cost	4,921,466,517	0	0
Local entities from the public sector	4,921,466,517	0	0
Ministry of finance	4,921,466,517	0	0
Labor Capitalization Fund (colones)	€ 67,619,476,806	62,206,640,209	63,400,743,715
At fair value through other comprehensive income	61,995,923,051	58,312,381,546	58,224,068,505
Entities from the public sector of the country	46,959,909,909	42,346,147,882	42,459,633,287
Ministry, of, Finance	38,642,912,737	33,807,116,379	33,901,660,495
Banco, Central, de, Costa, Rica	6,436,712,435	5,581,827,569	5,600,148,894
Other, issuers, from, the, public, sector	1,880,284,737	2,957,203,934	2,957,823,898
Entities from the private sector of the country	15,036,013,142	15,966,233,664	15,764,435,218
Financial	14,188,452,641	15,125,050,311	14,874,676,726
Non-financial	847,560,501	841,183,353	889,758,492
At fair value through profit or loss	3,923,310,864	3,894,258,663	
Entities from the private sector of the country	3,923,310,864	3,894,258,663	5,176,675,210
Financial	3,923,310,864	3,894,258,663	5,176,675,210
In public entities abroad	1,700,242,891	0	0

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

25). Contract for custody and storage of goods

As of September 30, 2024, and December and September 2023, Depósito Agrícola de Cartago and its subsidiary have current contracts that are detailed below:

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

26). Financial income on investments in financial instruments

Financial income on investments in financial instruments is as follows:

	<u>September 2024</u>	<u>September 2023</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2024</u>	<u>2023</u>
Interest for investments in financial instruments at fair value through profit or loss	¢ 49,355,633	35,773,644	14,473,482	9,121,854
Interests for investments in financial instruments at fair value through comprehensive income	62,206,024,774	64,617,922,917	22,925,716,411	21,326,133,333
Interests for investments at amortized cost	10,920,996,246	9,121,927,994	3,256,782,257	5,417,903,879
Income from investments in due and restricted financial instruments	2,485,054,053	2,033,681,486	869,917,186	626,603,216
	<u>¢ 75,661,430,706</u>	<u>75,809,306,041</u>	<u>27,066,889,336</u>	<u>27,379,762,282</u>

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

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

	<u>September 2024</u>	<u>September 2023</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2024</u>	<u>2023</u>
Personal	¢ 103,987,165,755	108,669,937,364	35,627,359,000	35,372,210,415
Development Banking System	3,249,564,525	3,232,925,484	1,055,607,768	1,027,608,884
Business	17,206,785,447	13,671,177,556	6,100,300,927	4,704,834,369
Corporate	121,592,136,705	128,814,535,436	40,383,240,459	42,049,954,254
Public sector	3,238,473,773	4,072,495,302	1,029,578,470	1,276,576,077
Financial sector	1,033,610,183	2,584,935,318	287,825,471	715,707,331
Amortization of the net commission of the incremental direct costs associated with loans	3,508,959,916	3,594,876,114	1,208,315,521	1,169,055,673
Interest for accounts receivable related to loan portfolio and other financial instruments for other concepts not included in the previous subaccounts and analytical accounts	1,830,391,997	1,180,934,356	502,918,316	493,634,533
	¢ <u>255,647,088,301</u>	<u>265,821,816,930</u>	<u>86,195,145,932</u>	<u>86,809,581,536</u>

28). Expenses from obligations with the public

Financial expenses from obligations with the public are as follows:

	<u>September 2024</u>	<u>September 2023</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2024</u>	<u>2023</u>
Expenses from demand deposits	¢ 49,696,508,011	69,215,289,469	16,169,971,622	21,853,755,463
Expenses from term deposits	82,502,048,960	112,542,762,686	28,607,799,055	36,824,425,749
Expenses from securities in repurchase agreements	0	328,053,248	0	1,554,967
	¢ <u>132,198,556,971</u>	<u>182,086,105,403</u>	<u>44,777,770,677</u>	<u>58,679,736,179</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

	<u>September 2024</u>	<u>September 2023</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2024</u>	<u>2023</u>
Decrease in specific allowance for loan portfolio (See note 6-f)	¢ 22,039,599,686	2,496,331,374	17,932,531,396	604,620,682
Expense for allowance for impairment and bad debts from other accounts receivable	3,593,528,238	3,757,002,015	904,235,589	1,804,982,667
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	620,074,271	3,901,719,914	0	1,730,055,510
Expenses for allowance for impairment of investments at fair value through other comprehensive income	433,140,670	278,932,862	304,570,185	98,059,436
Expenses for allowance for impairment of financial instruments at amortized cost.	112,203	102	60,449	0
Expenses for allowance for impairment of expired and restricted financial instruments	1,319,141	2,156,158	325,135	416,247
	<u>26,687,774,209</u>	<u>10,436,142,425</u>	<u>19,141,722,754</u>	<u>4,238,134,542</u>

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

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

	<u>September 2024</u>	<u>September 2023</u>	<u>Quarter from July 1 to September 30</u>	
			<u>2024</u>	<u>2023</u>
Recovery of written-down loans	¢ 6,359,145,581	9,017,889,058	2,987,031,903	1,836,102,691
Recovery of accounts receivable				
Decrease in specific allowance for the loan portfolio (See note 6-f)	12,000,000,000	722,179,383	12,000,000,000	254,307,527
Decrease in allowance for other bad receivables	2,630,341,578	2,889,255,835	366,439,317	1,010,703,344
Decrease in generic allowance and counter cycle for loan portfolio (See note 6-f)	0	490,151	0	439,203
Decrease in allowance for bad investment securities	177,255,570	1,535,263,024	77,127,428	87,161,037
	<u>21,166,742,729</u>	<u>14,166,255,696</u>	<u>15,430,598,648</u>	<u>3,188,713,802</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

31). Income from service fees and commissions

Income from service fees and commissions is detailed as follows:

	September 2024	September 2023	Quarter from July 1 to September 30	
	2024	2023	2024	2023
Drafts and transfers	1,924,103,830	1,960,487,320	627,908,833	627,552,531
Foreign trade	811,176,166	675,982,482	273,723,728	287,662,300
Certified checks	3,699,500	3,203,313	1,461,603	1,024,116
Trust management	2,456,242,339	3,121,299,233	814,466,791	1,012,224,658
Custodial services	357,079,542	290,342,578	131,453,494	99,499,845
For mandates	934,389	1,333,112	316,161	241,379
Collections	438,766,400	411,873,996	131,418,957	111,347,738
Credit Cards	34,896,373,072	30,770,390,486	12,265,386,598	10,070,245,586
Investment Fund management	3,474,009,070	4,384,679,084	1,070,728,036	1,278,110,911
Pension Fund management	5,579,873,603	5,002,453,090	1,920,411,674	1,749,627,979
Insurance underwriting	5,144,316,550	4,791,343,582	1,811,063,565	1,609,345,183
Brokerage fees				
(by third parties in local market)	602,415,404	940,974,753	185,850,124	275,109,287
Brokerage fees				
(by third parties in other markets)	618,706,057	363,460,782	208,980,062	101,918,261
Individual portfolio management fee	827,492,934	688,890,267	303,305,055	185,837,530
Commissions from operations with related parties	499,110,736	301,708,108	190,601,595	102,244,326
Commission from custodial services of authorized securities	411,778,121	500,244,615	130,550,160	119,886,394
Other commissions	32,051,978,844	29,321,809,124	11,076,123,293	10,001,656,744
	90,098,056,557	83,530,475,925	31,143,749,729	27,633,534,768

32). Income from interests in other companies

	September 2024	September 2023	Quarter from April 1 to September 30	
	2024	2023	2024	2023
<u>Local entities:</u>				
Participation in Bolsa Nacional de Valores S.A.	80,245,328	557,059		
	80,245,328	557,059		

As of September 30, 2024, there are ¢183,592,417 in account for participation expenses referring to Banprocesa SRL, ¢493,634,033 in BCR Leasing (As of December 31, 2023, there are ¢223,706,436 in account for participation expenses referring to Banprocesa SRL, ¢182,947,410 in BCR Valores, ¢128,582,285 in BCR SAFI and ¢282,014,799 in BCR Leasing and as of September 30, 2023, there are ¢197,180,855 in account for participation expenses referring to Banprocesa SRL, ¢182,947,410 in BCR Valores and ¢50,244,094 in BCR SAFI).

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Notes to the Consolidated Financial Statements

33). Administrative expenses

Administrative expenses are detailed as follows:

	September 2024	September 2023	Quarter from April 1 to September 30	
	2024	2023	2024	2023
Salaries and bonuses, permanent staff	52,024,380,839	51,949,512,664	17,568,442,340	17,410,308,034
Salaries and bonuses, contractors	748,703,075	643,241,822	291,926,563	200,133,039
Compensation for directors and auditors	173,980,450	153,228,565	58,482,585	38,569,160
Overtime	762,545,821	688,270,655	247,472,714	223,209,553
Per diem	318,802,791	298,344,516	118,327,402	104,708,584
Statutory Christmas Bonus	4,633,303,433	4,574,022,316	1,570,430,755	1,509,031,281
Vacation	4,470,775,721	4,771,080,471	1,271,455,221	1,585,081,674
Incentives	5,080,833	5,194,288	1,689,583	1,711,667
Fixed representation expenses	716,943,909	661,353,416	249,641,866	227,115,668
Other compensation	1,503,314,046	1,661,400,100	491,159,721	415,226,107
Contribution to severance payment	2,387,552,815	2,252,804,162	800,554,610	762,396,15
Social security charges	19,549,163,161	19,829,913,363	6,575,483,112	6,524,230,302
Refreshments	37,128,909	38,637,906	13,854,168	13,285,596
Uniforms	112,226,531	132,518,792	83,650,706	131,555,568
Training	429,473,711	395,247,425	192,229,354	159,442,438
Employee insurance	422,624,990	420,406,950	157,958,57	150,850,93
Assets for personal use	391,383	184,923	47,000	21,902
School bonus	4,821,615,002	4,767,289,080	1,610,283,934	1,590,871,702
Labor Capitalization Fund	782,451,460	789,094,534	265,393,106	272,547,956
Other personnel expenses	600,898,574	609,611,746	201,174,696	207,391,598
Outsourcing expenses	24,473,778,555	16,786,428,008	7,303,145,826	5,961,232,991
Transportation and communication expenses	1,618,191,807	1,763,686,938	497,024,854	564,691,589
Property insurance	91,229,153	218,338,409	60,483,543	105,254,689
Property maintenance and repair	3,852,433,791	5,307,382,854	1,560,555,137	1,584,330,577
Public utilities	1,613,334,583	1,643,189,719	514,201,207	581,972,569
By right of use-properties	2,816,356,237	2,498,526,033	905,222,763	756,125,065
By right of use-furniture, equipment, and other assets	734,221,764	743,368,992	369,668,705	309,934,702
Depreciation of property, plant and equipment, except vehicles	8,139,205,899	7,983,288,829	2,697,262,268	2,661,859,701
Amortization of leasehold property	181,021,702	258,227,309	60,590,650	69,134,239
Other infrastructure expenses	2,502,437,628	1,947,885,770	801,100,916	735,431,114
Overhead	19,387,355,551	23,678,138,338	5,535,073,782	8,063,949,842
	<u>159,910,924,124</u>	<u>157,469,818,893</u>	<u>52,073,987,666</u>	<u>52,921,605,996</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34). Legal profit allocation

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

	Quarter from			
	September 2024	September 2023	April 1 to September 30 2024	September 30 2023
Allocation for Fondo de Garantía y Jubilaciones de Empleados	0	1,048,812,759	0	1,048,812,759
Allocation for CONAPE	3,249,594,511	2,180,631,548	995,249,877	1,363,471,067
Allocation for Instituto Nacional de Fomento Cooperativo	3,063,733,136	837,436,222	1,125,688,834	214,211,908
Allocation for National Emergency Commission	2,211,082,747	639,080,117	681,202,188	3,264,734
Allocation for Public Pension Fund Operators	787,667,568	0	268,962,537	(410,502,082)
Allocation for Invalidity, Old Age and Death Regime	9,748,783,533	3,146,438,275	2,985,749,629	694,956,832
	<u>19,060,861,495</u>	<u>7,852,398,921</u>	<u>6,056,853,065</u>	<u>2,914,215,218</u>

As of September 30, 2024, there are no additional adjustments on legal participations (as of December 2023, there is no amount; as of September 2023, there is a decrease in legal participations on profits by ¢184,446,146 for the National Commission of Loans for Education, ¢553,338,437 for the Disability, Old Age, and Death Regime, ¢110,667,687 for the National Emergency Commission, and ¢952,662,408 for the National Institute for Cooperative Development, for a total of ¢1,801,114,679).

35). Components of other comprehensive income

The components of other comprehensive income are detailed as follows:

	September 2024		
	Amount before taxes	Tax benefit (expense)	Net taxes
Adjustment for valuation of investments at fair value through other comprehensive income.	9,407,896,537	(2,976,596,512)	6,431,300,025
Impairment – Investments at fair value through other comprehensive income	240,574,869	0	240,574,869
Exchange differences from conversion of financial statements of foreign entities	(569,974,202)	0	(569,974,202)
	<u>9,078,497,204</u>	<u>(2,976,596,512)</u>	<u>6,101,900,692</u>
	December 2023		
	Amount before taxes	Tax benefit (expense)	Net taxes
Adjustment for valuation of investments at fair value through other comprehensive income.	64,159,155,184	(19,298,029,428)	44,861,125,756
Impairment – Investments at fair value through other comprehensive income	(1,685,599,339)	0	(1,685,599,339)
Exchange differences from conversion of financial statements of foreign entities	(18,517,855,463)	0	(18,517,855,463)
	<u>43,955,700,382</u>	<u>(19,298,029,428)</u>	<u>24,657,670,954</u>

BANCO DE COSTA RICA AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 2023		
	Amount before taxes	Tax benefit (expense)	Net taxes
Adjustment for valuation of investments at fair value through other comprehensive income.	¢ 60,120,719,644	(18,036,408,793)	42,084,310,851
Impairment – Investments at fair value through other comprehensive income	(1,175,287,079)	0	(1,175,287,079)
Exchange differences from conversion of financial statements of foreign entities	(14,680,163,686)	0	(14,680,163,686)
	¢ 44,265,268,879	(18,036,408,793)	26,228,860,086

36). Operating leases

Lessee

As of September 30, 2024, December and September 2023, there are no amounts in these accounts.

37). Fair value of financial instruments

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

	September 2024		December 2023		September 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and due from banks	¢ 921,686,141,827	921,686,141,827	857,141,935,007	857,141,935,007	967,923,171,237	967,923,171,237
Investment	1,710,374,487,911	1,689,607,659,983	1,591,490,010,567	1,570,044,122,068	1,516,680,479,806	1,496,691,678,877
Loan portfolio	4,304,915,23,660	4,443,650,981,990	4,102,306,830,015	4,238,640,523,927	4,066,231,718,688	4,299,180,429,148
	6,963,975,843,398	7,054,944,783,800	6,550,938,775,589	6,665,826,581,002	6,550,835,369,731	6,763,795,279,262
Demand deposits	3,261,242,484,320	3,261,212,484,320	3,189,471,461,152	3,189,471,461,152	2,953,462,775,049	2,953,462,775,049
Term deposits	1,976,632,444,235	1,965,635,073,415	1,689,297,909,582	1,677,706,231,273	1,967,513,039,764	1,949,177,047,392
Financial obligations	873,985,060,443	816,293,090,320	926,551,739,663	874,450,361,032	883,769,548,361	854,231,533,617
	¢ 6,111,829,988,998	6,043,140,648,054	5,805,321,110,397	5,741,628,053,457	5,804,745,363,174	5,756,871,356,058

As of September 30, 2024, the financial obligations for subordinated obligations are for ¢50,144,475,909, (¢50,142,376,526 and ¢50,141,717,715, for December and September 2023, respectively).

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

b) Investments in financial instruments

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

c) Securities sold under repurchase agreements

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

d) Loan portfolio

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

e) Term deposits and loans payable

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

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

38). Segments

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2024, assets and liabilities for each segment are presented as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets											
Cash and due from banks	€ 876,265,329,138	141,425,894	428,538,912	771,534,906	65,691,410,419	538,471,791	19,495,887	199,593,960	944,055,800,907	(22,369,659,082)	921,686,141,825
Investment in financial instruments	1,538,979,174,485	8,135,173,635	6,651,654,982	71,418,305,847	77,652,172,512	7,228,307,348	689,891,913	717,309,675	1,711,471,990,397	(1,283,553,965)	1,710,188,436,432
Loan portfolio	3,257,334,638,611	0	0	0	862,920,080,796	0	0	0	4,120,254,719,407	(6,589,386,007)	4,113,665,333,400
Accounts and fees receivable	39,728,874,153	663,961,867	719,492,512	943,789,507	4,262,173,419	694,329,629	228,300,979	503,293,828	47,744,215,894	(620,332,174)	47,123,883,720
Foreclosed assets	27,248,758,885	0	0	0	16,048,793,000	0	39	0	43,297,551,924	0	43,297,551,924
Interest in other companies (net)	121,927,577,325	0	0	65,417,188	0	0	0	0	121,992,994,513	(120,103,226,157)	1,889,768,356
Property, furniture and equipment, net	129,918,502,570	27,166,122	92,237,419	72,067,991	6,089,061,200	71,275,382	776,836,118	8,612,998	137,055,759,800	(67,841)	137,055,691,959
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	140,735,592,067	1,133,703,955	550,407,017	1,122,903,086	25,278,914,042	958,497,496	207,670,982	92,968,975	170,080,657,620	(1,893,175,313)	168,187,482,307
TOTAL ASSETS	€ 6,138,970,072,234	10,101,431,473	8,442,330,842	74,394,018,525	1,057,942,605,388	9,490,881,646	1,922,195,918	1,521,779,436	7,302,785,315,462	(152,859,400,539)	7,149,925,914,923
Liabilities and equity											
Liabilities											
Obligations with the public	€ 4,749,805,909,252	0	0	0	490,733,863,458	17,425,390	0	0	5,240,557,198,100	(2,712,269,546)	5,237,844,928,554
Obligations with the Central Bank of Costa Rica	91,980,859,408	0	0	0	0	0	0	0	91,980,859,408	0	91,980,859,408
Obligations with entities	301,423,971,161	56,143,463	97,013,462	46,747,681,692	410,559,398,839	69,952,754	681,926,106	7,492,866	759,643,580,343	(27,808,969,382)	731,834,610,961
Accounts payable and provisions	197,117,399,515	2,422,950,323	1,174,968,489	3,419,995,047	6,322,674,308	2,222,609,783	182,820,686	368,973,103	213,232,391,254	(1,260,751,159)	211,971,640,095
Other liabilities	21,739,640,574	0	0	0	7,784,850,134	21,520,241	80,918	1	29,546,091,868	(4)	29,546,091,864
Subordinated obligations	50,144,475,910	0	0	0	0	0	0	0	50,144,475,910	(1)	50,144,475,909
Total liabilities	€ 5,412,212,255,820	2,479,093,786	1,271,981,951	50,167,676,739	915,400,786,739	2,331,508,168	864,827,710	376,465,970	6,385,104,596,883	(31,781,990,092)	6,353,322,606,791
Equity											
Capital	181,409,990,601	5,293,602,754	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	246,044,057,188	(64,634,066,587)	181,409,990,601
Unfunded capital contributions	0	236,255,387	0	0	0	0	0	0	236,255,387	(236,255,387)	0
Equity adjustments	47,748,647,063	55,389,882	(40,492,329)	1,724,659,889	34,770,917,601	8,270,418	72,520	67,305	84,267,532,349	(36,518,885,286)	47,748,647,063
Capital reserves	364,708,053,622	255,899,999	967,840,000	1,774,243,464	44,194,353,424	449,999,999	42,911,145	75,243,347	412,468,535,000	(47,760,481,378)	364,708,053,622
Prior periods retained earnings	47,328,475,171	993,532,097	1,118,746,669	6,463,248,731	19,038,025,544	2,229,780,036	711,810,925	237,817,523	78,121,436,696	(30,792,961,525)	47,328,475,171
Profit for the period	36,696,400,880	787,667,568	285,054,551	1,638,189,702	5,929,101,009	2,221,323,025	(3,269,144)	122,185,291	47,676,652,882	(10,980,252,002)	36,696,400,880
Development financing fund	48,866,249,077	0	0	0	0	0	0	0	48,866,249,077	0	48,866,249,077
Minority interest	0	0	0	0	0	0	0	0	0	69,845,491,718	69,845,491,718
Total equity	726,757,816,414	7,622,337,687	7,170,348,891	24,226,341,786	142,541,818,649	7,159,373,478	1,057,368,208	1,145,313,466	917,680,718,579	(121,077,410,447)	796,603,308,132
Total liabilities and equity	6,138,970,072,234	10,101,431,473	8,442,330,842	74,394,018,525	1,057,942,605,388	9,490,881,646	1,922,195,918	1,521,779,436	7,302,785,315,462	(152,859,400,539)	7,149,925,914,923
Debit contingent accounts											
€ 453,980,420,577	0	0	0	63,439,755,553	0	0	0	0	517,420,176,130	(1)	517,420,176,129
Trust assets											
€ 815,856,928,681	0	0	0	50,525,978,023	0	0	0	0	866,382,906,704	0	866,382,906,704
Trust liabilities											
€ 241,190,548,275	0	0	0	0	0	0	0	0	241,190,548,275	0	241,190,548,275
Trust equity											
€ 574,666,380,405	0	0	0	50,525,978,023	0	0	0	0	625,192,358,428	0	625,192,358,428
Other debit memoranda accounts											
€ 24,004,040,347,498	1,777,064,906,912	505,400,668,493	1,103,563,882,010	876,618,407,883	0	3,998,834,920	0	28,270,687,047,716	0	0	28,270,687,047,716

