BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Financial Information required by the
Superintendency General of Financial Entities

Consolidated Financial Statements

As of March 31, 2025
(With corresponding figures for 2024)

(Translation into English of the original report in Spanish)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2025 AND 2024 AND DECEMBER 31, 2024
(In US dollars)

	Note	March 2025	December 2024	March 2024
ASSETS				
Cash and due from banks	**9**	**2,993,866,832**	**2,798,980,188**	**2,859,070,571**
Cash		152,497,071	228,493,743	190,082,643
BCCR		2,001,485,880	1,900,554,524	1,832,165,904
Local financial entities		1,964,816	2,731,562	1,193,549
Foreign financial entities		512,856,851	374,187,595	559,731,429
Notes payable on demand		34,710,578	15,918,148	12,427,183
Restricted cash and due from banks		290,351,636	277,094,616	263,469,863
Investments in financial instruments	**10**	**2,778,640,065**	**3,149,554,457**	**3,156,266,860**
At fair value through profit or loss (FVTPL)		37,761,821	31,964,658	49,466,549
At fair value through other comprehensive income (FVOCI)		1,552,902,105	1,567,573,075	1,299,822,337
At amortized cost		1,154,964,185	1,505,715,872	1,768,146,164
Derivative financial instruments	**11**	20,484	51,789	480,757
Accrued interest receivable		34,871,567	46,783,101	41,409,024
(Allowance for impairment of investments in financial instruments)		(1,880,097)	(2,534,038)	(3,057,971)
Loan portfolio	**12**	**10,235,990,535**	**10,016,210,368**	**9,646,940,505**
Current		9,895,311,420	9,722,399,744	9,162,628,961
Past due		465,740,189	408,394,026	497,836,122
In legal collection		164,860,918	169,097,182	159,823,446
Direct incremental costs related to loans		15,652,756	14,732,339	12,887,170
(Deferred income on loan portfolio)		(107,777,569)	(104,664,258)	(96,127,269)
Accrued interest receivable		167,241,920	161,917,045	184,579,981
(Allowance for loan losses)		(365,039,099)	(355,665,710)	(274,687,906)
Accounts and fees and commissions receivable	**13**	**16,370,924**	**9,711,705**	**29,945,985**
Fees and commissions receivable		4,629,567	3,743,709	4,067,003
Accounts receivable for transactions with related parties		126,757	77,562	96,399
Deferred tax and income tax receivable		9,864,997	3,937,143	24,059,393
Other receivables		16,766,130	17,115,625	16,684,315
Accrued interest receivable		2,990	2,779	4,781
(Allowance for impairment of accounts and fees and commissions receivable)		(15,019,517)	(15,165,113)	(14,965,906)
Assets held for sale	**14**	**45,516,212**	**47,518,423**	**85,838,227**
Assets and securities acquired in lieu of payment		55,678,755	56,575,664	199,858,083
(Allowance for impairment and per legal requirements)		(10,162,543)	(9,057,241)	(114,019,856)
Investments in other companies	**15**	**137,993,607**	**135,769,250**	**131,667,016**
Property, furniture and equipment, net	**16**	**452,888,860**	**451,991,807**	**462,446,478**
Other assets	**17**	**208,000,430**	**240,113,429**	**74,916,930**
Deferred charges		722,541	746,118	37,708
Intangible assets		8,297,086	7,281,277	9,511,525
Other assets held for sale outside of the scope of IFRS 5		113,222,077	107,265,936	-
Other assets		85,758,726	124,820,098	65,367,697
TOTAL ASSETS		**16,869,267,465**	**16,849,849,627**	**16,447,092,572**

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BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2025 AND 2024 AND DECEMBER 31, 2024
(In US dollars)