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As of December 31, 2023, assets and liabilities for each segment are presented as follows:

	Bank	Pension Fund Operator	Investment Fund Manager	Brokerage House	Foreign Bank	Insurance Broker	Depósito Agrícola	Banprocesa	Total	Eliminations	Consolidated
Assets											
Cash and due from banks	€ 825,116,996,393	306,982,789	758,553,133	1,305,339,439	55,033,897,056	642,987,278	32,811,663	12,826,026	883,210,393,777	(26,068,458,770)	857,141,935,007
Investment in financial instruments	1,438,028,141,674	7,480,440,695	5,828,853,414	48,953,227,436	84,166,563,341	7,401,932,206	843,539,474	1,015,429,097	1,593,718,127,337	(2,390,649,590)	1,591,327,477,747
Loan portfolio	3,118,336,134,065	0	0	0	851,465,224,394	0	0	0	3,969,801,358,459	(2,593,301,149)	3,967,208,057,310
Accounts and fees receivable	36,059,121,420	671,871,940	1,069,403,956	1,055,518,336	4,093,839,444	1,066,097,679	109,626,061	309,962,517	44,435,441,353	(1,011,875,972)	43,423,565,381
Foreclosed assets	25,631,805,593	0	0	0	15,878,057,614	0	39	0	41,509,863,246	(1)	41,509,863,245
Interest in other companies (net)	115,553,654,368	0	0	65,417,188	0	0	0	0	115,619,071,556	(115,485,669,166)	133,402,390
Property, furniture and equipment, net	137,289,376,854	96,948,189	183,628,694	132,540,281	6,102,633,728	135,357,452	254,155,004	19,242,162	144,213,882,364	(57,189,747)	144,156,692,617
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	110,583,674,194	662,514,953	237,746,050	1,502,922,092	26,476,937,994	1,240,273,419	167,335,540	245,562,558	141,116,966,800	(1,754,642,159)	139,362,324,641
TOTAL ASSETS	€ 5,813,430,529,561	9,218,758,566	8,078,185,247	53,014,964,772	1,043,217,153,571	10,486,648,034	1,407,467,781	1,603,022,360	6,940,456,729,892	(149,361,786,554)	6,791,094,943,338
Liabilities and equity											
Liabilities											
Obligations with the public	€ 4,458,184,633,909	0	0	0	425,845,508,382	15,616,804	0	0	4,884,045,759,095	(5,276,388,361)	4,878,769,370,734
Obligations with the Central Bank of Costa Rica	106,132,196,511	0	0	0	0	0	0	0	106,132,196,511	0	106,132,196,511
Obligations with entities	301,305,080,521	112,269,175	191,223,883	28,659,126,257	466,046,715,332	137,884,327	155,986,828	16,518,727	796,624,805,050	(26,368,631,857)	770,256,173,193
Accounts payable and provisions	174,318,899,905	1,726,242,503	1,046,070,663	2,299,063,320	5,150,253,697	2,321,542,910	189,253,012	303,678,905	187,355,004,915	(1,179,920,205)	186,175,084,710
Other liabilities	39,773,935,159	0	0	0	8,773,977,710	110,855,258	1,457,266	59,763,858	48,719,989,251	(6)	48,719,989,245
Subordinated obligations	50,142,376,526	0	0	0	0	0	0	0	50,142,376,526	0	50,142,376,526
Total liabilities	€ 5,129,857,122,531	1,838,511,678	1,237,294,546	30,958,189,577	905,816,455,121	2,585,899,299	346,697,106	379,961,490	6,073,020,131,348	(32,824,940,429)	6,040,195,190,919
Equity											
Capital	181,409,990,601	4,954,863,228	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,705,317,662	(64,295,327,061)	181,409,990,601
Unfunded capital contributions	0	574,994,913	0	0	0	0	0	0	574,994,913	(574,994,913)	0
Equity adjustments	41,260,638,559	966,650	(84,895,968)	1,193,283,000	35,062,051,190	(29,031,300)	205,842	0	77,403,217,973	(36,142,579,414)	41,260,638,559
Capital reserves	351,152,901,365	255,890,001	967,840,000	1,721,768,996	34,615,711,015	449,999,999	38,747,162	63,489,637	389,266,348,175	(38,113,446,810)	351,152,901,365
Prior periods retained earnings	41,896,492,820	610,195,859	590,959,308	5,466,233,857	22,555,161,588	2,344,806,934	632,695,229	214,497,035	74,311,042,630	(32,414,549,810)	41,896,492,820
Profit for the period	22,086,766,162	983,336,237	527,787,361	1,049,489,342	6,558,353,586	2,884,973,102	83,279,680	235,074,198	34,409,059,668	(12,322,293,506)	22,086,766,162
Development financing fund	45,766,617,523	0	0	0	0	0	0	0	45,766,617,523	0	45,766,617,523
Minority interest	0	0	0	0	0	0	0	0	0	67,326,345,389	67,326,345,389
Total equity	683,573,407,030	7,380,246,888	6,840,890,701	22,056,775,195	137,400,698,450	7,900,748,735	1,060,770,675	1,223,060,870	867,436,598,544	(116,536,846,125)	750,899,752,419
Total liabilities and equity	5,813,430,529,561	9,218,758,566	8,078,185,247	53,014,964,772	1,043,217,153,571	10,486,648,034	1,407,467,781	1,603,022,360	6,940,456,729,892	(149,361,786,554)	6,791,094,943,338
Debit contingent accounts											
€ 465,113,925,304	0	0	0	68,964,098,109	0	0	0	0	534,078,023,413	(1)	534,078,023,412
Trust assets											
€ 846,209,117,926	0	0	0	47,877,476,009	0	0	0	0	894,086,593,935	0	894,086,593,935
Trust liabilities											
€ 275,164,242,326	0	0	0	0	0	0	0	0	275,164,242,326	0	275,164,242,326
Trust equity											
€ 571,044,875,600	0	0	0	47,877,476,009	0	0	0	0	618,922,351,609	0	618,922,351,609
Other debit memoranda accounts											
€ 19,799,380,104,337	1,627,924,690,020	598,691,302,869	879,123,941,958	437,679,017,777	0	5,336,555,094	0	23,348,135,612,055	0	0	23,348,135,612,055

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, assets and liabilities for each segment are presented as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets											
Cash and due from banks	€ 954,400,501,375	122,059,069	681,911,180	2,738,739,335	37,993,851,076	309,033,524	21,053,423	44,151,867	996,311,300,849	(28,388,129,612)	967,923,171,237
Investment in financial instruments	1,347,107,811,337	7,219,685,102	6,059,385,393	51,478,430,663	98,556,017,265	6,858,566,007	786,965,257	865,659,669	1,518,932,520,693	(2,440,427,212)	1,516,492,093,481
Loan portfolio	3,079,037,428,961	0	0	0	835,012,581,905	0	0	0	3,914,050,010,866	(2,010,107,026)	3,912,039,903,840
Accounts and fees receivable	37,293,800,185	658,210,685	901,045,395	2,052,840,423	6,235,696,562	758,865,151	185,458,112	449,800,278	48,535,716,791	(966,227,969)	47,569,488,822
Foreclosed assets	27,000,175,270	0	0	0	16,585,615,302	0	39	0	43,585,790,611	0	43,585,790,611
Interest in other companies (net)	115,060,929,748	0	0	65,417,188	0	0	0	0	115,126,346,936	(114,710,929,748)	415,417,188
Property, furniture and equipment, net	137,709,039,966	120,035,069	214,092,452	152,697,711	6,375,811,617	157,529,393	292,987,376	18,374,718	145,040,568,302	(61,378,886)	144,979,189,416
Properties investments	6,831,625,000	0	0	0	0	0	0	0	6,831,625,000	0	6,831,625,000
Other assets	88,320,517,397	1,171,181,420	742,837,269	775,911,785	25,882,244,481	843,992,394	143,824,365	165,732,459	118,046,241,570	(1,721,518,195)	116,324,723,375
TOTAL ASSETS	€ 5,792,761,829,239	9,291,171,345	8,599,271,689	57,264,037,105	1,026,641,818,208	8,927,986,469	1,430,288,572	1,543,718,991	6,906,460,121,618	(150,298,718,648)	6,756,161,402,970
Liabilities and equity											
Liabilities											
Obligations with the public	€ 4,491,250,746,493	0	0	0	435,725,299,325	15,813,318	0	0	4,926,991,859,136	(6,016,044,323)	4,920,975,814,813
Obligations with the Central Bank of Costa Rica	106,814,754,946	0	0	0	0	0	0	0	106,814,754,946	0	106,814,754,946
Obligations with entities	282,415,348,715	133,837,802	227,960,932	33,224,631,558	437,918,203,657	164,608,405	203,034,232	15,503,528	754,303,128,829	(27,511,178,467)	726,791,950,362
Accounts payable and provisions	152,337,067,634	2,137,986,293	1,529,649,016	2,561,423,006	6,866,923,941	1,766,555,268	173,109,827	349,191,877	167,721,906,862	(1,038,904,443)	166,683,002,419
Other liabilities	34,802,939,556	0	0	0	6,483,980,904	38,783,544	1,225,250	746,272	41,327,675,526	2	41,327,675,528
Subordinated obligations	50,141,717,715	0	0	0	0	0	0	0	50,141,717,715	0	50,141,717,715
Total liabilities	€ 5,117,762,575,059	2,271,824,095	1,757,609,948	35,786,054,564	886,994,407,827	1,985,760,535	377,369,309	365,441,677	6,047,301,043,014	(34,566,127,231)	6,012,734,915,783
Equity											
Capital	181,409,990,601	4,868,646,759	4,839,200,000	12,626,000,000	38,609,421,071	2,250,000,000	305,842,762	710,000,000	245,619,101,193	(64,209,110,592)	181,409,990,601
Unfunded capital contributions	0	661,211,381	0	0	0	0	0	0	661,211,381	(661,211,381)	0
Equity adjustments	40,895,470,561	(15,676,867)	(127,013,979)	1,142,766,727	38,882,771,392	(42,246,507)	4,989,728	0	80,741,061,055	(39,845,590,494)	40,895,470,561
Capital reserves	351,152,901,365	255,890,001	967,840,000	1,721,768,998	34,421,766,251	450,000,000	38,747,163	63,489,635	389,072,403,413	(37,919,502,048)	351,152,901,365
Prior periods retained earnings	41,896,492,820	610,195,859	590,959,308	5,466,233,857	22,880,136,486	2,344,806,934	632,695,229	214,497,035	74,636,017,528	(32,739,524,708)	41,896,492,820
Profit for the period	13,877,781,310	639,080,117	570,676,412	521,212,959	4,853,315,181	1,939,665,507	70,644,381	190,290,644	22,662,666,511	(8,784,885,201)	13,877,781,310
Development financing fund	45,766,617,523	0	0	0	0	0	0	0	45,766,617,523	0	45,766,617,523
Minority interest	0	0	0	0	0	0	0	0	0	68,427,233,007	68,427,233,007
Total equity	674,999,254,180	7,019,347,250	6,841,661,741	21,477,982,541	139,647,410,381	6,942,225,934	1,052,919,263	1,178,277,314	859,159,078,604	(115,732,591,417)	743,426,487,187
Total liabilities and equity	5,792,761,829,239	9,291,171,345	8,599,271,689	57,264,037,105	1,026,641,818,208	8,927,986,469	1,430,288,572	1,543,718,991	6,906,460,121,618	(150,298,718,648)	6,756,161,402,970
Debit contingent accounts											
Trust assets	€ 448,915,872,986	0	0	0	68,155,820,783	0	0	0	517,071,693,769	(1)	517,071,693,768
Trust liabilities	€ 796,923,696,334	0	0	0	47,820,137,350	0	0	0	844,743,833,684	1	844,743,833,685
Trust equity	€ 252,752,579,864	0	0	0	0	0	0	0	252,752,579,864	0	252,752,579,864
Trust equity	€ 544,171,116,470	0	0	0	47,820,137,350	0	0	0	591,991,253,820	0	591,991,253,820
Other debit memoranda accounts	€ 20,397,592,681,020	1,594,713,280,027	608,109,317,875	1,169,475,827,905	458,693,541,219	0	5,897,370,028	0	24,234,482,018,074	0	24,234,482,018,074

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 204, results of each segment are as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 288,232,656,552	438,859,800	223,999,147	4,132,585,615	57,550,291,799	328,707,962	23,516,221	21,152,056	350,951,769,152	(1,039,216,545)	349,912,552,607
Financial expenses	140,425,666,500	11,229,814	44,717,281	1,683,612,196	37,439,982,130	51,401,707	8,983,000	31,371,941	179,696,964,569	(1,105,379,191)	178,591,585,378
Expenses from allowance for assets impairment	24,029,059,830	1,804,503	1,471,235	62,670,510	2,589,367,305	3,355,082	0	45,743	26,687,774,208	1	26,687,774,209
Income from recovery of assets and decrease in allowance	21,150,784,796	1,959,466	745,038	8,018,669	0	5,190,691	0	44,069	21,166,742,729	0	21,166,742,729
Financial income	144,928,715,018	427,784,949	178,555,669	2,394,321,578	17,520,942,364	279,141,864	14,533,221	(10,221,559)	165,733,773,104	66,162,645	165,799,935,749
Other operating income	191,684,901,422	5,810,279,975	3,476,383,507	3,085,297,052	3,216,104,052	5,631,779,411	907,508,606	2,128,037,220	215,940,291,245	(13,138,096,602)	202,802,194,643
Other operating expenses	125,087,312,488	1,175,356,115	616,593,135	630,501,363	2,597,300,103	446,062,744	132,229,138	87,365,303	130,772,720,389	(2,704,764,610)	128,067,955,779
Gross operating income	211,526,303,952	5,062,708,809	3,038,346,041	4,849,117,267	18,139,746,313	5,464,858,531	789,812,689	2,030,450,358	250,901,343,960	(10,367,169,347)	240,534,174,613
Personnel expenses	79,299,557,310	2,259,820,327	2,214,423,555	2,194,068,913	6,085,110,972	1,849,551,436	598,824,941	1,839,712,672	96,341,070,126	(1,839,712,670)	94,501,357,456
Other administrative expenses	59,776,499,515	450,274,165	372,096,076	231,317,790	4,541,437,544	298,370,906	183,975,923	8,053,560	65,862,025,479	(452,458,811)	65,409,566,668
Administrative expenses	139,076,056,825	2,710,094,492	2,586,519,631	2,425,386,703	10,626,548,516	2,147,922,342	782,800,864	1,847,766,232	162,203,095,605	(2,292,171,481)	159,910,924,124
Net operating income before taxes and statutory allocations	72,450,247,127	2,352,614,317	451,826,410	2,423,730,564	7,513,197,797	3,316,936,189	7,011,825	182,684,126	88,698,248,355	(8,074,997,866)	80,623,250,489
Income tax	19,954,318,430	709,485,687	0	1,023,781,428	1,584,096,788	995,554,395	14,703,044	58,853,090	24,340,792,862	(3)	24,340,792,859
Deferred income tax	6,885,198,218	16,837,714	482,594,366	73,006,466	0	1,550,785	0	5,453,709	7,464,641,258	(1)	7,464,641,257
Decrease in income tax	9,097,538,288	19,622,649	329,377,299	382,958,959	0	1,000,102	4,914,359	9,288,488	9,844,700,144	(1)	9,844,700,143
Profit sharing	18,011,867,887	858,245,997	13,554,792	71,711,927	0	99,508,086	492,284	5,480,524	19,060,861,497	(2)	19,060,861,495
Net profit for the year	36,696,400,880	787,667,568	285,054,551	1,638,189,702	5,929,101,009	2,221,323,025	(3,269,144)	122,185,291	47,676,652,882	(8,074,997,861)	39,601,655,021
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(2,905,254,141)	2,905,254,141
Results for the period attributable to the comptroller	36,696,400,880	787,667,568	285,054,551	1,638,189,702	5,929,101,009	2,221,323,025	(3,269,144)	122,185,291	47,676,652,882	(10,980,252,002)	36,696,400,880
Net income for the periods	€ 36,696,400,880	787,667,568	285,054,551	1,638,189,702	5,929,101,009	2,221,323,025	(3,269,144)	122,185,291	47,676,652,882	(10,980,252,002)	36,696,400,880

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, results of each segment are as follows:

	<u>Bank</u>	<u>Pension Fund Operator</u>	<u>Investment Fund Manager</u>	<u>Brokerage House</u>	<u>Foreign Bank</u>	<u>Insurance Broker</u>	<u>Depósito Agrícola</u>	<u>Banprocesa</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Financial income	€ 299,133,331,830	383,396,952	312,719,668	3,403,931,444	55,422,690,908	343,118,001	53,514,337	48,450,372	359,101,153,512	(1,278,709,774)	357,822,443,738
Financial expenses	190,686,568,756	55,682,390	447,244,778	2,324,018,730	34,176,325,989	315,320,691	19,555,593	45,180,089	228,069,897,016	(1,330,453,417)	226,739,443,599
Expenses from allowance for assets impairment	8,073,035,699	13,668,164	1,597,107	126,192,858	2,169,402,476	51,100,891	1,145,127	102	10,436,142,424	1	10,436,142,425
Income from recovery of assets and decrease in allowance	13,965,308,486	36,467,762	2,298,774	88,545,130	0	72,473,521	1,154,168	7,853	14,166,255,694	2	14,166,255,696
Financial income	114,339,035,861	350,514,160	(133,823,443)	1,042,264,986	19,076,962,443	49,169,940	33,967,785	3,278,034	134,761,369,766	51,743,644	134,813,113,410
Other operating income	130,944,435,865	5,271,619,451	4,422,793,609	2,763,113,620	2,233,229,033	5,280,536,909	919,126,704	2,073,346,095	153,908,201,286	(11,852,674,077)	142,055,527,209
Other operating expenses	81,698,997,079	1,156,685,830	756,546,375	578,677,607	3,848,476,384	297,422,430	90,854,140	89,891,692	88,517,551,537	(2,844,434,879)	85,673,116,658
Gross operating income	163,584,474,647	4,465,447,781	3,532,423,791	3,226,700,999	17,461,715,092	5,032,284,419	862,240,349	1,986,732,437	200,152,019,515	(8,956,495,554)	191,195,523,961
Personnel expenses	79,595,893,102	2,106,393,373	2,333,789,296	2,064,624,948	6,162,826,928	1,836,686,447	541,143,600	1,699,915,141	96,341,272,835	(1,699,915,142)	94,641,357,693
Other administrative expenses	56,799,756,209	451,201,753	331,663,726	285,216,585	5,293,533,114	298,414,053	211,096,315	7,398,960	63,678,280,715	(849,819,515)	62,828,461,200
Administrative expenses	136,395,649,311	2,557,595,126	2,665,453,022	2,349,841,533	11,456,360,042	2,135,100,500	752,239,915	1,707,314,101	160,019,553,550	(2,549,734,657)	157,469,818,893
Net operating income before taxes and statutory allocations	27,188,825,336	1,907,852,655	866,970,769	876,859,466	6,005,355,050	2,897,183,919	110,000,434	279,418,336	40,132,465,965	(6,406,760,897)	33,725,705,068
Income tax	13,224,234,570	575,909,360	479,704,660	401,211,787	1,007,862,076	864,026,104	36,056,040	85,665,026	16,674,669,623	(1)	16,674,669,622
Deferred income tax	16,591,683,016	16,170,207	295,765,128	187,580,787	144,177,793	21,713,461	0	6,572,272	17,263,662,664	1	17,263,662,665
Decrease in income tax	22,841,428,453	19,622,724	505,184,555	259,451,852	0	15,136,670	0	11,492,155	23,652,316,409	(1)	23,652,316,408
Profit sharing	7,005,170,237	696,315,695	26,009,124	26,305,785	0	86,915,517	3,300,013	8,382,549	7,852,398,920	1	7,852,398,921
Decrease on allocation of profit	668,615,344	0	0	0	0	0	0	0	668,615,344	0	668,615,344
Net profit for the year	13,877,781,310	639,080,117	570,676,412	521,212,959	4,853,315,181	1,939,665,507	70,644,381	190,290,644	22,662,666,511	(6,406,760,899)	16,255,905,612
Results for the period attributable to minority interests	0	0	0	0	0	0	0	0	0	(2,378,124,302)	2,378,124,302
Results for the period attributable to the comptroller	13,877,781,310	639,080,117	570,676,412	521,212,959	4,853,315,181	1,939,665,507	70,644,381	190,290,644	22,662,666,511	(8,784,885,201)	13,877,781,310
Net income for the periods	€ 13,877,781,310	639,080,117	570,676,412	521,212,959	4,853,315,181	1,939,665,507	70,644,381	190,290,644	22,662,666,511	(8,784,885,201)	13,877,781,310

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

39). Risk management

Comprehensive risk management

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

Corporate governance of the risk management area

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

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

Objective of the Comprehensive Risk Management System

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

General Risk Principles and Policies

The BCR Financial Conglomerate has established general principles and policies for effective comprehensive risk management, among which the following stand out:

- 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.

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Notes to the Consolidated Financial Statements

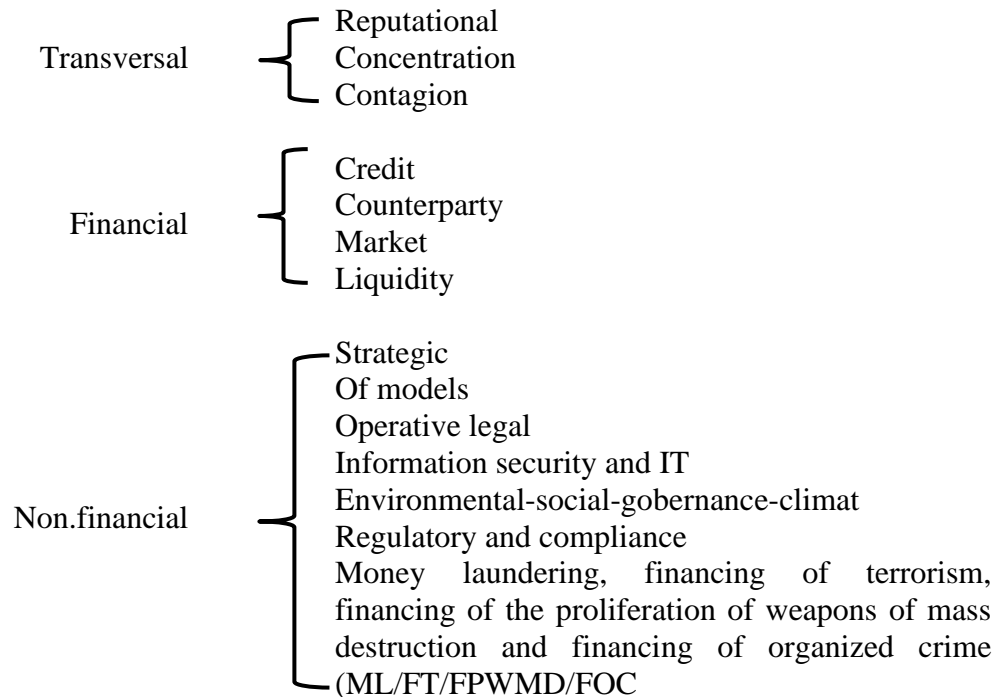
- Risk and contingency management plans are in place to deal with situations that prevent the fulfillment of the objectives defined, as well as for materialized events whose consequences may generate negative impacts on the entities.

Classification of significant risks

The relevant risks to the Bank are classified as follows:

The relevant risks for the Bank are classified as follows:

Classification of risk



BANCO DE COSTA RICA AND SUBSIDIARIES

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Types of risks related to the strategic plan

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

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

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

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

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

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Process of comprehensive risk management

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

Types of risk assessments

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

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

Risk control framework

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

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

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

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, and it went to normality 1 (equal or greater than 14.00%) in accordance with the General Superintendence of Financial Entities.

BANCO DE COSTA RICA AND SUBSIDIARIES

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Evaluation of the effectiveness and maturity of the System

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

Information generated by the Comprehensive Risk Management System

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

(a) Credit risk management

Definition

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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Management methodology

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

The statistical support is complemented with expert criteria to analyze the borrower's ability to pay, as well a stress analysis on exposures to macroeconomic variables that are related to microeconomic and Bank's internal variables. From January 2024 the Standard Methodology, referred to in the Regulation for Calculation of Credit Estimates (CNF 14-21, for the analysis of estimates, came into force, with the objective to establish the methodology to quantify the credit risk of credit operations or debtors, and constitute the corresponding estimates to safeguard the stability and solvency of the supervised entities, as well as financial groups and conglomerates.

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

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Exposure and risk management

As of September 30, 2024, the percentage of arrears greater than 90 days was 2.46% (2.74% and 2.86% for December and September 2023, respectively). This last indicator is within the risk appetite according to the Risk Appetite Declaration.

Regarding the 1-to-30-day portfolio, as of the end of September 2024, the indicator stands at 3.62% and remains outside the appetite zone of 3.13% established in the Risk Appetite Statement.

The dollar portfolio accounts for 24.09% at the closing of September (22.98% and 22.78% for December and September 2023, respectively) of the total portfolio. It is important to mention that the loan portfolio has been managed strategically to attract customers with an acceptable risk profile. In addition, regular monitoring of the loans in foreign currency is given, and the portfolio of clients with exposure to exchange risk.

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

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 and possible deviations arising regarding the limits and defined tolerance levels.

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

With respect to the counterparty risk of the investment portfolio, compliance with the internal investment limits per issuer is monitored weekly. In addition, as of January 2020, the calculation of the expected loss for the investment portfolio under IFRS 9 begins, the foregoing allows for a buffer of resources to mitigate eventual defaults that may occur in the portfolio, thus maintaining a conservative profile. By the end of September 2024, the expected loss of the investment portfolio corresponded to 0.05% of the portfolio (0.04%, and 0.08% for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Expected credit losses are disclosed in the following table:

Banco de Costa Rica, expected losses of the investment portfolio by currency December 2023 vs September 2024			
Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of September 30, 2024			
Colones	772,997,390	6,914,486	41,018,365,484
US dollars	173,651	0	4,910,023
UDES	745	0	0
Value correction for losses As of December 31, 2023			
Colones	501,035,219	3,916,661	52,305,372,284
US dollars	232,691	0	21,349,433
UDES	1,300	0	0
Rollover to 12-month expected credit losses			
Colones	295,091,361	(2,997,825)	11,287,006,799
US dollars	(18,381)	0	16,439,409
UDES	(555)	0	0

For the closing of September 2024, the expected loss of the investment portfolio was 0.05%, with a variation 0.01% compared to December 2023. When compared to the previous quarter (June 2024), the variation in the expected loss indicator was 0.01% due to the 3.70% increase in exposure.

As of December 2023

Expected losses of the investment portfolio of the BCR Conglomerate By currency December 2022 vs December 2023			
Value adjustment for losses	Twelve-months expected credit losses	Lifetime expected credit losses	Impaired financial assets
Value adjustment for losses As of December 31, 2023			
Colones	424,717,621	0	0
US dollars	185,230	0	0
UDES	1,300	0	0
Value adjustment for losses As of December 31, 2022			
Colones	1,352,956,981	116,852,886	5,753,000,000
US dollars	856,310	0	0
UDES	0	50,098	1,862,000
Transfer to 12-months expected credit losses			
Colones	(928,239,361)	(116,852,886)	(5,753,000,000)
US dollars	(671,081)	0	0
UDES	1,300	(50,098)	(1,862,000)

BANCO DE COSTA RICA AND SUBSIDIARIES

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As of September 30, 2023

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

Value correction for losses	12-month expected credit losses	Lifetime expected credit losses	Financial assets with loan impairment
Value correction for losses as of September 30, 2023			
Colones	1,006,629,894	46,063,698	36,120,630,285
US dollars	519,930	0	11,171,030
UDES	4,146	0	0
Value correction for losses As of December 31, 2022			
Colones	1,466,272,577	124,206,683	41,108,868,465
US dollars	901,940	0	11,164,189
UDES	0	50,098	1,862,000
Rollover to 12-month expected credit losses			
Colones	(530,005,642)	(155,562,787)	(6,517,761,820)
US dollars	(475,018)	0	(6,841)
UDES	4,146	(50,098)	(1,862,000)

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

	Note	Direct loan portfolio		Direct loan portfolio		Contingent loan portfolio		Contingent loan portfolio		Contingent loan portfolio	
		September		December		September		September		September	
		2024		2023		2023		2024		2023	
Principal	6a	€	3,441,362,583,222	3,245,765,363,343	3,218,515,124,899	217,263,520,516	217,178,614,739	203,691,713,475			
Interest			18,809,341,021	17,936,955,267	21,584,269,568	0	0	0			
			3,460,171,924,243	3,263,702,318,610	3,240,099,394,467	217,263,520,516	217,178,614,739	203,691,713,475			
Allowance for bad debts			(180,157,462,295)	(124,601,629,687)	(140,892,417,992)	(6,893,440,578)	(298,047,496)	(305,554,821)			
Carrying amount	€		3,280,014,461,948	3,139,100,688,923	3,099,206,976,475	210,370,079,938	216,880,567,243	203,386,158,654			
Loan portfolio											
Total balances:											
A1	€		0	2,563,133,496,963	2,603,921,370,628	0	211,322,024,388	198,524,197,694			
A2			0	3,117,196,781	3,818,222,956	0	319,588,092	335,586,058			
B1			0	260,868,161,925	216,324,452,981	0	2,910,408,383	2,547,967,486			
B2			0	1,285,748,107	1,037,442,493	0	42,883,009	22,808,182			
C1			0	140,255,975,763	170,270,431,493	0	1,059,762,559	753,747,726			
C2			0	2,552,664,227	1,625,509,839	0	23,769,022	29,611,458			
D			0	107,278,513,781	72,150,632,406	0	293,991,268	330,017,835			
E			0	98,878,396,515	99,867,561,856	0	1,200,289,606	1,134,372,607			
1			2,717,956,573,736	80,019,058,345	66,247,270,414	171,614,219,045	5,898,412	13,404,429			
2			518,961,756,460	512,502,422	1,058,353,155	2,831,935,203	0	0			
3			35,684,306,135	4,166,260,134	1,836,709,631	62,883,153	0	0			
4			61,132,114,732	585,107,861	1,023,131,232	39,434,067,109	0	0			
5			40,480,083,656	228,027,154	56,718,750	3,285,803,397	0	0			
6			1,781,508,546	821,208,632	861,586,633	0	0	0			
7			1,143,375,458	0	0	0	0	0			
8			83,032,205,520	0	0	34,612,609	0	0			
			3,460,171,924,243	3,263,702,318,610	3,240,099,394,467	217,263,520,516	217,178,614,739	203,691,713,475			
Allowance for bad debts			(53,990,613,646)	(67,629,859,159)	(68,678,314,493)	0	(104,465,012)	(86,200,730)			
Carrying amount, net			3,406,181,310,597	3,196,072,459,451	3,196,072,459,451	217,263,520,516	217,074,149,727	203,605,512,745			
Carrying amount			3,460,171,924,243	3,263,702,318,610	3,240,099,394,467	217,263,520,516	217,178,614,739	203,691,713,475			
Allowance for bad debts			(53,990,613,646)	(67,629,859,159)	(68,678,314,493)	0	(104,465,012)	(86,200,730)			
(Surplus) inadequacy of allowance on structural estimate			(126,166,848,649)	(56,971,770,528)	(72,214,103,499)	(6,893,440,578)	(193,582,484)	(219,354,091)			
Carrying amount, net	6.a	€	3,280,014,461,948	3,139,100,688,923	3,099,206,976,475	210,370,079,938	216,880,567,243	203,386,158,654			

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024	December 2023	September 2023
Banco de Costa Rica			
Loan portfolio, gross	¢ 3,441,362,583,222	3,245,765,363,343	3,218,515,124,900
Plus, interest receivable	18,809,341,021	17,936,955,267	21,584,269,568
Less, allowance for impairment	(180,157,462,295)	(124,899,677,183)	(141,197,972,813)
Loan portfolio, net	¢ 3,280,014,461,948	3,138,802,641,427	3,098,901,421,656
Banco Internacional de Costa Rica, S.A. and subsidiary			
Loan portfolio, gross	¢ 868,434,068,007	856,979,292,788	843,085,858,573
Plus, interest receivable	5,599,310,408	4,715,392,277	4,955,211,320
Less, allowance for impairment	(11,092,417,965)	(10,051,645,931)	(12,786,263,006)
Loan portfolio. Net	¢ 862,940,960,450	851,643,039,134	835,254,806,887
Total consolidated loan portfolio, net	¢ 4,142,955,422,398	3,990,445,680,561	3,934,156,228,543
Portfolio, net (Note No. 6)	¢ 4,113,665,333,400	3,967,208,057,310	3,912,039,903,840
Difference in ¢	29,290,088,998	23,237,623,251	22,116,324,703
Difference in \$	56,017,918	44,104,204	40,778,694

BANCO DE COSTA RICA AND SUBSIDIARIES

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

Loan Portfolio	Direct loan portfolio				Contingent loan portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct specific allowance						
1	2,717,956,573,736	0	0	(7,475,231,321)	171,614,219,045	0
2	518,961,756,460	0	0	(4,356,139,037)	2,831,935,203	0
3	35,684,306,135	0	0	(1,187,767,697)	62,883,153	0
4	61,132,114,732	0	0	(3,578,588,302)	39,434,067,109	0
5	40,480,083,656	0	0	(2,617,109,035)	3,285,803,397	0
6	1,781,508,546	0	0	(597,027,649)	0	0
7	1,143,375,458	0	0	(580,048,555)	0	0
8	83,032,205,520	0	0	(33,598,702,050)	34,612,609	0
€	3,460,171,924,243	0	0	(53,990,613,646)	217,263,520,516	0
€	3,460,171,924,243	0	0	(53,990,613,646)	217,263,520,516	0
Direct specific allowance						
Aging of loan portfolio						
Direct specific allowance						
Up to date	3,199,392,292,279	0	0	(15,639,999,335)	217,219,520,516	0
Equal or less than 30 days	124,937,724,625	0	0	(1,753,704,880)	0	0
Equal or less than 60 days	36,707,247,028	0	0	(1,313,099,997)	44,000,000	0
Equal or less than 90 days	9,349,274,093	0	0	(692,433,114)	0	0
Equal or less than 180 days	8,519,766,468	0	0	(2,368,799,930)	0	0
More than 180 days	81,265,619,750	0	0	(32,222,576,390)	0	0
€	3,460,171,924,243	0	0	(53,990,613,646)	217,263,520,516	0
€	3,460,171,924,243	0	0	(53,990,613,646)	217,263,520,516	0

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023

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

Loan portfolio
Aging loan portfolio

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Direct generic allowance						
A1	2,485,695,055,480	1,722,487,187,291	763,207,868,189	(12,428,475,364)	202,765,956,547	(119,745,993)
A2	31,954,512,581	28,077,844,126	3,876,668,455	(159,772,565)	1,033,595,626	(38,178)
1	50,487,559,683	28,055,629,800	22,431,929,883	(126,811,669)	11,887,938	(6,490)
	2,568,137,127,744	1,778,620,661,217	789,516,466,527	(12,715,059,598)	203,811,440,111	(119,790,661)
Direct specific allowance						
B1	300,209,508,055	277,655,739,991	22,553,768,064	(2,515,967,106)	5,454,208,856	(11,584,273)
B2	37,515,377,834	33,088,868,821	4,426,509,013	(608,095,247)	192,274,328	(13,740)
C1	53,373,754,127	48,498,333,584	4,875,420,543	(1,461,346,806)	489,734,165	(252,067)
C2	9,477,360,107	8,547,334,796	930,025,311	(507,749,331)	122,498,851	0
D	82,353,011,134	66,474,254,725	15,878,756,409	(12,009,282,794)	1,246,562,280	(117,764,478)
E	161,601,909,515	90,263,107,412	71,338,802,103	(67,525,309,843)	1,312,779,703	(189,339)
2	971,817,974	866,213,106	105,604,868	(9,611,309)	0	0
3	2,050,164,981	1,695,667,806	354,497,175	(97,102,633)	0	0
4	481,116,312	448,564,428	32,551,884	(18,518,764)	0	0
5	403,401,393	382,112,799	21,288,594	(16,812,580)	0	0
6	291,751,599	258,978,036	32,773,563	(34,068,452)	0	0
	€ 648,729,173,031	528,179,175,504	120,549,997,527	(84,803,864,865)	8,818,058,183	(129,803,897)
	€ 3,216,866,300,775	2,306,799,836,721	910,066,464,054	(97,518,924,463)	212,629,498,294	(249,594,558)

Loan Portfolio	Direct Loan Portfolio				Contingent Loan Portfolio	
	Principal	Covered Balance	Overdraft	Allowance	Principal	Allowance
Aging of loan portfolio						
Direct generic allowance						
Up to date	2,447,984,098,033	1,692,447,479,324	755,536,618,709	(12,363,444,182)	203,799,552,173	(119,790,662)
Equal or less than 30 days	69,061,324,312	57,586,933,509	11,474,390,803	(348,594,686)	0	0
Equal or less than 60 days	604,145,717	530,618,584	73,527,133	(3,020,729)	0	0
	2,517,649,568,062	1,750,565,031,417	767,084,536,645	(12,715,059,597)	203,799,552,173	(119,790,662)
Direct specific allowance						
Up to date	501,744,212,937	429,246,744,552	72,497,468,385	(26,138,508,852)	8,829,946,121	(129,803,896)
Equal or less than 30 days	37,232,730,968	26,840,032,291	10,392,698,677	(4,584,935,829)	0	0
Equal or less than 60 days	41,515,680,089	33,963,875,071	7,551,805,018	(3,815,440,956)	0	0
Equal or less than 90 days	19,286,534,100	15,436,197,164	3,850,336,936	(2,473,609,058)	0	0
Equal or less than 180 days	10,886,547,450	6,629,290,466	4,257,256,984	(3,971,923,761)	0	0
More than 180 days	88,551,027,169	44,118,665,760	44,432,361,409	(43,819,446,410)	0	0
	€ 699,216,732,713	556,234,805,304	142,981,927,409	(84,803,864,866)	8,829,946,121	(129,803,896)
	€ 3,216,866,300,775	2,306,799,836,721	910,066,464,054	(97,518,924,463)	212,629,498,294	(249,594,558)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

On September 30, 2024	Loans receivable from customer	
	Gross	Net
Risk Category:		
1	¢ 2,717,956,573,736	2,710,481,342,359
2	518,961,756,460	514,605,617,430
3	35,684,306,135	34,496,538,438
4	61,132,114,732	57,553,526,430
5	40,480,083,656	37,862,974,626
6	1,781,508,546	1,184,480,897
7	1,143,375,458	563,326,946
8	83,032,205,520	49,433,503,471
	¢ <u>3,460,171,924,243</u>	<u>3,406,181,310,597</u>

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On September 30, 2023	Loans receivable from customer	
	Gross	Net
Risk Category:		
A1	¢ 2,603,921,370,628	2,590,901,763,667
A2	3,818,222,956	3,799,131,842
B1	216,324,452,981	214,603,883,018
B2	1,037,442,493	1,017,377,926
C1	170,270,431,493	168,205,127,390
C2	1,625,509,839	1,519,324,584
D	72,150,632,406	65,497,887,942
E	99,867,561,856	55,320,079,128
1	66,247,270,414	66,081,253,272
2	1,058,353,155	1,044,143,702
3	1,836,709,631	1,640,719,561
4	1,023,131,232	934,947,768
5	56,718,750	46,391,444
6	861,586,633	809,048,730
	¢ <u>3,240,099,394,467</u>	<u>3,171,421,079,974</u>

In compliance with SUGEF Directive 1-05, as of September 30, 2024, the Bank must maintain a minimum allowance in the amount of ¢53,990,613,646, (¢67,734,324,171 and ¢68,764,515,223, for December and September 2023, respectively) of which ¢53,990,613,646, (¢67,629,859,159 and ¢68,678,314,493, for December and September 2023, respectively) is allocated to the valuation of the direct loan portfolio and ¢0.00, (¢104,465,012 and ¢86,200,730 for December and September 2023, respectively) to the contingent loan portfolio. In addition, the countercyclical allowance is of ¢66,737,560,956,, (¢12,817,921,587 and ¢11,235,247,486, for December and September 2023, respectively).