LIABILITIES AND EQUITY	Note	March 2025	December 2024	March 2024
LIABILITIES				
Obligations with the public	18	**13,696,365,501**	**13,638,660,343**	**13,268,567,161**
Demand obligations		9,191,344,262	9,544,254,457	9,118,427,886
Term obligations		4,404,641,194	3,989,604,446	4,037,741,591
Finance charges payable		100,380,045	104,801,440	112,397,684
Obligations with BCCR	19	**249,191**	**251,041,619**	**283,355,888**
Term obligations		249,191	243,839,410	276,835,392
Finance charges payable		-	7,202,209	6,520,496
Obligations with entities	20	**1,012,349,168**	**794,798,691**	**877,931,585**
Demand obligations		105,674,738	74,849,190	122,956,228
Term obligations		901,733,412	717,792,930	750,842,664
Finance charges payable		4,941,018	2,156,571	4,132,693
Accounts payable and provisions		**259,854,577**	**332,966,295**	**271,535,985**
Provisions	22	31,945,140	25,605,055	53,602,425
Accounts payable for brokerage services		834,734	1,057,652	1,087,070
Deferred tax	21-b	34,086,521	34,466,393	37,765,290
Other sundry accounts payable	23	192,988,182	271,837,195	179,081,200
Other liabilities	24	**61,427,865**	**38,490,553**	**41,852,133**
Deferred income		135,415	143,765	172,117
Other liabilities		61,292,450	38,346,788	41,680,016
Subordinated obligations	25	**141,449,743**	**145,177,144**	**109,251,061**
Subordinated obligations		140,000,000	140,000,000	107,250,000
Finance charges payable		1,449,743	5,177,144	2,001,061
TOTAL LIABILITIES		**15,171,696,045**	**15,201,134,645**	**14,852,493,813**
EQUITY				
Share capital		**329,078,821**	**329,078,821**	**329,078,821**
Paid-in capital	26-a	329,078,821	329,078,821	329,078,821
Equity adjustments - Other comprehensive income		**120,465,879**	**125,998,915**	**123,501,617**
Reserves	26-b	**953,079,487**	**873,272,371**	**867,489,119**
Prior-period retained earnings		**36,067,091**	**28,487,937**	**32,334,309**
Income for the period		**25,788,403**	**99,838,246**	**31,899,851**
Capital contributions or special funds	26-c	**103,305,951**	**90,252,247**	**90,286,605**
Effect of translation of the financial statements		**129,785,788**	**101,786,445**	**120,008,437**
TOTAL EQUITY		**1,697,571,420**	**1,648,714,982**	**1,594,598,759**
TOTAL LIABILITIES AND EQUITY		**16,869,267,465**	**16,849,849,627**	**16,447,092,572**
DEBIT MEMORANDA ACCOUNTS	27	**886,599,689**	**864,281,775**	**807,173,746**
TRUST ASSETS	28	**4,594,609,440**	**5,551,917,748**	**5,817,990,374**
TRUST LIABILITIES		**109,450,366**	**116,446,947**	**118,714,705**
TRUST EQUITY		**4,485,159,074**	**5,435,470,800**	**5,699,275,669**
TRUST MEMORANDA ACCOUNTS		**19,620,290**	**19,370,488**	**13,192,792**
OTHER DEBIT MEMORANDA ACCOUNTS	29	**77,848,678,373**	**78,536,795,006**	**72,257,373,115**
Own debit memoranda accounts		28,334,211,580	29,720,309,922	25,871,875,325
Third-party debit memoranda accounts		10,683,204,624	10,592,463,591	10,073,300,692
Own debit memoranda accounts for custodial activities		1,525,891,024	1,499,668,912	1,264,386,293
Third-party debit memoranda accounts for custodial activities		37,305,371,145	36,724,352,581	35,047,810,805

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.06.30 16:07:56 -06'00'

Rosaysella Ulloa Villalobos
Gerente General

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Alejandra Morales Centeno
Contadora General
CPI 21119

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Ricardo Araya Jiménez
Auditor General

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

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BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Situación Financiera
2025-06-26 10:18:12 -0600