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September 2024	December 2023	September 2023
Banco Internacional de Costa Rica, S.A. and subsidiaries			
Principal	¢ 868,434,068,237	856,979,292,766	843,085,858,442
Interest	5,599,310,256	4,715,392,647	4,955,211,419
	874,033,378,493	861,694,685,413	848,041,069,861
Allowance for doubtful accounts	(11,092,417,772)	(10,051,645,931)	(12,786,263,006)
Carrying amount	¢ <u>862,940,960,721</u>	<u>851,643,039,482</u>	<u>835,254,806,855</u>
Loan portfolio, net of allowance	¢ <u>853,108,566,578</u>	<u>841,556,263,300</u>	<u>825,325,162,322</u>
At amortized cost			
Level 1: Normal or low risk	818,717,965,105	812,436,493,492	801,649,700,040
Level 2: Special mention	21,743,976,722	25,616,890,847	17,985,563,708
Level 3: Subnormal	9,346,862,227	8,611,199,742	8,608,749,434
Level 4: Doubtful	11,465,099,743	1,282,596,629	2,158,284,911
Level 5: Uncollectable	7,160,164,209	9,032,111,530	12,683,560,351
	<u>868,434,068,006</u>	<u>856,979,292,240</u>	<u>843,085,858,444</u>
Allowance for impairment	(11,092,417,772)	(10,051,645,931)	(12,786,263,006)
Carrying amount	<u>857,341,650,234</u>	<u>846,927,646,309</u>	<u>830,299,595,438</u>
Impaired renegotiated loans			
Gross amount	2,435,382,056	4,990,389,759	3,339,784,249
Impaired amount	<u>2,435,382,056</u>	<u>4,990,389,759</u>	<u>3,339,784,249</u>
Allowance for impairment	1,093,390,712	985,320,923	1,454,617,178
Total, net	<u>1,341,991,344</u>	<u>4,005,068,836</u>	<u>1,885,167,071</u>
Not in arrears or impaired:			
Level 1: Normal or low risk	818,717,965,105	812,436,493,492	801,649,700,040
Level 2: Special mention	21,743,976,722	25,616,890,847	17,985,563,708
Sub-total	<u>840,461,941,827</u>	<u>838,053,384,339</u>	<u>819,635,263,748</u>
Individually impaired			
Level 3: Subnormal	9,346,862,227	8,611,199,742	8,608,749,434
Level 4: Doubtful	11,465,099,743	1,282,596,629	2,158,284,911
Level 5: Uncollectable	7,160,164,209	9,032,111,529	12,683,560,350
Sub-total	<u>27,972,126,179</u>	<u>18,925,907,900</u>	<u>23,450,594,695</u>
Allowance for impairment			
Specific	11,092,417,772	10,051,645,931	12,786,263,006
Total allowance for impairment	<u>11,092,417,772</u>	<u>10,051,645,931</u>	<u>12,786,263,006</u>
Clients 'obligations for acceptances			
Carrying amount	¢ <u>4,233,083,887</u>	<u>5,371,383,536</u>	<u>4,974,433,115</u>
Interest receivable	¢ <u>5,599,310,256</u>	<u>4,715,392,646</u>	<u>4,955,211,418</u>
Net loan portfolio (carrying amount)	¢ <u>862,940,960,721</u>	<u>851,643,039,482</u>	<u>835,254,806,855</u>

As of September 30, 2024, the allowance for impairment of BICSA's loan portfolio is of ¢11,092,417,772, (¢10,051,645,931, and ¢12,786,263,006, for December and September 2023, respectively).

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024		December 2023		September 2023	
	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts	Loan Portfolio	Contingent Accounts
Artistic, entertainment and recreative activities	2,944,146,451	40,838,988,505	0	0	0	0
Human health care and social assistance activities	271,775,906	0	0	0	0	0
Administrative and support services activities	18,879,411,097	0	0	0	0	0
Professional, scientific and technical activities	564,120,133	0	0	0	0	0
Trade	465,551,145,932	21,470,036,851	453,381,163,120	35,356,935,448	443,493,657,238	28,702,621,834
Manufacturing	340,948,805,932	2,000,531,331	352,101,468,268	1,809,770,535	345,762,057,479	2,123,084,374
Construction, purchase and repair of real estate	341,249,628,306	10,655,127,440	1,513,233,349,688	9,162,413,946	1,508,417,172,169	10,027,590,189
Agriculture, livestock. Hunting and related services	153,307,564,027	1,673,184,000	163,719,118,126	1,703,988,931	160,448,998,211	243,804,223
Fishing and aquaculture	0	173,266,569	42,617,690	0	42,986,799	0
Consumer	553,735,975,368	157,700,604,016	492,299,480,166	142,284,376,588	451,193,584,996	130,086,829,625
Education	489,087,790	0	657,174,250	0	679,871,590	0
Transportation	31,399,828,159	522,669,415	31,005,549,708	537,631,534	34,008,123,216	558,892,720
Financial and stock exchange	46,943,455	37,536,837	97,277,493	0	770,105,503	0
Telecommunications and public utilities	79,750,284,291	0	237,657,850,422	0	240,714,168,608	0
Services	677,263,743,758	43,181,599,706	710,227,297,856	99,238,882,327	722,278,557,593	104,258,949,917
Hospitality	89,662,256,261	0	104,478,630,055	0	107,539,260,229	0
Mining and quarrying	16,618,079	0	21,982,027	0	23,726,264	0
Real estate. business and leasing activities	1,253,435,813,743	0	21,398,613,478	0	23,840,459,930	0
Public Administration	293,704,412,291	9,860,429,692	19,382,332,809	10,820,576,851	19,921,304,502	1,076,953,968
Other activities from the non financial private sector	0	0	450,728,969	279,940,847	466,949,146	17,256,482
	4,303,221,560,979	288,113,974,362	4,100,154,634,125	301,194,517,007	4,059,600,983,473	277,095,983,332
Other contingencies	0	229,306,201,767	0	232,883,506,405	0	239,975,710,436
¢	4,303,221,560,979	517,420,176,129	4,100,154,634,125	534,078,023,412	4,059,600,983,473	517,071,693,768

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September	December	September
	2024	2023	2023
Germany	¢ 1,987,825,728	459,345,401	481,067,211
Brazil	0	64,279,360	135,587,500
Chile	6,648,708,746	4,602,324,767	5,077,739,282
China	1,057,440,393	1,392,951,693	3,207,620,605
Colombia	2,353,519,019	2,521,193,625	260,058,739
Costa Rica	248,384,249,299	259,039,366,343	248,021,353,516
Denmark	366,009,000	1,707,091,200	2,060,930,000
Ecuador	87,626,989,374	63,832,677,132	82,634,524,367
El Salvador	79,363,159,784	85,421,764,134	81,671,002,365
Spain	17,478,045,947	16,729,465,140	13,405,517,571
United States of America	11,651,303,492	7,420,155,246	8,823,901,098
Guatemala	34,253,691,561	39,328,596,034	37,072,004,995
Netherlands	0	0	4,745,562,500
Honduras	29,657,444,698	26,460,890,098	14,335,691,345
England	7,790,763,000	2,634,400,000	2,711,750,000
México	41,461,827,359	33,997,533,007	35,655,217,017
Nicaragua	6,328,579,528	7,227,243,034	9,952,287,293
Panamá	266,249,723,952	283,014,820,027	269,016,417,390
Perú	3,605,721,977	5,511,790,992	4,941,154,259
Dominican Republic	10,124,051,029	4,945,753,223	7,592,900,000
Switzerland	146,031,317	8,222,489	0
Uruguay	8,320,685,993	8,383,231,632	8,846,353,537
Others *	3,578,296,811	2,276,198,211	2,437,217,983
	¢ 868,434,068,007	856,979,292,788	843,085,858,573

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

	September	December	September
	2024	2023	2023
Costa Rica	¢ 3,441,362,583,222	3,245,765,363,343	3,218,515,124,899
	¢ 3,441,362,583,222	3,245,765,363,343	3,218,515,124,899

As of September 30, 2024, the Bank keeps trust commissions in the amount of ¢0.00, (¢166,500 and ¢619,125, for December and September 2023, respectively).

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

	September	December	September
	2024	2023	2023
Properties	¢ 42,229,191,010	103,319,727,566	106,093,874,091
Other	170,061,637	545,716,543	584,524,641
	¢ 42,399,252,647	103,865,444,109	106,678,398,732

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

BICSA, has a five-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 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):

		September 2024	December 2023	September 2023
Guarantee				
Pledged assets	¢	33,916,687,771	39,088,696,105	34,703,975,864
Fiduciary		542,621,123,222	450,206,132,232	463,137,258,478
Mortgage		1,718,036,339,443	1,693,832,362,226	1,717,963,618,604
Chattel		197,861,213,858	170,151,424,154	193,987,743,123
Others		1,810,786,196,685	1,746,876,019,408	1,649,808,387,404
	¢	<u>4,303,221,560,979</u>	<u>4,100,154,634,125</u>	<u>4,059,600,983,473</u>

As of September 30, 2024, 45% of the loan portfolio is secured by mortgage or chattel collaterals, (45% and 47% for December and September 2023, respectively).

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

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

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

As of September 30, 2024:

	Percentage	Band	Total value	N° customers
1	0-4,99%	27,305,902,211	268,131,625,964	3,659
2	5-9,99%	54,611,804,422	960,600,062,952	372
3	10-14,99%	81,917,706,633	353,339,202,652	308
4	15-20%	109,223,608,845	208,050,772,991	44
Total			<u>1,790,121,654,559</u>	<u>4,383</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023:

<u>No.</u>	<u>Percentage</u>	<u>Band</u>	<u>Total amount</u>	<u>N° customers</u>
1	0-4,99%	26,628,144,598 ¢	251,485,817,622	4,005
2	5-9,99%	53,256,289,197	343,175,303,819	290
3	10-14,99%	79,884,433,795	360,703,008,502	297
4	15-20%	106,512,578,393	213,198,007,207	46
Total		¢	1,168,562,137,150	4,638

As of September 30, 2023:

	<u>Percentage</u>	<u>Band</u>	<u>Total value</u>	<u>N° customers</u>
1	0-4,99%	26,628,144,598	256,744,880,969	3,418
2	5-9,99%	53,256,289,197	201,959,155,294	307
3	10-14,99%	79,884,433,795	329,396,437,374	269
4	15-20%	106,512,578,393	214,943,905,231	44
Total			1,003,044,378,868	4,038

(b) Management of market and liquidity risk

Definitions

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Management methodology of market and liquidity risk

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

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

Furthermore, the management of operational liquidity risk is periodically evaluated by updating the Bank's six months projected cash flow and calculating the liquidity coverage indicator; the deadlines are prepared on a weekly basis. All liquidity risk indicators are calculated by currency. And structural liquidity through the Net Stable Funding Ratio (NSFR) indicator.

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

Tolerance limits and risk indicators

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

- Liquidity risk: Maximum expected outflow of deposits of the public by currency, match at one- and three months match by currency and liquidity coverage ratio (ICL) by currency as well as the Net Stable Funding Ratio (NSFR) indicator.
- Price risk: VaR of the Investment portfolio through internal and regulatory models.
- Exchange risk: Capital requirement for exchange risk, through internal models.
- Interest rate risk: Sensitivity of the financial margin due to movements in the reference interest rates.

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

(c) Liquidity risk

Cash and cash equivalents show a year-on-year increase of 4.18%, mainly due to restricted in current accounts and demand deposits in foreign financial institutions as well as held-for-trading financial instruments (see cash and cash equivalents table in note 4).

BANCO DE COSTA RICA AND SUBSIDIARIES

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Demand deposits increase by 10.60% on a year-on-year basis, due to the increase in current account balances, certificates, savings deposits and matured term deposits (see chart of demand obligations with the public in note 12).

Wholesale funding decreased on a year-on-year basis by 0.95%, primarily in demand obligations with the BCCR, payables for obligations with the BCCR, overdrafts in demand checking accounts with foreign financial institutions, term deposits from domestic financial institutions, loans from foreign financial institutions, payables for obligations with financial and non-financial entities, and subordinated loans. (See table of obligations with financial institutions and the Central Bank in note 14 of this document).

In the following table, the year-on-year results for the end of September 2024 are observed:

	September 2024	December 2023	September 2023
Liquidity coverage indicator (colones)	1.50	1.26	1.37
Liquidity coverage indicator (US dollars)	1.39	1.80	1.43
Regulatory limit	1.00	1.00	1.00

On the other hand, the term matches, another regulatory indicator, had the following results:

Regulatory liquidity matches by currency and term		September2024	December 2023	September 2023	
Indicator	Interpretation	Observation	Observation	Observation	Approved levels
1-month term matching US dollars	Ratio between assets and liabilities with account´s volatility	1.91	1.90	1.91	Limite: 1.13
1-month term matching colones		2.44	2.19	2.44	Limite: 1.03
3-months term matching US dollars		1.25	1.26	1.25	Limite: 0.98
3-months term matching colones		1.31	1.45	1.31	Limite: 0.88

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

As of September 30, 2024

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 260,805,819,009	0	0	0	0	0	0	0	260,958,808,337
Legal cash requirement BCCR	441,096,595,212	24,348,581,026	39,578,105,356	31,653,485,932	51,955,102,974	36,965,903,293	35,129,559,697	0	660,727,333,490
Investment in securities	639,357,126	287,877,433,976	25,904,285,231	2,354,527,505	119,623,192,177	164,018,603,888	1,089,190,260,080	0	1,689,607,659,983
Interest on investments	1,174,201	12,865,393,903	1,830,625,989	834,272,427	3,692,708,666	598,337,560	944,315,182	0	20,766,827,928
Loan portfolio	0	151,068,736,256	125,067,198,439	115,233,804,269	296,750,272,129	295,592,384,923	3,170,559,999,941	126,248,462,032	4,280,520,857,989
Interest on loan portfolio	0	9,277,518,765	2,516,130,882	399,012,113	1,452,876,451	741,152,723	2,293,006,483	7,714,658,254	24,394,355,671
	¢ 702,542,945,548	485,437,663,926	194,896,345,897	150,475,102,246	473,474,152,397	497,916,382,387	4,298,270,130,711	133,963,120,286	6,936,975,843,398
Liabilities									
Obligations with the public	¢ 3,234,081,442,004	193,281,607,345	302,380,642,535	242,888,231,348	452,850,829,174	407,790,680,765	381,798,435,329	0	5,215,071,868,500
Obligations with BCCR	50,980,160	0	0	0	89,521,868,584	0	0	0	89,572,848,744
Obligations with financial Entities	89,505,797,797	225,901,249,939	45,967,042,743	46,752,982,572	120,085,017,646	118,585,091,411	77,987,977,760	0	724,785,159,868
Charges payable on obligations	1,716,660,215	4,540,279,550	5,447,891,536	4,744,858,133	9,317,387,102	3,972,156,294	2,516,403,146	0	32,255,635,976
	3,325,354,880,176	423,723,136,834	353,795,576,814	294,386,072,053	671,775,102,506	530,347,928,470	462,302,816,235	0	6,061,685,513,088
Asset-liability gap	¢ (2,622,811,934,628)	61,714,527,092	(158,899,230,917)	(143,910,969,807)	(198,300,950,109)	(32,431,546,083)	3,835,967,314,476	133,963,120,286	875,290,330,310

As of December 31, 2023

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 285,847,685,695	0	0	0	0	0	69,969,930	0	285,917,655,625
Legal cash requirement BCCR	400,893,880,857	34,998,613,247	19,019,785,000	15,414,830,100	32,711,519,093	35,131,400,368	33,054,250,719	0	571,224,279,384
Investment in securities	624,023,167	526,834,374,316	17,183,736,117	10,881,768,526	102,785,884,508	151,910,870,897	759,823,464,537	0	1,570,044,122,068
Interest on investments	3,143,247	8,993,162,104	5,106,156,003	936,858,518	4,303,310,056	1,065,950,551	1,037,308,017	0	21,445,888,496
Loan portfolio	0	153,588,045,761	118,010,632,629	104,070,338,112	311,783,519,509	284,621,998,276	2,972,112,256,584	135,470,970,744	4,079,657,761,615
Interest on loan portfolio	0	9,956,174,357	542,465,551	366,395,449	1,566,784,602	556,654,642	1,909,311,793	7,751,282,007	22,649,068,401
	¢ 687,368,732,966	734,370,369,785	159,862,775,300	131,670,190,705	453,151,017,768	473,286,874,734	3,768,006,561,580	143,222,252,751	6,550,938,775,589
Liabilities									
Obligations with the public	¢ 3,153,204,629,595	307,978,776,426	187,083,194,497	143,435,224,840	296,484,414,533	353,339,336,602	407,132,349,291	0	4,848,657,925,784
Obligations with BCCR	0	0	0	0	0	0	103,950,578,331	0	103,950,578,331
Obligations with financial Entities	67,198,718,575	199,060,821,386	57,193,557,703	40,017,370,665	107,644,295,624	142,409,346,495	150,402,107,502	0	763,926,217,950
Charges payable on obligations	1,977,667,169	13,778,080,123	6,055,429,530	2,701,780,382	4,508,847,616	3,772,377,051	5,849,829,935	0	38,644,011,806
	3,222,381,015,339	520,817,677,935	250,332,181,730	186,154,375,887	408,637,557,773	499,521,060,148	667,334,865,059	0	5,755,178,733,871
Asset-liability gap	¢ (2,535,012,282,373)	213,552,691,850	(90,469,406,430)	(54,484,185,182)	44,513,459,995	(26,234,185,414)	3,100,671,696,521	143,222,252,751	795,760,041,718

BANCO DE COSTA RICA AND SUBSIDIARIES
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As of September 30, 2023

Assets	Demand	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Items overdue for more than thirty days	Total
Availabilities	¢ 341,949,577,119	0	0	0	0	0	281,899,256	0	342,231,476,375
Legal cash requirement									
BCCR	400,746,542,459	27,122,190,901	42,582,355,210	34,821,071,243	55,805,459,150	29,277,329,773	35,336,746,126	0	625,691,694,862
Investment in securities	596,159,231	217,015,076,941	48,544,020,221	17,174,164,684	96,694,066,053	242,533,298,795	874,134,892,952	0	1,496,691,678,877
Interest on investments	2,183,572	8,017,166,622	1,974,115,920	1,299,420,715	5,876,726,290	1,819,571,317	999,616,493	0	19,988,800,929
Loan portfolio	0	138,331,481,979	112,488,443,648	111,728,469,082	278,356,419,628	218,657,052,383	3,025,456,989,777	154,683,488,330	4,039,702,344,827
Interest on loan portfolio	0	9,969,139,260	3,514,178,757	383,861,645	1,033,393,624	549,006,969	8,417,793,861	2,661,999,745	26,529,373,861
	¢ <u>743,294,462,381</u>	<u>400,455,055,703</u>	<u>209,103,113,756</u>	<u>165,406,987,369</u>	<u>437,766,064,745</u>	<u>492,836,259,237</u>	<u>3,944,627,938,465</u>	<u>157,345,488,075</u>	<u>6,550,835,369,731</u>
Liabilities									
Obligations with the public	¢ 2,905,140,824,138	212,335,943,049	317,883,523,287	263,362,496,604	482,204,276,489	295,904,417,337	400,965,657,225	0	4,877,797,138,129
Obligations with BCCR	0	0	0	0	0	0	104,826,771,127	0	104,826,771,127
Obligations with financial									
Entities	88,711,813,928	248,404,713,368	38,374,512,146	40,942,472,036	73,616,398,387	56,778,767,324	171,711,629,403	0	718,540,306,592
Charges payable on obligations	2,224,694,494	7,730,486,268	16,639,115,926	4,642,585,525	12,704,865,521	3,316,877,123	6,180,804,754	0	53,439,429,611
	<u>2,996,077,332,560</u>	<u>468,471,142,685</u>	<u>372,897,151,359</u>	<u>308,947,554,165</u>	<u>568,525,540,397</u>	<u>356,000,061,784</u>	<u>683,684,862,509</u>	<u>0</u>	<u>5,754,603,645,459</u>
Asset-liability gap	¢ <u>(2,252,782,870,179)</u>	<u>(68,016,086,982)</u>	<u>(163,794,037,603)</u>	<u>(143,540,566,796)</u>	<u>(130,759,475,652)</u>	<u>136,836,197,453</u>	<u>3,260,943,075,956</u>	<u>157,345,488,075</u>	<u>796,231,724,272</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Price risk of the portfolio

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

In the case of own funds, a concentration of 57.53% is observed in instruments issued by the Ministry of Finance, in this sense and with the purpose of mitigating the market risk of these instruments, a strategy was defined in the investment position of this issuer.