CONTADOR PRIVADO INCORPORADO COSTA RICA
MORALES CENTENO ALEJANDRA
CPI No. 21119

COLEGIO DE CONTADORES PRIVADOS DE COSTA RICA
TIMBRE ₡300
TIMBRE 300.0 COLONES

VERIFICACIÓN: y92p9DTm
https://timbres.contador.co.cr

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In US dollars)

	Note	March 2025	March 2024
Finance income			
Cash and due from banks	**33**	6,193,820	7,518,695
Investments in financial instruments	**33**	46,419,815	47,108,505
Loan portfolio	**34**	228,541,785	223,912,830
Gain on financial instruments at FVTPL		141,645	1,155,432
Gain on financial instruments at FVOCI		2,974,062	4,639,417
Gain on derivative financial instruments, net	**11**	-	53,635
Other finance income	**35**	2,290,745	1,828,501
Total finance income		**286,561,872**	**286,217,015**
Finance costs			
Obligations with the public	**36**	94,898,678	108,644,432
Obligations with BCCR		66,979	557,094
Obligations with financial and non-financial entities	**37**	10,026,711	10,430,479
Subordinated, convertible and preferred obligations		3,611,781	3,074,603
Loss on foreign exchange differences and DU, net	**6-d**	24,494	503,823
Loss on financial instruments at FVTPL		1,755	722,539
Loss on financial instruments at FVOCI		213,700	199,448
Loss on derivative financial instruments, net	**11**	67,137	-
Other finance costs	**38**	303,723	297,982
Total finance costs		**109,214,958**	**124,430,400**
Allowance for impairment of assets	**39**	35,034,398	33,375,723
Recovery of assets and decrease in allowances	**40**	5,882,921	7,586,743
FINANCE INCOME		**148,195,437**	**135,997,635**
Other operating income			
Service fees and commissions	**41**	84,781,427	82,295,571
Assets held for sale		2,247,655	9,301,820
Gain on investments in other companies	**8**	2,253,745	1,720,267
Foreign currency exchange and arbitrage		**16,350,528**	**15,748,794**
Other assets held for sale outside of the scope of IFRS 5		238,824	-
Other income from related parties		71,621	93,586
Other operating income	**42**	3,480,218	5,753,277
Total other operating income		**109,424,018**	**114,913,315**

Continued…

BANCO NACIONAL DE COSTA RICA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In US dollars)

	Note	March 2025	March 2024
Other operating expenses			
Service fees and commissions		18,458,326	20,066,434
Assets held for sale	**43**	3,283,091	4,517,014
Other assets held for sale outside of the scope of IFRS 5	**43**	2,191,270	-
Provisions	**44**	15,355,474	11,686,729
Bonuses on fees and commissions of voluntary pension funds		63,174	130,216
Foreign currency exchange and arbitrage		29,852	25
Other expenses with related parties		23,749	-
Other operating expenses	**45**	40,402,147	38,466,134
Total other operating expenses		**79,807,083**	**74,866,552**
GROSS OPERATING INCOME		**177,812,372**	**176,044,398**
Administrative expenses			
Personnel expenses	**46**	82,241,483	80,411,446
Other administrative expenses	**47**	44,122,442	38,597,430
Total administrative expenses		**126,363,925**	**119,008,876**
NET OPERATING INCOME BEFORE TAXES AND STATUTORY ALLOCATIONS		**51,448,447**	**57,035,522**
Income tax	**21-a**	10,992,325	7,682,144
Prior period income tax	**21-a**	-	538
Deferred tax	**21-a**	471,209	721,352
Deferred tax income	**21-a**	**187,747**	**226,031**
Statutory allocations	**48**	**14,384,257**	**16,957,668**
INCOME FOR THE PERIOD		**25,788,403**	**31,899,851**
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items that will not be reclassified to profit or loss			
Surplus from revaluation of property		180,678	162,209
Other adjustments		(2,406,407)	(7,769,500)
Items that are or may be reclassified to profit or loss			
Adjustment for valuation of investments at FVOCI		(2,705,385)	2,112,756
Adjustment for valuation of restricted financial instruments		(35)	(17)
Surplus from revaluation of other assets		(159)	4,646
Effect of translation of the financial statements		27,999,343	60,879,039
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**23,068,035**	**55,389,133**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**48,856,438**	**87,288,984**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.06.30 16:06:16 -06'00'