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

	September 2024	December 2023	September 2023
VaR	¢ 14,604,993,202	13,762,383,855	14,604,993,202

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

(e) Interest rate risk

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

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

Following, the results by currency:

		Results September 2024	Base scenario	Adverse scenario	Scenario +-100 pb	Scenario +-200 pb
Colones	Cumulative one-year gap	812,006.69	812,006.69	812,006.69	812,006.69	812,006.69
	TBP (one-year projection)	4.08%	3.50%	4.55%	5.28%	6.28%
	Impact on the margin	(1,856.55)	(4,595.42)	5,105.50	(+)-9,282.73	(+)-18,565.46
US dollars	Cumulative one-year gap	405,663.08	405,663.08	405,663.08	405,663.08	405,663.08
	Prime (one-year projection)	7.02%	6.55%	9.87%	9.00%	10.00%
	Impact on the margin	(3,454.31)	(5,098.25)	6,591.39	(+)-3,524.80	(+)-7,049.61

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As of September 30, 2024, interest rate terms for assets and liabilities are matched as follows:

	<u>Effective rate</u>	<u>1 to 30 days</u>	<u>31 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>361 to 720 days</u>	<u>More than 720 days</u>	<u>Total</u>
<i>Colones</i>								
<u>Assets</u>								
Investments	3.40%	¢ 136,976,049,834	16,403,513,676	14,129,556,957	53,533,365,702	44,551,161,703	89,538,996,641	355,132,644,513
Loan portfolio	8.25%	1,524,070,053,500	214,236,327,172	30,182,964,477	56,705,932,884	100,258,538,532	1,525,539,762,718	3,450,993,579,283
Total recovered assets (*)		1,661,046,103,334	230,639,840,848	44,312,521,434	110,239,298,586	144,809,700,235	1,615,078,759,359	3,806,126,223,796
<u>Liabilities</u>								
Obligations with the public		123,332,017,389	425,369,627,071	295,300,452,437	203,521,433,083	102,171,895,344	55,472,317,222	1,205,167,742,546
Obligations with financial entities	2.66%	2,528,741,306	16,820,520,375	131,384,089,641	15,180,647,170	293,081,087	0	166,207,079,579
Total matured liabilities (*)		125,860,758,695	442,190,147,446	426,684,542,078	218,702,080,253	102,464,976,431	55,472,317,222	1,371,374,822,125
Assets and liabilities spread		¢ 1,535,185,344,639	(211,550,306,598)	(382,372,020,644)	(108,462,781,667)	42,344,723,804	1,559,606,442,137	2,434,751,401,671
<i>Dollars</i>								
<u>Assets</u>								
Investments	5.23%	¢ 127,360,621,438	15,528,947,607	117,548,901,476	89,426,363,525	257,923,237,278	655,862,918,453	1,263,650,989,777
Loan portfolio	7.63%	244,082,510,609	54,673,620,152	43,860,030,220	38,793,955,709	65,829,135,169	662,737,435,430	1,109,976,687,289
Total recovered assets (*)		371,443,132,047	70,202,567,759	161,408,931,696	128,220,319,234	323,752,372,447	1,318,600,353,883	2,373,627,677,066
<u>Liabilities</u>								
Obligations with the public		54,121,876,341	99,626,764,863	92,427,717,508	71,627,119,877	25,603,879,781	13,888,841,433	357,296,199,803
Demand obligations	0.31%	341,537,571	40,578,208	192,830,492	278,386,767	123,661,060	123,900,037	1,100,894,135
Obligations with financial entities	3.96%	(20,695,187,162)	986,174,304	1,031,708,993	1,545,078,058	1,851,371,550	20,897,040,446	5,616,186,189
Total matured liabilities (*)		33,426,689,179	100,612,939,167	93,459,426,501	73,172,197,935	27,455,251,331	34,785,881,879	362,912,385,992
Assets and liabilities spread		¢ 338,016,442,868	(30,410,371,408)	67,949,505,195	55,048,121,299	296,297,121,116	1,283,814,472,004	2,010,715,291,074

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As of December 31, 2023, 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	6.75%	331,867,860,571	22,531,615,104	66,058,474,119	111,194,556,022	206,560,179,268	428,690,798,366	1,166,903,483,450
Loan portfolio	8.77%	1,485,366,749,918	106,691,826,684	109,597,126,789	58,752,719,059	117,380,301,144	1,375,106,671,181	3,252,895,394,775
Total recovery of assets (*)		1,817,234,610,489	129,223,441,788	175,655,600,908	169,947,275,081	323,940,480,412	1,803,797,469,547	4,419,798,878,225
Liabilities								
Obligations with the public		221,903,425,083	191,111,033,827	206,713,281,918	172,930,621,624	116,562,673,410	58,466,759,532	967,687,795,394
Obligations with financial entities	2.62%	31,101,053,219	36,708,637,172	23,182,201,066	13,377,111,292	103,901,409,914	0	208,270,412,663
Total matured liabilities (*)		253,004,478,302	227,819,670,999	229,895,482,984	186,307,732,916	220,464,083,324	58,466,759,532	1,175,958,208,057
Asset and liability gap		1,564,230,132,187	(98,596,229,211)	(54,239,882,076)	(16,360,457,835)	103,476,397,088	1,745,330,710,015	3,243,840,670,168
US dollars:								
Assets								
Investment in securities	4.46%	179,087,252,399	41,370,359,313	49,819,700,723	42,301,060,140	45,531,568,083	67,473,432,031	425,583,372,689
Loan portfolio	7.60%	248,713,620,947	31,913,610,170	48,776,693,523	88,685,380,933	87,984,061,187	377,957,315,206	884,030,681,966
Total recovery of assets (*)		427,800,873,346	73,283,969,483	98,596,394,246	130,986,441,073	133,515,629,270	445,430,747,237	1,309,614,054,655
Liabilities								
Obligations with the public		67,296,629,878	79,898,503,871	67,864,980,095	95,836,440,464	18,802,236,956	11,816,832,458	341,515,623,722
Demand obligations	0.34%	158,903,995,281	78,625,204,382	43,305,848,783	96,796,017,830	125,222,760,834	11,646,614,385	514,500,441,495
Obligations with financial entities	2.07%	(20,574,364,424)	780,352,231	632,728,395	27,630,918,694	2,288,366,797	13,225,794,809	23,983,796,502
Total matured liabilities (*)		46,722,265,454	80,678,856,102	68,497,708,490	123,467,359,158	21,090,603,753	25,042,627,267	365,499,420,224
Asset and liability gap		381,078,607,892	(7,394,886,619)	30,098,685,756	7,519,081,915	112,425,025,517	420,388,119,970	944,114,634,431

(*) Interest rate sensitive

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023, 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	7.60%	¢ 122,266,451,531	37,345,028,342	71,079,938,909	148,157,064,327	182,887,607,153	531,419,354,428	1,093,155,444,690
Loan portfolio	8.85%	1,456,073,854,417	222,854,453,080	30,142,745,174	50,882,271,194	104,490,417,306	1,379,927,432,335	3,244,371,173,506
Total recovery of assets (*)		1,578,340,305,948	260,199,481,422	101,222,684,083	199,039,335,521	287,378,024,459	1,911,346,786,763	4,337,526,618,196
Liabilities								
Obligations with the public		140,245,380,961	466,376,205,986	309,629,436,216	138,867,094,683	107,502,154,307	85,693,191,000	1,248,313,463,153
Obligations with Central Bank of Costa Rica								
Obligations with financial entities	2.21%	34,541,434,932	8,906,551,779	33,485,885,964	16,519,186,678	106,367,210,882	2,000,672,899	201,820,943,134
Total matured liabilities (*)		174,786,815,893	475,282,757,765	343,115,322,180	155,386,281,361	213,869,365,189	87,693,863,899	1,450,134,406,287
Asset and liability gap		1,403,553,490,055	(215,083,276,343)	(241,892,638,097)	43,653,054,160	73,508,659,270	1,823,652,922,864	2,887,392,211,909
US dollars:								
Assets								
Investment in securities	4.69%	¢ 104,911,366,089	33,996,544,378	46,302,382,721	73,995,069,079	85,225,792,453	89,160,489,784	433,591,644,504
Loan portfolio	7.70%	283,758,196,190	27,873,819,685	25,183,744,201	27,825,148,184	142,543,054,374	336,153,361,903	843,337,324,537
Total recovery of assets (*)		388,669,562,279	61,870,364,063	71,486,126,922	101,820,217,263	227,768,846,827	425,313,851,687	1,276,928,969,041
Liabilities								
Obligations with the public		53,338,933,433	83,077,509,967	88,245,270,411	73,688,473,786	23,258,682,006	12,683,120,149	334,291,989,752
Demand obligations	0.46%	160,378,631,978	37,715,096,556	82,245,647,404	89,931,331,557	139,742,345,727	11,441,717,689	
Obligations with financial entities	2.95%	(24,309,435,111)	417,366,072	857,116,663	1,308,834,311	2,564,225,116	13,756,539,575	(5,405,353,374)
Total matured liabilities (*)		29,029,498,322	83,494,876,039	89,102,387,074	74,997,308,097	25,822,907,122	26,439,659,724	328,886,636,378
Asset and liability gap		359,640,063,957	(21,624,511,976)	(17,616,260,152)	26,822,909,166	201,945,939,705	398,874,191,963	948,042,332,663

(*) Interest rate sensitive

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Within the gap report (rate-sensitive assets and liabilities) in local currency, a total difference of asset recovery less maturity of liabilities as of September 30, 2024, for ¢2,434,751,401,671, (¢944,114,634,431 and ¢2,887,392,211,909, for December and September 2023, respectively) while in foreign currency the same difference is of ¢2,010,715,291,074, (¢827,915,461,820 and ¢948,042,332,663, for December and September 2023, respectively) being an improved inference in the balance sheet due to positive changes in interest rates, since the entity presents more assets than liabilities in both currencies. Regarding to term matching (sum of liquidity of assets and liabilities), as of September 30, 2024, the total amount in local currency was of ¢875,290,330,310, (¢795,760,041,718 and ¢796,231,724,272, for December and September 2023, respectively) while in foreign currency, the collected data for the compliance of obligations was of \$369,654,797, (\$363,381,161 and \$362,961,370 for December and September 2023, respectively) which shows the necessary solvency to meet the liquid liabilities of the Organization.

(f) Foreign exchange risk

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

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

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

To comply with the Own Position in Foreign Currency, the Treasury Management had to maintain a positive position in foreign currency, reaching US\$164 million as of September 2024 (US\$161 million for September 2023), given that the appetite for the ratio of position in foreign currency (PME) to base capital (CB) decreased.

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

		September 2024	December 2023	September 2023
Assets:				
Cash and due from banks	US\$	547,679,391	510,224,893	520,746,085
Investments in financial instruments		717,395,549	796,961,999	782,393,237
Loan portfolio		3,140,031,356	2,941,077,001	2,801,159,354
Accounts and accrued interest receivable		3,331,807	3,415,384	19,487,405
Other		12,991,849	16,664,180	11,498,547
Total assets		4,421,429,952	4,268,343,457	4,135,284,628
Liabilities:				
Obligations with the public		3,169,398,041	2,913,368,701	2,890,076,169
Obligations with Banco Central de Costa Rica		97,501	0	0
Other financial obligations		975,970,640	1,082,030,491	970,492,975
Other account payable and provisions		36,719,408	34,236,061	34,267,861
Other liabilities		20,933,233	23,138,581	39,801,590
Total liabilities		4,203,118,823	4,052,773,834	3,934,638,595
Net position (excess of monetary assets over monetary liabilities)	US\$	218,311,129	215,569,623	200,646,033

The valuation of monetary assets and liabilities in foreign currency is carried out with reference to the purchase exchange rate set by the BCCR the last business day of each month for September 30, 2024, the exchange rate of ¢522.87 for US \$1.00 (¢538.69 for September 2023) was used.

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

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

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

Sensitivity to an increase in the exchange rate

	September 2024	December 2023	September 2023
Net position	218,311,131	215,569,623	200,646,034
Closing exchange rate	522.87	526.88	542.35
Increase in the exchange rate by 5%	26.14	26.34	27.12
Profit	5,706,652,964	5,678,103,870	5,441,520,442

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Sensitivity to a decrease in the exchange rate

	September 2024	December 2023	September 2023
Net position	218,311,131	215,569,623	200,646,034
Closing exchange rate	522.87	526.88	542.35
Decrease in the exchange rate by 5%	(26.14)	(26.34)	(27.12)
Loss	(5,706,652,964)	(5,678,103,870)	(5,441,520,442)

Assets and liabilities in Euros are detailed as follows:

		September 2024	December 2023	September 2023
Assets:				
Cash and due from banks	EUR€	8,401,054	7,270,923	6,101,277
Other assets		0	290,519	277,896
Total assets		8,401,054	7,561,442	6,379,173
Liabilities:				
Obligations with the public		7,331,854	6,449,613	6,207,593
Other financial obligations		1,168,302	105,668	935,436
Other accounts payable and provisions		30,466	43,680	29,593
Other liabilities		(2,085)	32,397	8,761
Total liabilities		8,528,537	6,631,358	7,181,383
Net position (excess of monetary assets over monetary liabilities)	EUR€	(127,483)	930,084	(802,210)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2024, in compliance with SUGEF's regulations, the term matching of the most important US dollars (US\$) accounts are as follows:

Assets		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>More than 30 days past due</u>	<u>Total</u>
Cash and due from banks	US\$	235,241,123	0	0	0	0	0	235,241,123	0	235,241,123
Cash reserve- BCCR		212,242,011	14,379,353	15,534,790	10,687,645	24,168,749	18,794,302	16,504,194	0	312,311,044
Investments		130,234	329,978,014	24,337,053	3,967,338	37,725,609	124,516,515	192,062,675	0	712,717,438
Interest on investments		1,771	343,441	2,140,919	6,856	1,339,651	588,901	643,369	0	5,064,908
Loan portfolio		0	178,603,988	177,235,136	162,927,048	440,865,060	354,096,176	1,843,171,376	86,552,979	3,243,451,763
Interest on loans		0	4,056,369	989,294	656,870	2,676,424	1,385,825	4,379,237	5,792,239	19,936,258
		<u>447,615,139</u>	<u>527,361,165</u>	<u>220,237,192</u>	<u>178,245,757</u>	<u>506,775,493</u>	<u>499,381,719</u>	<u>2,057,032,409</u>	<u>92,345,218</u>	<u>4,528,994,092</u>
Liabilities										
Obligations with public		1,659,452,307	138,856,764	146,851,646	107,005,612	326,782,438	410,039,163	366,710,749	0	3,155,698,679
Obligations with financial Entities		106,133,522	235,643,068	72,296,887	73,990,560	152,112,200	197,905,898	141,360,310	0	979,442,445
Charges payable		220,167	3,543,787	2,926,882	4,401,207	5,502,802	4,196,972	3,308,853	0	24,100,670
		<u>1,765,903,497</u>	<u>378,043,619</u>	<u>222,075,415</u>	<u>185,397,379</u>	<u>484,397,440</u>	<u>612,142,033</u>	<u>511,379,912</u>	<u>0</u>	<u>4,159,339,295</u>
Assets and liabilities spread	US\$	<u>(1,318,288,358)</u>	<u>149,317,546</u>	<u>(1,838,223)</u>	<u>(7,151,622)</u>	<u>22,378,053</u>	<u>(112,760,314)</u>	<u>1,545,652,497</u>	<u>92,345,218</u>	<u>369,654,797</u>

As of December 31, 2023, in US dollars:

Assets		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
Cash and due from banks	US\$	242,104,007	0	0	0	0	0	111,923	0	242,215,930
Legal reserve account-BCCR		180,671,963	15,888,177	10,780,884	8,580,764	15,840,380	23,340,901	13,104,896	0	268,207,965
Investments in securities		4,216	389,032,760	20,408,644	6,456,314	87,377,654	77,795,674	208,800,261	0	789,875,523
Interest on investments		1,771	1,593,445	422,247	(3,078)	3,217,979	1,730,647	483,096	0	7,446,107
Loan portfolio		0	197,042,479	174,102,457	151,952,968	458,690,251	346,371,983	1,617,028,981	93,923,791	3,039,112,910
Interest on loans		0	4,889,096	727,644	587,396	1,412,229	1,002,172	3,619,735	4,637,393	16,875,665
	US\$	<u>422,781,957</u>	<u>608,445,957</u>	<u>206,441,876</u>	<u>167,574,364</u>	<u>566,538,493</u>	<u>450,241,377</u>	<u>1,843,148,892</u>	<u>98,561,184</u>	<u>4,363,734,100</u>
Liabilities										
Obligations with the public	US\$	1,502,264,640	193,783,033	159,297,779	112,350,888	205,107,511	339,935,169	388,924,758	0	2,901,663,778
Obligations with financial Entities		85,540,120	192,055,899	57,060,426	59,818,878	161,658,994	245,752,759	276,310,196	0	1,078,197,272
Charges payable on obligations		248,479	2,026,450	2,582,111	2,118,221	4,305,946	4,106,678	5,104,004	0	20,491,889
		<u>1,588,053,239</u>	<u>387,865,382</u>	<u>218,940,316</u>	<u>174,287,987</u>	<u>371,072,451</u>	<u>589,794,606</u>	<u>670,338,958</u>	<u>0</u>	<u>4 000 352 939</u>
Asset and liability gaps	US\$	<u>(1,165,271,282)</u>	<u>220,580,575</u>	<u>(12,498,440)</u>	<u>(6,713,623)</u>	<u>195,466,042</u>	<u>(139,553,229)</u>	<u>1,172,809,934</u>	<u>98,561,184</u>	<u>363,381,161</u>

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As of September 30, 2023, in US dollars:

		<u>Demand</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 365 days</u>	<u>More than 365 days</u>	<u>Past due for over 30 days</u>	<u>Total</u>
Assets										
Cash and due from banks	US\$	240,829,523	0	0	0	0	0	499,492	0	241,329,015
Legal reserve account-BCCR		197,862,087	13,707,149	8,994,205	10,838,346	21,824,891	18,825,049	7,561,325	0	279,613,052
Investments in securities		188,851	193,021,314	28,120,442	30,551,228	81,589,242	168,766,443	272,755,178	0	774,992,698
Interest on investments		1,778	107,119	2,588,604	(5,153)	1,148,811	3,231,919	725,969	0	7,799,047
Loan portfolio		0	159,469,123	152,229,758	159,406,951	413,157,200	227,904,803	1,688,995,137	101,692,092	2,902,855,064
Interest on loans		0	3,562,150	792,291	600,490	1,845,687	985,372	4,341,693	4,893,372	17,021,055
	US\$	<u>438,882,239</u>	<u>369,866,855</u>	<u>192,725,300</u>	<u>201,391,862</u>	<u>519,565,831</u>	<u>419,713,586</u>	<u>1,974,878,794</u>	<u>106,585,464</u>	<u>4,223,609,931</u>
Liabilities										
Obligations with the public	US\$	1,570,762,409	137,203,399	99,004,943	111,670,281	321,052,072	303,647,693	335,763,056	0	2,879,103,853
Obligations with financial Entities		91,542,375	283,428,810	59,681,905	70,668,934	76,315,258	68,688,782	307,303,286	0	957,629,350
Charges payable on obligations		323,034	4,591,714	3,049,222	2,761,178	3,561,486	3,249,702	6,379,022	0	23,915,358
		<u>1,662,627,818</u>	<u>425,223,923</u>	<u>161,736,070</u>	<u>185,100,393</u>	<u>400,928,816</u>	<u>375,586,177</u>	<u>649,445,364</u>	<u>0</u>	<u>3,860,648,561</u>
Asset and liability gaps	US\$	<u>(1,223,745,579)</u>	<u>(55,357,068)</u>	<u>30,989,230</u>	<u>16,291,469</u>	<u>118,637,015</u>	<u>44,127,409</u>	<u>1,325,433,430</u>	<u>106,585,464</u>	<u>362,961,370</u>

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

As of September 30, 2024, the financial statements show a net foreign exchange loss of ¢13,196,254,433, (¢13,576,779,053 and ¢9,540,689,391, net loss for December and September 2023, respectively).

(g) Capital Management

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

In 2024, the credit risk requirement shows higher levels than in 2023 due to the increase in credit placement. Additionally, the climate risk requirement (incorporated in 2023) maintains the same behavior due to its dependence on the credit portfolio.

(h) Systemic risk

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

The size of the BCR Financial Conglomerate is according to assets of the most updated data, equivalent to the end of September 2024 of 14.81% of annual GDP. Due to the size and complexity of its operations, the BCR is a systemic Entity, therefore, its performance and the decisions made have effects on the financial system.

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

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

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(i) Operational risk management

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

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

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

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

Gross operating losses
- Percentage distribution by type of risk-

Type of operational risk	Accumulated gross losses	September	December	September
	2024	2024	2023	2023
Clients, products, and business practices	9,218,330	15.96%	1.14%	0.06%
Execution, delivery, and management of processes	11,222,122	19.43%	47.64%	79.50%
External fraud	26,783,850	46.37%	46.19%	20.12%
Internal fraud	0	0.00%	2.15%	0.00%
Business interruption and system failures	10,541,745	18.25%	2.52%	0.32%
Labor relations and safety in the workplace	0	0.00%	0.37%	0.00%
Total	€ 57,766,048	100.00%	100.00%	100.00%

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

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(j) Information security and IT Risk

Information security and IT risks are managed from the BCR with a conglomerate scope, among its main pillars are the following:

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

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

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

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

All in line with prudential regulations applicable and best international practices, allowing the Corporate Risk Management to support the fulfillment of institutional strategic objectives, and minimize the materialization of impacts sensitive to the services provided to customers.

(k) Business Continuity

Business continuity plan and contingency testing

The Business Continuity Plan, as established by the international standard ISO 22301, is a set of documented procedures that guide organizations in responding to, recovering from, resuming, and restoring operations to a defined level in the event of significant disruptions.

The plan helps minimize the impact on operations while protecting the organization's resources and reputation.

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The BCR Financial Conglomerate has a business continuity plan, with its protocols and procedures linked to the processes and activities identified as critical in the Business Impact Analysis (BIA), based on their relevance according to the criteria established for the timely service of their clients.

The Plan is structured to address and overcome crises, ensuring the continuity of operations. Due to its importance, it is necessary to regularly apply contingency tests to the protocols associated with the plan to ensure their effectiveness.

Testing is the method used to verify that the knowledge, skills, resources, and activities established in a protocol are adequate to maintain operations in the event of a disruptive event.

The regular execution of tests enhances resilience by enabling staff training, raising awareness, identifying opportunities for improvement, and increasing the organization's level of maturity.

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

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

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

(m) Regulatory risk management and regulatory compliance

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The applicability of the provisions of the General Public Procurement Law was also carried out, in terms of public procurement processes (article 37 of the appointment law), this through self-evaluations to reduced and minor tenders and evaluations to larger tenders or of inestimable amount. As of the cut-off date of this note, a total of 23 risk identification exercises have been carried out, of which 19 correspond to assessments and 14 to self-assessments.

Exercises of self-assessments of the external binding regulations applicable to the Entity are kept, resulting in low risk in the analysis conducted.

In August, the mechanism for the self-assessment of critical suppliers was implemented. For the evaluated quarter, these assessments are in the execution phase, with a total of 36 self-assessments being carried out.

40). Situation of the Development Financing Fund

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

DEVELOPMENT FINANCING FUND
STATEMENT OF FINANCIAL POSITION

As of September 30, 2024

Financial Information

(In colones without cents)

	September 2024	December 2023	September 2023
ASSETS			
Available	¢ 302,504,146	127,357,508	0
Cash	302,504,146	0	0
Central Bank of Costa Rica	0	127,357,508	0
Investment in financial instruments	4,600,532,340	0	0
At fair value through profit or loss	4,600,532,340	0	0
Loan portfolio	¢ 45,373,168,407	47,165,995,600	47,174,959,983
Current loans	40,365,135,288	43,307,881,313	43,054,784,086
Past due loans	5,350,520,163	3,721,715,771	3,895,612,510
Loans on legal collection	262,514,486	742,263,981	807,172,385
(Deferred income loan portfolio)	(454,395,880)	(465,477,019)	(450,096,188)
Interest receivable	159,944,931	170,201,295	178,661,636
(Allowance for impairment)	(310,550,581)	(310,589,741)	(311,174,446)
Other assets	28,466,279	165,766,632	29,381,481
Intangible assets	2,473,990	2,767,988	2,400,369
Other assets	25,992,289	162,998,644	26,981,112
TOTAL ASSETS	¢ <u>50,304,671,172</u>	<u>47,459,119,740</u>	<u>47,204,341,464</u>
LIABILITIES			
Obligations with entities	¢ 0	0	275,507,627
Other obligations with entities	0	0	275,507,627
Accounts payable and provisions	199,093,775	160,713,385	143,509,222
Other sundry accounts payable	199,093,775	160,713,385	143,509,222
Other liabilities	21,078,785	159,166,840	21,234,147
Other liabilities	21,078,785	159,166,840	21,234,147
TOTAL LIABILITIES	¢ <u>220,172,560</u>	<u>319,880,225</u>	<u>440,250,996</u>
EQUITY			
Adjustments to equity - Other comprehensive income	48,866,249,077	45,766,617,523	45,766,617,523
Result of current period	<u>1,218,249,535</u>	<u>1,372,621,992</u>	<u>997,472,945</u>
DEBIT CONTINGENT ACCOUNTS	¢ <u>50,084,498,612</u>	<u>47,139,239,515</u>	<u>46,764,090,468</u>
OTHER DEBIT MEMORANDA ACCOUNTS	¢ <u>50,304,671,172</u>	<u>47,459,119,740</u>	<u>47,204,341,464</u>
DEBIT CONTINGENT ACCOUNTS	¢ 1,111,500	5,898,412	13,404,429
OTHER DEBIT MEMORANDA ACCOUNTS	¢ 6,187,104,567	3,912,542,628	4,113,466,526

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

DEVELOPMENT FINANCING FUND

STATEMENT OF INCOME

For the periods ended September 30, 2024

Financial Information

(In colones without cents)

	September 2024	September 2023	Quarter from April 1 to September 30	
	2024	2023	2024	2023
Financial income				
For investment in financial instruments	62,858,034	0	46,285,095	0
For loan portfolio	1,901,682,935	2,364,207,130	576,253,792	756,664,492
Total financial income	1,964,540,969	2,364,207,130	622,538,887	756,664,492
Financial expenses				
For losses on exchange differences	869,863	4,914,921	395,564	153,271
Total financial expenses	869,863	4,914,921	395,564	153,271
For allowance of asset impairment	0	1,266,818	0	0
For recovery of assets and decrease in estimates and provisions	170,898	2,845,146	49,073	1,687,601
FINANCIAL RESULT	1,963,842,004	2,360,870,537	622,192,396	758,198,822
Other operating income				
For other operating income	2,516,576	8,353,808	530,769	1,557,107
For currency exchange and arbitrage	0	819	0	819
For services commissions	23,391,757	17,677,722	8,960,836	4,664,044
Total other operating income	25,908,333	26,032,349	9,491,605	6,221,970
Other operating expenses				
For other operating expenses	771,500,802	1,389,429,941	119,354,991	653,542,693
Total other operating expenses	771,500,802	1,389,429,941	119,354,991	653,542,693
RESULT OF THE PERIOD	1,218,249,535	997,472,945	512,329,010	110,878,099

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Sector	September 2024	December 2023	September 2023
Artistic, entertainment and recreative activities	¢ 48,341,620	0	0
Human health care and social assistance activities	142,634,567	0	0
Administrative and support services activities	792,780,379	0	0
Professional, scientific and technical activities	175,177,975	0	0
Agriculture, livestock, hunting and related services	8,522,485,127	9,105,455,860	9,463,350,738
Public administration	17,732,223	17,866,560	35,117,029
Fishing and aquaculture	0	42,617,690	42,986,799
Manufacturing	835,016,837	1,085,570,230	1,132,636,820
Trade	20,147,837,988	24,229,865,712	23,839,184,476
Services	13,010,166,745	9,983,278,228	9,877,944,960
Transportation	1,189,264,375	1,146,209,128	1,140,716,445
Financial and stock exchange activities	25,776,959	254,903,080	337,709,084
Real estate, business, and rental, activities	99,308,957	126,361,591	133,350,918
Construction, purchase, and repair, of real estate	618,885,227	671,402,655	667,034,588
Hospitality	352,760,958	1,108,330,331	1,087,537,124
	<u>45,978,169,937</u>	<u>47,771,861,065</u>	<u>47,757,568,981</u>
Plus: interest receivable	159,944,931	170,201,295	178,661,636
Less deferred income in loan portfolio	(454,395,880)	(465,477,019)	(450,096,188)
Allowance for impairment	(310,550,581)	(310,589,741)	(311,174,446)
	<u>¢ 45,373,168,407</u>	<u>47,165,995,600</u>	<u>47,174,959,983</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	September 2024	December 2023	September 2023
Up to date	¢ 40,365,135,288	43,307,881,313	43,051,784,086
From 1 to 30 days	3,467,972,961	2,480,510,289	2,690,031,583
From 31 to 60 days	675,462,790	364,846,799	703,401,804
From 61 to 90 days	394,267,648	545,253,895	247,608,924
From 91 to 120 days	237,509,965	83,178,140	164,330,499
From 121 to 180 days	275,373,020	138,522,588	54,447,007
Over 180 days	299,933,779	109,404,060	35,792,693
Legal collection	262,514,486	742,263,981	807,172,385
	<u>¢ 45,978,169,937</u>	<u>47,771,861,065</u>	<u>47,757,568,981</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Number of operations	25	36	23
Past due loans in non- accrual status of interest	¢ <u>562,448,265</u>	<u>851,668,041</u>	<u>842,965,078</u>
Past due loans for which interest is recognized	¢ 5,050,586,384	3,612,311,711	3,859,819,817
Total unearned interest	¢ 16,960,557	1,250,024	1,250,024

Loans on legal collection as of September 30, 2024:

<u># operations</u>	<u>Percentage</u>	<u>Balance</u>
25	0.57%	¢ <u>262,514,486</u>

Loans on legal collection as of December 31, 2023:

<u># operations</u>	<u>Percentage</u>	<u>Balance</u>
18	1.69%	¢ <u>807,172,385</u>

Loans on legal collection as of September 30, 2023:

<u># operations</u>	<u>Percentage</u>	<u>Balance</u>
15	1.69%	¢ <u>807,172,385</u>

d) Interest receivable on loan portfolio

Interest receivable is as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Current loans	¢ 89,722,894	111,289,759	123,085,184
Past due loans	60,651,654	40,046,717	36,964,966
Loans in judicial collection	9,570,383	18,864,819	18,611,486
	¢ <u>159,944,931</u>	<u>170,201,295</u>	<u>178,661,636</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

e) Allowance for bad loans

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

Opening balance 2024	310,589,741
Plus:	
Allowance charged to profit or loss	1,013,087
Adjustment for exchange differences	559,036
Less:	
Adjustment for exchange differences	(596,501)
Reversal of allowance against income	(1,014,782)
Balance as of September 30, 2024	<u>310,550,581</u>

Opening balance December 31, 2023	¢ 313,014,745
Plus:	
Adjustment for exchange differences	34,473
Less:	
Adjustment for exchange differences	(767,967)
Reversal of allowance against income	(433,630)
Transfer of balances	(1,257,880)
Balance as of December 31, 2023	¢ <u>310,589,741</u>

Balance as of September 30, 2023	¢ 313,014,745
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Plus:	
Adjustment for exchange differences	34,473
Less:	
Adjustment for exchange differences	(616,893)
Transfer of balances	(1,257,878)
Balance as of September 30, 2023	¢ <u>311,174,446</u>

f) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

Guarantee	September 2024	December 2023	September 2023
Fiduciary	¢ 299,426,155	419,464,873	469,059,960
Mortgage	21,935,072,497	24,056,648,740	25,220,129,895
Chattel	963,262,993	812,341,917	865,976,116
Others	22,780,408,292	22,483,405,535	21,202,403,010
	¢ <u>45,978,169,937</u>	<u>47,771,861,065</u>	<u>47,757,569,981</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

		Direct Loan Portfolio		
		September 2024	December 2023	September 2023
Principal	¢	45,978,169,937	47,771,861,065	47,757,568,981
Interest receivable		159,944,931	170,201,295	178,661,636
		46,138,114,868	47,942,062,360	47,936,230,617
Allowance for bad loans		(310,550,581)	(310,589,741)	(311,174,446)
Carrying amount	¢	<u>45,827,564,287</u>	<u>47,631,472,619</u>	<u>47,625,056,171</u>
Loan portfolio				
Total balances:				
A1	¢	0	255,673,081	0
1		42,652,447,975	44,777,040,112	44,094,596,507
2		672,360,944	365,650,505	955,005,639
3		1,582,040,179	1,019,592,785	691,038,902
4		351,120,787	501,789,956	938,519,382
5		296,062,034	201,107,289	56,718,750
6		584,082,899	821,208,632	861,586,633
		46,138,114,868	47,942,062,360	47,936,230,617
Minimum allowance		(515,115,750)	(307,350,925)	(332,063,236)
Carrying amount, net	¢	<u>45,622,999,118</u>	<u>47,634,711,435</u>	<u>47,604,167,381</u>
Carrying amount		46,138,114,868	47,942,062,360	47,936,230,617
Allowance for bad loans		(515,115,750)	(307,350,925)	(332,063,236)
Allowance (surplus) deficit on minimum allowance		204,565,169	(3,238,816)	20,888,790
Carrying amount, net	6a ¢	<u>45,827,564,287</u>	<u>47,631,472,619</u>	<u>47,625,056,171</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

As of September 30, 2024

Loan Portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
Direct specific allowance				
1	42,652,447,975	0	0	(106,631,816)
2	672,360,994	0	0	(8,680,390)
3	1,582,040,179	0	0	(121,985,744)
4	351,120,787	0	0	(35,484,350)
5	296,062,034	0	0	(59,848,045)
6	584,082,899	0	0	(182,485,405)
¢	<u>46,138,114,868</u>	<u>0</u>	<u>0</u>	<u>(515,115,750)</u>
Loan Portfolio				
Aging of loan portfolio	Direct Loan Portfolio			
Direct specific allowance	Principal	Covered Balance	Overdraft	Allowance
Up to date	40,454,858,181	0	0	(179,363,612)
Equal or less than 30 days	3,473,571,253	0	0	(30,784,965)
Equal or less than 60 days	700,636,963	0	0	(18,149,067)
Equal or less than 90 days	398,507,584	0	0	(20,716,940)
Equal or less than 180 days	536,136,817	0	0	(92,530,476)
Over 180 days	574,404,070	0	0	(176,570,690)
¢	<u>46,138,114,868</u>	<u>0</u>	<u>0</u>	<u>(515,115,750)</u>
¢	<u>46,138,114,868</u>	<u>0</u>	<u>0</u>	<u>(515,115,750)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 44,777,040,112	29,698,239,693	15,078,800,419	(111,942,601)
A1	255,673,081	0	255,673,081	(1,278,365)
	<u>45,032,713,193</u>	<u>29,698,239,693</u>	<u>15,334,473,500</u>	<u>(113,220,966)</u>
Direct specific allowance				
2	365,650,505	292,682,646	72,967,859	(5,111,806)
3	1,019,592,785	834,272,899	185,319,886	(50,501,336)
4	501,789,956	465,240,023	36,549,933	(20,601,167)
5	201,107,289	157,549,507	43,557,782	(31,278,195)
6	821,208,632	738,262,489	82,946,143	(86,637,455)
	<u>2,909,349,167</u>	<u>2,488,007,564</u>	<u>421,341,603</u>	<u>(194,129,959)</u>
¢	<u>47,942,062,360</u>	<u>32,186,247,257</u>	<u>15,755,815,103</u>	<u>(307,350,925)</u>

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 255,673,082	0	255,673,082	(113,220,966)
	<u>255,673,082</u>	<u>0</u>	<u>255,673,082</u>	<u>(113,220,966)</u>
Direct specific allowance				
Up to date	43,163,497,990	28,394,313,103	14,769,184,887	(41,289,340)
Equal or less than 30 days	2,462,832,602	2,005,589,402	457,243,199	(5,538,181)
Equal or less than 60 days	393,851,680	314,974,213	78,877,467	(6,830,766)
Equal or less than 90 days	563,550,915	514,400,843	49,150,072	(15,318,877)
Equal or less than 180 days	281,267,928	215,503,498	65,764,430	(41,990,068)
Over 180 days	821,388,163	741,466,198	79,921,966	(83,162,727)
¢	<u>47,686,389,278</u>	<u>32,186,247,257</u>	<u>15,500,142,021</u>	<u>(194,129,959)</u>
¢	<u>47,942,062,360</u>	<u>32,186,247,257</u>	<u>15,755,815,103</u>	<u>(307,350,925)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of September 30, 2023

Loan Portfolio	Direct Loan Portfolio			
	Principal	Covered Balance	Overdraft	Allowance
Direct generic allowance				
1	¢ 44,094,596,507	28,934,799,423	15,159,797,084	(110,236,492)
D	338,764,804	0	338,764,804	(1,693,824)
	<u>44,433,361,311</u>	<u>28,934,799,423</u>	<u>15,498,561,888</u>	<u>(111,930,316)</u>
Direct specific allowance				
2	955,055,639	760,944,496	194,061,143	(13,507,780)
3	691,038,902	476,572,240	214,466,662	(55,999,527)
4	938,519,382	770,705,629	167,813,753	(87,760,405)
5	56,718,750	42,267,366	14,451,384	(10,327,306)
6	861,586,633	813,114,301	48,472,332	(52,537,902)
	<u>3,502,869,306</u>	<u>2,863,604,032</u>	<u>639,265,274</u>	<u>(220,132,920)</u>
¢	<u>47,936,230,617</u>	<u>31,798,403,455</u>	<u>16,137,827,162</u>	<u>(332,063,236)</u>
Loan Portfolio				
Aging of loan portfolio				
Direct generic allowance				
Up to date	¢ 43,177,869,271	27,767,086,830	15,410,782,441	(105,592,482)
Equal or less than 30 days	2,702,919,005	2,196,352,778	506,566,227	(6,310,713)
Equal or less than 60 days	0	0	0	(27,120)
	<u>45,880,788,276</u>	<u>29,963,439,608</u>	<u>15,917,348,668</u>	<u>(111,930,315)</u>
Direct specific allowance				
Equal or less than 30 days	714,144,521	619,894,805	94,249,716	(136,706,250)
Equal or less than 60 days	259,913,521	216,441,407	43,472,114	(11,959,644)
Equal or less than 90 days	223,582,896	185,513,333	38,069,563	(22,714,354)
Equal or less than 180 days	857,801,403	813,114,302	44,687,101	(48,752,673)
¢	<u>2,055,442,341</u>	<u>1,834,963,847</u>	<u>220,478,494</u>	<u>(220,132,921)</u>
¢	<u>47,936,230,617</u>	<u>31,798,403,455</u>	<u>16,137,827,162</u>	<u>(332,063,236)</u>

As of September 30, 2024	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 42,652,447,975	42,545,816,161
2	672,360,994	663,680,604
3	1,582,040,179	1,460,054,434
4	351,120,787	315,636,437
5	296,062,034	236,213,988
6	584,082,899	401,597,494
¢	<u>46,138,114,868</u>	<u>45,622,999,118</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2023	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 44,777,040,112	44,665,097,511
2	365,650,505	360,538,699
3	1,019,592,785	969,091,449
4	501,789,956	481,188,789
5	201,107,289	169,829,094
6	821,208,632	734,571,177
A1	255,673,081	254,394,716
	¢ <u>47,942,062,360</u>	<u>47,634,711,435</u>

As of September 30, 2023	Loans receivable from clients	
	Gross	Net
Risk category:		
1	¢ 44,094,596,507	43,984,360,016
2	955,055,639	941,497,860
3	691,038,902	635,039,375
4	938,519,382	850,758,977
5	56,718,750	46,391,444
6	861,586,633	809,048,730
A1	338,764,804	337,070,979
	¢ <u>47,936,230,617</u>	<u>47,604,167,381</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

41). Situation of the Development Credit Fund

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

**DEVELOPMENT FINANCING FUND
STATEMENT OF FINANCIAL POSITION**

As of September 30, 2024

Financial Information

(In colones without cents)

	September 2024	December 2023	September 2023
ASSETS			
Availabilities	¢ 1,558,955,583	795,892,500	622,302,888
Cash	1,558,955,583	0	0
Central Bank of Costa Rica	0	795,892,500	622,302,888
Investment in financial instruments	86,706,243,540	95,377,292,181	112,924,934,603
At fair value through profit or loss	750,971,682	4,957,598,565	1,147,727,209
At fair value through other comprehensive income	83,529,908,751	86,755,969,894	103,375,103,181
At amortized cost	1,360,160,556	2,782,370,522	7,384,624,160
Interest receivable	1,065,202,551	881,353,200	1,017,480,053
Loan Portfolio	43,958,039,628	38,248,570,855	23,243,563,244
Current loans	42,435,296,383	37,877,348,151	22,862,140,820
Past due loans	1,635,957,043	648,807,590	532,073,853
Loans in judicial collection	143,392,655	0	0
(Deferred income loan portfolio)	(302,152,721)	(307,590,574)	(152,010,500)
Interest receivable	134,870,722	119,619,530	92,089,328
(Allowance for impairment)	(89,324,454)	(89,613,842)	(90,730,257)
Accounts and commissions receivable	104,894,136	231,188,813	281,508,355
Tax and deferred income tax	104,894,136	231,188,813	281,508,355
Other assets	28,757,984	83,192	1,307,170,488
Other assets	28,757,984	83,192	1,307,170,488
TOTAL ASSETS	¢ 132,356,890,871	134,653,027,541	138,379,479,578
LIABILITIES			
Obligations with entities	¢ 136,755,230,839	140,481,206,433	143,523,920,726
Demand obligations	136,755,230,839	0	0
Term obligations	0	140,481,206,433	143,523,920,726
Other obligations	0	0	42,793,598
Accounts payable and provisions	122,747,851	42,148,639	34,004,419
Accounts receivable	15,004,990	2,127,704	7,133,033
Deferred income tax	106,362,736	40,020,935	26,871,386
Other sundry accounts payable	1,380,125	0	0
Other liabilities	150,416,293	531,663	7,371,853
Other liabilities	150,416,293	531,663	7,371,853
TOTAL LIABILITIES	¢ 137,028,394,983	140,523,886,735	143,565,296,998
EQUITY			
Adjustments to equity – Other comprehensive income	¢ 57,892,018	(370,185,888)	(489,962,511)
Results of the previous period	¢ (5,500,673,306)	0	0
Results of the current period	771,277,176	(5,500,673,306)	(4,695,854,909)
TOTAL EQUITY	¢ (4,671,504,112)	(5,870,859,194)	(5,185,817,420)
TOTAL LIABILITIES AND EQUITY	¢ 132,356,890,371	134,653,027,541	138,379,479,578
OWN DEBIT MEMORANDA ACCOUNT			
Own debit memoranda accounts	¢ 38,299,118,753	27,583,777,748	37,371,528,931
Interest receivable memoranda accounts	¢ 18,042,152	9,096,849	17,395,026

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

**DEVELOPMENT CREDIT FUND
INCOME STATEMENT**

For the period ended September 30, 2024

Financial Information

(In colones without cents)

	September 2024	September 2023	Quarter from July 1 to September 30	
			2024	2023
Financial income				
For investments in financial instruments	¢ 3,732,917,815	4,118,502,976	1,167,975,911	1,441,084,297
For loan portfolio	1,790,421,173	1,280,487,178	598,581,543	372,478,080
Other financial incomes	274,417,412	675,470,313	81,564,967	27,132,238
Total financial income	5,797,756,400	6,074,460,467	1,848,122,421	1,840,694,615
Financial expenses				
For obligations with the public	2,654,156,813	2,984,214,719	858,416,837	969,630,717
For losses in exchange differences	165,350,351	4,522,498,530	62,324,204	299,075,855
Other financial expenses	15,753,121	1,320,543,677	24,393	8,078,110
Total financial expenses	2,835,260,285	8,827,256,926	920,765,434	1,276,784,682
For allowance of asset impairment	(7,434,808)	(145,512,073)	0	12,034,178
Asset recovery and decrease in allowance	28,842,017	0	9,712,324	0
Financial result	¢ 2,983,903,324	(2,607,284,386)	937,069,311	551,875,754
Other operating income				
For commission for services	231,279	32,318	2,910	17,225
For arbitrage and currency exchange	90,137,256	294,095,624	29,327,143	68,289,002
For other operating income	6,744,540	113,272,137	32,308	48,014,790
Total other operating income	¢ 97,113,075	407,400,079	29,362,361	116,321,017
Other operating expenses				
For arbitrage and currency exchange	6,183,585	65,338,846	993,726	516,466
For other operating income	452,019,612	1,180,095,806	123,567,735	1,043,206,469
Total other operating income	¢ 458,203,197	1,245,434,652	124,561,461	1,043,722,935
Other operating expenses	¢ 2,622,813,202	(3,445,318,959)	841,870,211	(375,526,164)
Profit transferred to the National Development Trust	1,851,536,026	1,250,535,950	632,114,711	87,792,878
RESULT FOR THE PERIOD	¢ 771,277,176	(4,695,854,909)	209,755,500	(463,319,041)
TOTAL COMPREHENSIVE RESULTS OF THE PERIOD	¢ 771,277,176	(4,695,854,909)	209,755,500	(463,319,041)
Profit allocation				
Profit transferred to the National Development Trust	¢ 1,851,536,026	1,250,535,950	632,114,711	87,792,878
Commission for management of the Development Credit Fund, and the fund's own profits	771,277,176	(4,695,854,909)	209,755,500	(463,319,041)
	¢ 2,622,813,202	(3,445,318,959)	841,870,211	(375,526,164)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 2024	December 2023	September 2023
At fair value through profit or loss	¢ 750,971,682	4,957,598,565	1,147,727,209
At fair value through other comprehensive income	83,529,908,751	86,755,969,894	103,375,103,181
At amortized cost	1,360,160,556	2,782,370,522	7,384,624,160
Interest receivable for investments at fair value through other comprehensive income	1,065,202,551	881,353,200	1,017,480,053
	¢ 86,706,243,540	95,377,292,181	112,924,934,603
	September 2024	December 2023	September 2023
At fair value through profit or loss	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
State-owned Banks	¢ 750,971,682	4,957,598,565	1,147,727,209
	¢ 750,971,682	4,957,598,565	1,147,727,209
	September 2024	December 2023	September 2023
At fair value through other comprehensive income	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
Government	83,529,908,751	0	5,974,156,392
State-owned Banks	0	86,755,969,894	97,400,946,789
	¢ 83,529,908,751	86,755,969,894	103,375,103,181
	September 2024	December 2023	September 2023
At amortized cost	Fair value	Fair value	Fair value
<u>Local issuers:</u>			
State-owned Banks	¢ 1,360,160,556	2,782,370,522	7,384,624,160
	¢ 1,360,160,556	2,782,370,522	7,384,624,160

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Loan Portfolio of the Development Credit Fund

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

a) Loan portfolio by sector

Sector	September 2024	December 2023	September 2023
Artistic, entertainment and recreative activities	¢ 23,248,955	0	0
Administrative and support services activities	1,067,338,723	0	0
Professional, scientific and technical activities	119,492,402	0	0
Agriculture, livestock, hunting and related services	18,288,149,292	23,339,203,469	16,469,128,143
Manufacturing	1,582,243,083	3,892,042,294	267,537,738
Public administration	12,373,835	0	0
Wholesale and retail trade, repair of motor vehicles and motorcycles	10,211,457,062	6,866,246,060	3,479,083,734
Other service activities	11,700,725,670	3,264,743,870	2,465,538,568
Transportation	813,968,550	451,641,799	285,951,583
Real estate activities	103,000,000	0	0
Construction, purchase, and repair of property	226,248,965	170,934,267	138,530,227
Hotels and restaurants	66,399,544	541,343,982	288,444,680
	<u>44,214,646,081</u>	<u>38,526,155,741</u>	<u>23,394,214,673</u>
Plus: interest receivable	134,870,722	119,619,530	92,089,328
Less: deferred income loan portfolio	(302,152,721)	(307,590,574)	(152,010,500)
Allowance for impairment	(89,324,454)	(89,613,842)	(90,730,257)
	<u>¢ 43,958,039,628</u>	<u>38,248,570,855</u>	<u>23,243,563,244</u>

b) Loan portfolio by arrears:

The loan portfolio by arrears is detailed as follows:

	September 2024	December 2023	September 2023
Up to date	¢ 42,435,296,383	37,877,348,151	22,862,140,820
From 1 to 30 days	1,108,825,082	286,988,550	440,226,460
From 31 to 60 days	169,716,863	173,070,453	73,694,849
From 61 to 90 days	277,649,745	162,443,747	18,152,544
From 91 to 120 days	23,787,297	26,304,840	0
From 121 to 180 days	26,022,047	0	0
More than 180 days	29,956,009	0	0
Judicial collection	143,392,655	0	0
	<u>¢ 44,214,646,081</u>	<u>38,526,155,741</u>	<u>23,394,214,673</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

c) Delinquent and past due loan portfolio

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

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Number of operations	3	0	0
Delinquent and past due loans not accumulating interests	¢ <u>143,392,655</u>	<u>0</u>	<u>0</u>
Delinquent and past due loans with interest recognition	¢ 1,635,957,043	648,807,590	532,073,853
Total of not received interest	¢ 18,042,152	9,096,849	17,395,026

d) Loan portfolio by type of guarantee:

The loan portfolio by type of guarantee is as follows:

	<u>September 2024</u>	<u>December 2023</u>	<u>September 2023</u>
Current loans	¢ 121,491,791	113,957,144	88,954,160
Past due loans	9,779,403	5,662,386	3,135,168
Loans in judicial collection	<u>3,599,528</u>	<u>0</u>	<u>0</u>
	¢ <u>134,870,722</u>	<u>119,619,530</u>	<u>92,089,328</u>

e) Allowance for impairment of loan portfolio

Balance at the beginning of 2024	¢ 89,613,842
Plus:	
Provision charged to results	1,718,284
Adjustment for exchange differences	
Less:	
Adjustment for exchange differences	<u>(2,007,671)</u>
Balance as of September 30, 2024	¢ <u>89,324,454</u>
Balance at the beginning of 2023	¢ 95,034,266
Plus:	
Adjustment for exchange differences	254,748
Less:	
Adjustment for exchange differences	<u>(5,675,172)</u>
Balance as of December 31, 2023	¢ <u>89,613,842</u>
Balance at the beginning of 2023	¢ 95,034,266
Plus:	
Provision charged to results	254,748
Less:	
Adjustment for exchange differences	<u>(4,558,757)</u>
Balance as of September 30, 2023	¢ <u>90,730,257</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

f) Loan portfolio by kind of guarantee:

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

	September 2024	December 2023	September 2023
Guarantee			
Fiduciary	665,861,304	188,119,186	202,084,679
Mortgage ¢	20,414,785,790	11,193,376,745	6,301,781,862
Chattel	1,620,428,868	900,171,724	754,648,431
Other	21,513,570,119	26,244,488,086	16,135,699,701
¢	44,214,646,081	38,526,155,741	23,394,214,673

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

	Direct Loan Portfolio		
	September 2024	December 2023	September 2023
Principal	¢ 44,214,646,081	38,526,155,741	23,394,214,673
Interest receivable	134,870,722	119,619,530	92,089,328
	44,349,516,803	38,645,775,271	23,486,304,001
Allowance for bad loans	(89,324,454)	(89,613,842)	(90,730,257)
Carrying amount	¢ 44,260,192,349	38,556,161,429	23,395,573,744
Loan portfolio			
Total, balances:			
1	¢ 38,746,054,054	35,242,018,234	22,152,673,906
2	127,920,327	146,851,917	103,347,516
3	5,218,707,041	3,146,667,348	1,145,670,729
4	48,673,215	83,317,906	84,611,850
5	6,139,537	26,919,866	0
	44,349,516,803	38,645,775,271	23,486,304,001
Minimum allowance	(286,406,807)	(164,297,072)	(196,895,925)
Carrying amount, net	¢ 44,063,109,996	38,481,478,199	23,289,408,076
Carrying amount	44,349,516,803	38,645,775,271	23,486,304,001
Allowance for bad loans	(286,406,807)	(164,297,072)	(196,895,925)
(Surplus) inadequacy of			
Allowance	197,082,353	74,683,230	106,165,668
Carrying amount, net	6a ¢ 44,260,192,349	38,556,161,429	23,395,573,744

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The assessed loan portfolio including allowance is detailed as follows:

As of September 30, 2024

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct specific allowance				
1	38,746,054,054	0	0	(96,870,245)
2	127,920,327	0	0	(1,162,222)
3	5,218,707,041	0	0	(159,606,835)
4	48,673,215	0	0	(5,782,328)
5	6,139,537	0	0	(1,158,684)
6	202,022,629	0	0	(21,826,493)
¢	44,349,516,803	0	0	(286,406,807)

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Aging of loan portfolio				
Direct specific allowance				
Up to date	42,556,788,174	0	0	(246,072,803)
Equal or less than 30 days	1,113,112,815	0	0	(3,835,404)
Equal or less than 60 days	171,176,081	0	0	(3,598,687)
Equal or less than 90 days	280,781,611	0	0	(11,297,760)
Equal or less than 180 days	50,496,796	0	0	(7,792,607)
More than 180 days	177,161,326	0	0	(13,809,546)
¢	44,349,516,803	0	0	(286,406,807)

As of December 31, 2023

Loan portfolio	Direct Loan Portfolio			
	Principal	Covered balance	Overdraft	Allowance
Direct generic allowance				
1	35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
¢	35,242,018,234	15,210,666,108	20,031,352,126	(88,553,092)
Direct specific allowance				
2	146,851,917	118,680,821	28,171,096	(2,001,959)
3	3,146,667,348	2,946,924,926	199,742,422	(64,670,230)
4	83,317,906	83,317,906	0	(416,590)
5	26,919,866	14,660,007	12,259,859	(8,655,201)
6	0	0	0	0
	3,403,757,037	3,163,583,660	240,173,377	(75,743,980)
¢	38,645,775,271	18,374,249,768	20,271,525,503	(164,297,072)

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Loan portfolio

Aging of loan portfolio

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

As of September 30, 2023

Loan portfolio

Direct generic allowance

		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
1	¢	22,152,673,906	7,644,220,079	14,508,453,827	(55,780,651)
		<u>22,152,673,906</u>	<u>7,644,220,079</u>	<u>14,508,453,827</u>	<u>(55,780,651)</u>
Direct specific allowance					
2		103,347,516	99,237,843	4,109,673	(701,673)
3		1,145,670,729	597,661,796	548,008,933	(139,990,542)
4		84,611,850	84,611,850	0	(423,059)
		<u>1,333,630,095</u>	<u>781,511,489</u>	<u>552,118,606</u>	<u>(141,115,274)</u>
	¢	<u>23,486,304,001</u>	<u>8,425,731,568</u>	<u>15,060,572,433</u>	<u>(196,895,925)</u>

Loan portfolio

Aging of loan portfolio

		Direct Loan Portfolio			
		Principal	Covered balance	Overdraft	Allowance
Direct generic allowance					
Up to date	¢	22,951,094,979	7,938,617,770	15,012,477,209	(55,069,461)
Equal or less than 30 days		442,322,430	410,212,468	32,109,962	(711,190)
		<u>23,393,417,409</u>	<u>8,348,830,238</u>	<u>15,044,587,171</u>	<u>(55,780,651)</u>
Direct specific allowance					
Up to date		0	0	0	(136,767,156)
Equal or less than 30 days		0	0	0	(789,231)
Equal or less than 60 days		74,464,408	66,705,004	7,759,404	(1,451,441)
Equal or less than 90 days		18,422,184	10,196,326	8,225,858	(2,107,446)
		<u>92,886,592</u>	<u>76,901,330</u>	<u>15,985,262</u>	<u>(141,115,274)</u>
	¢	<u>23,486,304,001</u>	<u>8,425,731,568</u>	<u>15,060,572,433</u>	<u>(196,895,925)</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		Loans receivable from clients	
As of September 30, 2024		Gross	Net
Risk category:			
1	¢	38,746,054,054	38,649,183,809
2		127,920,327	126,758,104
3		5,218,707,041	5,059,100,207
4		48,673,215	42,890,887
5		6,139,537	4,980,853
6		202,022,629	180,196,136
	¢	<u>44,349,516,803</u>	<u>44,063,109,996</u>

		Loans receivable from clients	
As of December 31, 2023		Gross	Net
Risk category:			
1	¢	35,242,018,234	35,153,465,142
2		146,851,917	144,849,958
3		3,146,667,348	3,081,997,118
4		83,317,906	82,901,316
5		26,919,866	18,264,665
6		0	0
	¢	<u>38,645,775,271</u>	<u>38,481,478,199</u>

		Loans receivable from clients	
As of September 30, 2023		Gross	Net
Risk category			
1	¢	22,152,673,906	22,096,893,256
2		103,347,516	102,645,843
3		1,145,670,729	1,005,680,186
4		84,611,850	84,188,791
	¢	<u>23,486,304,001</u>	<u>23,289,408,076</u>

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

As of September 30, 2024, resources have been transferred from the Development Credit Fund.

		September 2024	December 2023	September 2023
Banco Scotiabank	¢	4,673,960,000	3,437,000,000	0
Banco Promerica	¢	2,010,804,307	4,302,366,182	1,868,448,089
	¢	<u>6,684,764,307</u>	<u>7,739,366,182</u>	<u>1,868,448,089</u>

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

a) IAS 1: Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

BANCO DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

c) IAS 7: Statements of Cash Flows

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

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

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

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

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

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

e) IAS 12: Income tax

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

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

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

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

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

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

f) IAS 16: Property, Plant and Equipment

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

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

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

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

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

The supervised entities must keep their records and present their financial statements in Costa Rican colones.

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

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

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

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h) IAS 27: Consolidated and Separate Financial Statements

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

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

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

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

i) IAS 28: Investments in Associates and Joint Ventures

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

Supervised entities must present their separate financial statements.

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

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

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

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

l) IAS 38: Intangible Assets

The commercial banks listed in article 1 of Internal Regulations National Banking System (Law No. 1644) may present organization and installation expenses as an asset in the balance sheet, however, those expenses must be fully amortized on the 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 CONASIF standards.

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

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

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

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

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

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m) IAS 40: Investment Property

Investment properties must be valued at fair value.

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

n) IFRS 3: Business combinations (revised)

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

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

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

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

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

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

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

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

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

p) IFRS 9: Financial Instruments

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

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

- a. At amortized cost. If an entity, in accordance with its business model and the current regulatory framework, classifies a part of its investment portfolio in this category, it will disclose:
 - i. the fair value of financial assets classified in this category, in the quarterly financial statements and in the audited annual financial statement; and
 - ii. the gain or loss that should have been recognized in profit or loss for the financial statements indicated in the previous section.
- b. At fair value through other comprehensive income.
- c. At fair value through profit or loss: Participations in open investment funds must be registered in this category.

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

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

q) IFRS 13: Fair Value Measurement

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

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

r) International Financial Reporting Standard (IFRS) focused on Sustainability

On June 26, 2023, the International Sustainability Standards Board (ISSB) approved two International Financial Reporting Standards (IFRS) focused on Sustainability. These new standards are IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures.

In accordance with Circular No. 33-2023, Adoption of International Sustainability Financial Reporting Standards issued by the College of Public Accountants of Costa Rica and published in La Gaceta No. 3 of January 10, 2024, IFRS Standards S1 and S2 are adopted by the College of Public Accountants of Costa Rica as of January 1, 2024. Its application will be voluntary as of January 1, 2024, and mandatory for Companies and Entities supervised and regulated by CONASSIF that will report in 2026 the information of the fiscal year ending as of December 31, 2025. An entity is not required to disclose comparative information in the first annual reporting period in which such standards apply.

43). Figures for 2024

As of September 30, 2024, financial statement figures have not been reclassified for comparison with those of 2023, per modifications to the Chart of Accounts and CONASSIF Directive 06-18: "Regulation on the financial information" approved by CONASSIF.

44). Relevant and subsequent events

As of September 2024, there are relevant and subsequent events to disclose as follows:

a) Transfer of charges and observations

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

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

As of December 31, 2022, an adjustment for ₡11,124,931,039 (₡1,734,981,794.69 for provision reversal for IFRIC 23 is carried out by prescription corresponding to the period 2017, for December 31, 2020, corresponding to 2015 and ₡8,487,028,342, for December, 2021, corresponding to 2016).

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

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

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

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

On March 21, 2022, the Regularization Provision Proposal No. DGCN-SFPD-28-2021-4-321-03 is notified, informing the Bank of the differences found in the tax bases and tax quotas, as well as the facts and legal bases supporting it. The total debt is of ¢16,755,470,468 and interest of ¢8,042,094,675, corresponding to the 2017 fiscal period.

The Bank of Costa Rica expressed partial disagreement with the regulation proposal and is awaiting notification of the administrative act of settlement, with concrete expression of the facts and the legal bases that motivate the differences in the taxable bases and the tax quotas.

As of April 5, 2022, the Bank paid ¢32,663,336,583 to the Treasury.

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

b) Value added tax

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

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c) New administration of the Notarial Guarantee Fund

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

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

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

Declaration of health alert for COVID-19

Actions of the Government of Costa Rica

As of March 17, 2020, the decree of Fiscal Relief for COVID-19 is approved, establishing moratorium measures in the payment of income tax (VAT, selective consumption, and duties, from April to June 2020 they be declared and may be paid free of charge for interest or penalties until December 2020, a postponement of the payment term is granted, there is no forgiveness or amnesty).

In addition, it will not be necessary to pay the rent advance for the months of April to June 2020 and the VAT exemption on commercial rentals in the months of April to June 2020.

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

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

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

Financial Information Regulation

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

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Approved by CONASSIFF

- a. To extend to June 30, 2021, the option to renegotiate the agreed conditions of the credits up to twice in a 24-month period, without these being considered a special operation and therefore, without these adjustments having negative effects on the debtors' file at the Credit Information Center (CIC) (CP-BCCR-007-2020).
- b. This measure covers loans of more than ¢100 million and those equal to or less than this amount that already have two adjustments in the last 24 months.
- c. Loans of 100 million colones or less that to date have had two readjustments within the last 24 months, may readapt their operation once more during the period ending June 30, 2021, without qualifying as a special operation.
- d. This measure allows a third payment readjustment to clients who have already had two arrangements; that the renegotiations be for any operation regardless of the balance and suspend, for one year, the countercyclical provisions (an amount of the profits that should be kept month by month), to all financial entities.
- e. The National Council for the Supervision of the Financial System approved on Monday, March 23, new mitigation measures against the negative effects of the coronavirus on the economy of Costa Rica. These measures are complementary to those already taken previously and have the objective of granting access to credit measures to the affected debtors.
- f. Measures regarding the Payment Capacity: It was agreed to maintain the level of payment capacity that the companies or individuals had prior to the effects of COVID-19. This particular measure aims to facilitate the readjustments and / or refinancing of the credits. This measure is temporary; it is in force until March 31, 2021.
- g. Measures related credit policies and procedures: A measure that will ease the procedures for both the granting of new credits and their readjustments and/or refinancing, where financial institutions may omit, in their credit policies and procedures, the information that they ordinarily request from their clients to verify their ability to pay. This provision will be in force until March 31, 2021. Measures regarding the Suspension of Classification of Irregularities of the Sanitation Plan: It was agreed to suspend, for one year, the provision that classifies a financial entity in "type irregularity", when the institution has losses for six months or more, in the last 12 months. When a financial institution presents losses for six months or more, in the last 12 months, SUGEF immediately orders the implementation of a reorganization plan to counteract the situation. It is important to note that SUGEF must amend the parameters for determining the liquidity indicators. This measure will be in force for a twelve-month period.

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- h. Measures regarding the granting of periods of grace: In accordance with Directive 075-H issued by the Government, it was agreed to allow financial entities to establish grace periods for clients, without the payment of interest or principal. It is important to highlight that this measure will be implemented under the criteria of each financial entity, the term of the grace periods will be determined by each financial entity.
- i. Measures regarding the de-accumulation of countercyclical provisions: It was agreed to allow financial entities to establish processes of de-accumulation of counter-cyclical provisions and classify them as income. These estimates correspond to the money those financial institutions reserve to protect themselves from economic cycle risks and / or the effects of portfolio defaults.

General Superintendence of Financial Entities

- a. By Resolution SGF-0971-2 dated March 20, 2020, SUGEF agreed to reduce the “M” factor in the countercyclical allowance formula with the aim of adding opportunity and effectiveness to the dynamics of the countercyclical allowance model.
- b. It was agreed to establish the value of the “M” factor referred to in Article 6 of the SUGEF 19-16 Agreement.
- c. This minimum required percentage level of countercyclical allowance (“M”) will apply from the monthly close of March 2020 and will be subject to revision during the year 2020.
- d. This measure will allow financial entities to allocate resources to grant credits, which would ordinarily be foreseen for the reserves required by law.

Central Bank of Costa Rica

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

- a. It reduced the Monetary Policy Rate (TPM) by 100 basis points, to locate it at 1.25% annually, as of March 17, 2020,
- b. In addition, it agreed to reduce the gross interest rate on overnight deposits (DON) to 0.01% per year as of March 17, 2020, and those of the Permanent Credit Facility and the Permanent Market Deposit Facility Integrated Liquidity at 2.00% and 0.01%, respectively; and

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- c. Modify the control of the Minimum Legal Reserve from 97.5% to a minimum of 90%: “during each and every day of the reserve control period, the balance at the end of the day of deposits in the Central Bank must not be less than 90% of the minimum legal reserve requiring two previous natural fortnights”. This measure aims to free up a little daily liquidity in the country's commercial banks; however, it is important to note that the required percentages of the Minimum Legal Reserve have not changed (15% in US dollars and 12% in colones).
- d. With the aim of positively impacting the liquidity markets, as of March 24, the Central Bank will participate in the liquidity markets of the National Stock Market (overnight market and repurchase market) as an investor in US dollars. In addition, it will participate as an investor in colones with one-day and up to thirty-days terms.
- e. The Central Bank has informed its intention of participating in the Integrated Liquidity Market (the banks' liquidity market) during the next days, with investor positions in an one-day term.
- f. Through resolution JD-5922/09, the Board of Directors of the Central Bank agreed to modify the Regulations for credit operations of last instance in national currency of the Central Bank of Costa Rica, related to the reforms necessary for credit applications to be approved through a technological platform.
- g. The decisions are based on the analysis of the expected trajectory for inflation and its determinants, the risks in that forecast, and the lag with which the monetary policy measures take effect.
- h. These monetary policy measures are intended to continue to press down interest rates in the market, and thereby ease the financial situation of companies and households in the country.

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

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

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

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

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

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

- 2) Credit cards: With reference to credit cards, at the request of each client, a total grace period will be granted for a period of up to three months. During the months of the full grace period, you will be no charges for fees or default interest. During the months of the full grace period, no late fees nor default interests will be charged.

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

- 3) Credit lines: They will be attended to as specific situations, punctually analyzing each client to identify the need and provide a tailor-made solution. As an immediate response to the corporate sector, the Bank will allocate close to 100 billion colones to support the liquidity of its corporate clients, readjusting its credit operations in direct loans, to improve the cash flows of the companies.

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

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

As of September 30, 2024, Loans are detailed by activity in operations readjusted by Covid-19:

Loans – Balances converted to colones		
Activity	Colones	Converted US dollars
Agriculture	6,421,184,638	18,434,146,275
Trade	45,560,972,470	21,491,643,894
Construction	4,740,313,608	2,547,735,630
Retail	45,539,091,682	763,930,361
Livestock	2,220,835,895	0
Industry	23,859,032,628	0
Services	19,927,968,571	1,462,385,697
Transportation	13,691,011,766	0
Tourism	4,472,853,181	31,749,247,439
Housing	152,240,220,419	31,023,626,025
Total by currency	¢ 318,673,484,858	107,475,715,321
	426,149,200,179	

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Activity	Colones	Activity	
		US dollars	Total
Agriculture	243	33	276
Trade	463	34	497
Construction	16	9	25
Retail	5,663	128	5,791
Livestock	47	0	47
Industry	59	0	59
Services	294	10	304
Transportation	103	0	103
Tourism	34	17	51
Housing	7,188	875	8,063
Total	14,110	1,106	15,216

As of December 31, 2023

Loans – Balances converted to colones		
Activity	Colones	Converted US dollars
Agriculture	1,586,034,594	17,709,765,259
Trade	50,067,144,541	22,809,378,485
Construction	5,087,905,404	5,238,731,448
Retail	52,809,343,502	1,173,198,722
Livestock	2,464,920,387	0
Industry	27,384,406,858	1,731,379,009
Services	22,573,412,503	6,732,713,182
Transportation	16,203,835,083	0
Tourism	5,224,164,678	33,774,824,930
Housing	162,029,778,536	34,339,518,048
Total by currency	¢ 345,430,946,086	123,509,509,083
Total	¢ 468,940,455,169	

Activity	Colones	Activity	
		US dollars	Total
Agriculture	75	4	79
Trade	541	41	582
Construction	17	11	28
Retail	6,289	184	6,473
Livestock	50		50
Industry	75	1	76
Services	342	16	358
Transportation	117		117
Tourism	35	31	66
Housing	7,527	952	8,479
Total	15,068	1,240	16,308

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As of Septiembre 30, 2023

Loans – Balances converted to colones		
Activity	Colones	Converted US dollars
Agriculture	1,642,087,643	18,359,000,248
Trade	53,123,731,505	24,915,117,777
Construction	5,196,167,271	5,972,647,902
Retail	55,694,332,100	1,398,166,048
Livestock	2,610,025,929	0
Industry	28,123,889,670	1,809,967,609
Services	25,075,480,312	7,443,452,111
Transportation	17,066,994,499	0
Tourism	5,487,816,813	36,037,875,461
Housing	165,183,406,496	36,943,633,359
Total by currency	¢ 359,203,932,238	132,879,860,515
Total	¢ 492,083,792,753	

Activity	Colones	Amount in US Dollars	Total
Agriculture	76	4	80
Trade	597	42	639
Construction	17	11	28
Retail	6,500	224	6,724
Livestock	57	0	57
Industry	79	1	80
Services	370	18	388
Transportation	128	0	128
Tourism	37	34	71
Housing	7,662	981	8,643
Total	15,523	1,315	16,838

Effects of the pandemic on BICSA

As of December 31, 2020, the number of moratoriums granted by BICSA Group reaches an amount of 184.7 million dollars, which represents 12% of the total portfolio and provisions were made to cover the potential effect of macroeconomic impairment of the loan portfolio according to the entity's expected loss models.

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

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

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

Financial Information Regulation

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

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

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

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

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

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

Gradual increase of the Minimum Legal Reserve

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

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

Maximum annual interest rates for credits and microcredits

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

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

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	Semiannual	Semiannual	Semiannual
Every type of credit (except microcredits)	2/2023	1/2024	2/2024
Colones	38.16	38.55	38.98
US dollars	30.27	30.53	30.36
Microcredits			
Colones	53.83	54.37	54.98
US dollars	42.86	43.23	42.99
Credits in other currencies	7.38	7.56	7.44

For the purposes of this law, microcredit is understood to be any credit that does not exceed a maximum amount of 1.5 times the base salary of clerk 1 of the Judiciary, according to Law 7337, of May 5, 1993. Credit cards are excluded from microcredits.

Asset appraisal

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

CONASSIF Agreement 14-21 Regulation on calculation of credit estimates

Currently, according to SUGEF Agreement 1-05, debtors are individually classified in one of eight risk categories (A1, A2, B1, B2, C1, C2, D and E), with A1 being the lowest risk and E being the higher credit risk.

With the entry into force of the CONASSIF Agreement 14-21 as of January 1, 2024, credit operations or debts must be classified individually in risk categories, according to their classification from 1 to 8, with category 1 corresponding to the one with the lowest credit risk and 8 the one with the highest credit risk.

Approved by the National Council for Supervision of the Financial System through articles 8 and 9, of the minutes of sessions 1699-2021 and 1700-2021, held on November 11 and 15, 2021, respectively, it comes into force as of January 1, 2024. Published in scope 241 of the official paper La Gaceta 229 on Friday, November 26, 2021.

Through article 7, of the minutes of session 540-2005, held on November 24, 2005, the CONASSIF approved the Regulation for the Classification of Debtors, SUGEF Agreement 1-05, establishing the methodological framework for the classification of debtors and the corresponding estimates. Such Regulation covers the entities supervised by SUGEF.

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In accordance with articles 6 and 5 of the minutes of sessions 1442-2018 and 1443-2018, both held on September 11, 2018, the Financial Reporting Regulations, CONASSIF Agreement 06-18, (hereinafter: RIF) were approved, effective as of January 1, 2020, and published in Scope 188 of the official paper La Gaceta 196 of October 24, 2018. The RIF is a regulation with scope to all entities supervised by the four financial superintendencies of the country. With the approval of the RIF, the regulatory accounting base was updated with the purpose of moving towards the adoption in the National Financial System (SFN) of the International Financial Reporting Standards (IFRS) with its most recent amendments, issued by the International Standards Board of Accounting (IASB), to promote comparability and the reading of financial information for both national and foreign users. In Consideration XXXIV of such Regulation, it was established that until IFRS 9, Financial Instruments, for the loan portfolio of financial intermediaries is implemented in Costa Rica, the provisions established in the Regulation for the classification of debtors of SUGEF Agreement 1-05 will remain in force and the entities will continue to calculate the estimates according to the methodology provided in such Regulation. Likewise, through Transitory III of the RIF it was established that for the application of IFRS 9, specifically for the measurement of expected credit losses, the prudential regulation issued by CONASSIF for the portfolio of loans and contingent credits granted will continue, until this rule is modified.

The proposed regulation is an advance with respect to the current regulation in at least the following aspects: i) It recognizes the existence of different lines of credit business, so that the measurement of credit estimates is more sensitive to the inherent risk of each relevant line. ii) It establishes segments according to the type of credit that allow to distinguish between an operation approach, for retail portfolios that can be treated as homogeneous risk groups, and a debtor approach, for business and corporate portfolios. iii) It improves the calculation of estimates for each relevant line using prospective elements consistent with expected credit loss approaches. These approaches identify three essential components of credit losses: a) the probability of default, b) the severity of loss given default, and c) the exposure given default. In all cases, relevant historical information from each line of business is used to calibrate the corresponding risk factors. In the particular case of the probability of default, the usual practice contemplates the calculation of historical default rates and their subsequent transformation into default probabilities, using a forecast function that includes scenarios for the relevant environmental conditions over a 12-month horizon. Through this forecast, the default metric is given its prospective value. This Regulation establishes a standard methodology developed by SUGEF. The methodology incorporates several of the concepts indicated in the previous points, however, the standard model is not pure IFRS 9 and contains prudential aspects. This implies that it is up to SUGEF to design the model and update the parameters of the standard model that entities will use to calculate regulatory credit estimates. However, the Regulation allows entities to develop and use internal IFRS 9 methodologies for regulatory segments, which may be used in the internal calculation of their credit estimates.

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It adjusts the credit mitigation value, transforming the “acceptance percentage” included in the current regulation, by an adjustment factor calculated with loss severity criteria in case of default (one minus recovery percentage), likewise, it comprehensively reviews the admissible guarantees and collateral to limit their use in the standard methodology to those that have demonstrated recovery effectiveness under stress scenarios.

The regulation segments the credit portfolio into several risk categories that can be associated with the three stages identified by IFRS 9. Supervised entities may calculate the corresponding probabilities of default for 12 months and for the life of the credit according to the provisions of IFRS 9 and complement the calculation of regulatory estimates. These three segments are defined in the regulation as follows:

- a) Stage 1: Operations at Normal Risk. Includes transactions without evidence of a significant increase in credit risk since their initial recognition.
- b) Stage 2: Special Surveillance Operations. Included are operations that present a significant increase in credit risk with respect to the risk assessment carried out in the initial recognition of the operation, without becoming doubtful or failed operations. To evaluate whether there is a significant increase in credit risk, the entity will use qualitative and quantitative indicators (relative variation in the Probability of Default with respect to that estimated at the time the operation originated). Likewise, the automatic criteria that define a debtor with a special operation will be applied. In this case, classification to Stage 2 will be made for the total amount of the credit.
- c) Stage 3: Operations of Doubtful Recovery. Included are operations that present objective evidence of impairment, which occurs when a non-compliance event has occurred, or it is considered that there is a high probability that it will occur.

The concept of Special Operations is adjusted as provided in the current regulation, to give rise to the concept of Debtor with Special Operation, located in Stage 2 (Operations under Special Surveillance) or in Stage 3 (Operations of doubtful recovery). The classification in these stages is consistent with healthy risk management, by identifying credit operations whose payment conditions have been modified or that have special payment conditions such as extension, readjustment, or refinancing. Currently, the regulation refers to special operations in individual terms and in this case, the impact of the operations will be considered at the debtor’s level. Therefore, the debtor's rating must be maintained for a reasonable period before improving its rating to evaluate the debtor's payment behavior under the modified terms or maintain the debtor's rating while it has at least one loan with special payment conditions.

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Financial institutions may use internal methodologies based on expected credit losses to calculate credit estimates. However, the recorded amount of these estimates may not be less than the amount resulting from using the standard approach if such methodologies have not obtained no objection from the SUGEF and a prudential period of up to a maximum of 24 months has elapsed and that SUGEF will determine in the same act. During this period, both results will be calculated and reported in parallel and the amount in excess of that minimum must be recorded in accounting in a reserve account duly identified in assets.

The guarantee that supports more than one credit operation must be considered according to the percentage of responsibility established in the credit contract for the calculation of the adjusted value of the guarantee corresponding to each credit operation. If the percentage of liability is not established, the guaranteed coverage is calculated in proportion to the total balances owed from the guaranteed credit operations. For the purposes of this calculation, the total balance owed on contingent operations must be multiplied by the respective credit equivalence factor.

The application of the mitigating effect of guarantees in the calculation of credit estimates will be conditional on compliance with each of the following aspects, which will be considered a minimum to provide legal certainty on the collectability of guarantees: a) For the assets that require registration in a public registry, that the guarantee is duly registered; b) That the legal mechanism for delivery, transfer, appropriation, adjudication and settlement of the collateral asset corresponds to its nature, and; c) That it is legally enforceable unconditionally in the event of non-compliance with credit obligations. It is the responsibility of the financial institution to verify compliance with each of the above aspects, before applying the mitigation effect of the guarantees.

The loss in case of default to be used in the calculation of the specific estimates will be determined according to the following methodology:

- a) In the case of real collateral, such as real estate or personal property, the regulatory LGD (Loss Given Default) is calculated using the following formula:

$$\text{LGD average} = \max \{ (\text{EAD}_R - \text{Guarantee mitigating amount}) / \text{EAD}_R, 0 \}$$
$$\text{LGD}_R = \text{LGD min} + (1 - \text{LGD min}) \times \text{LGD average}$$

Where:

LGD min: Minimum LGD value of 10%

LGD average: Percentage of EAD value lost after default.

LGD regulatory (LryGD_R): Loss given default to be used in the calculation of specific estimates.

EAD_R: Exposure in the event of non-compliance, regulatory.

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- b) In the case of financial collateral and other collection rights, the regulatory LGD is calculated using the following formula:

$$\text{LGD}_{\text{prom}} = \max \{ (\text{EAD}_{\text{R}} - \text{Guarantee mitigating amount}) / \text{EAD}_{\text{R}}, 0 \}$$
$$\text{LGD}_{\text{R}} = \text{LGD}_{\text{min}} + (1 - \text{LGD}_{\text{min}}) \times \text{LGD}_{\text{average}}$$

Where:

LGD min:	Minimum LGD value of 5%
LGD average:	Percentage of EAD value lost after default.
LGD regulatory (LGD_R):	Loss given default to be used in the calculation of specific estimates.
EAD_R:	Exposure in the event of non-compliance, regulatory.

Dividend distribution

As of April 29, 2024, Banporcesa S.R.L. distributed dividends in the amount of ¢200,000,000, according to the resolution of the Extraordinary General Meeting of Quota Holders No. 05-24, dated April 1, 2024.

As of May 9, 2024, BCR Pensión Operadora de Planes de Pensiones, S.A. distributed dividends in the amount of ¢600,000,000, according to the resolution of the Extraordinary General Meeting of Shareholders No. 09-24, dated March 20, 2024.

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

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

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

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

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

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(45) Authorization date for issuance of financial statements

The General Management of the Bank authorized the issuance of the separate financial statements on October 28, 2024. SUGEF has the possibility of requiring modifications to the financial statements after their date of authorization for issuance.