Rosaysella Ulloa Villalobos
Gerente General

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Alejandra Morales Centeno
Contadora General
CPI 21119

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Ricardo Araya Jiménez
Auditor General

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

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BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Resultados Integral
2025-06-26 10:18:12 -0600

CONTADOR PRIVADO INCORPORADO MORALES CENTENO ALEJANDRA CPI No. 21119 COSTA RICA

COLEGIO DE CONTADORES PRIVADOS DE COSTA RICA TIMBRE ₡300

TIMBRE 300.0 COLONES

VERIFICACIÓN: y92p9DTm
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BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, NET
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In US dollars)

	Note	Share capital	Equity adjustments - Other comprehensive income	Effect of translation	Reserves	Capital contributions in special funds	Prior-period retained earnings	Total
Balance as of December 31, 2023		**329,078,821**	**129,791,427**	**59,129,398**	**788,738,196**	**76,484,194**	**119,079,811**	**1,502,301,847**
Adjustment to statutory allocations from prior periods		-	-	-	-	-	5,007,928	5,007,928
Balance as of January 1, 2024		**329,078,821**	**129,791,427**	**59,129,398**	**788,738,196**	**76,484,194**	**124,087,739**	**1,507,309,775**
Transactions with owners booked directly in equity:								
Legal reserves		-	-	-	75,491,716	-	(75,491,716)	-
Other statutory reserves		-	-	-	3,259,207	-	(3,259,207)	-
Capital contributions in special funds		-	-	-	-	13,802,411	(13,802,411)	-
Total transactions with owners booked directly in equity		-	-	-	**78,750,923**	**13,802,411**	**(92,553,334)**	-
Comprehensive income for the period:								
Income for the period		-	-	-	-	-	31,899,851	31,899,851
Surplus from revaluation of property		-	162,209	-	-	-	-	162,209
Adjustment for valuation of investments at FVOCI	**10**	-	2,112,756	-	-	-	-	2,112,756
Adjustment for valuation of restricted financial instruments	**10**	-	(17)	-	-	-	-	(17)
Surplus from revaluation of other assets		-	4,646	-	-	-	-	4,646
Other adjustments		-	(7,769,500)	-	-	-	-	(7,769,500)
Realization of surplus from revaluation of property		-	(799,904)	-	-	-	799,904	-
Effect of translation of the financial statements		-	-	60,879,039	-	-	-	60,879,039
Total comprehensive income for the period		-	**(6,289,810)**	**60,879,039**	-	-	**32,699,755**	**87,288,984**
Balance as of March 31, 2024	**26**	**329,078,821**	**123,501,617**	**120,008,437**	**867,489,119**	**90,286,605**	**64,234,160**	**1,594,598,759**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.06.30 16:09:26 -06'00'

Rosaysella Ulloa Villalobos
Gerente General

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.06.30 11:31:28 -06'00'

Alejandra Morales Centeno
Contadora General
CPI 21119

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Ricardo Araya Jiménez
Auditor General

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

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BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Cambios en el Patrimonio
2025-06-26 10:18:13 -0600

CONTADOR PRIVADO INCORPORADO · COSTA RICA · MORALES CENTENO ALEJANDRA · CPI No. 21119

TIMBRE 300.0 COLONES

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BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, NET
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In US dollars)

	Note	Share capital	Equity adjustments - Other comprehensive income	Effect of translation	Reserves	Capital contributions in special funds	Prior-period retained earnings	Total
Balance as of December 31, 2024		**329,078,821**	**125,998,915**	**101,786,965**	**873,272,371**	**90,252,247**	**128,374,609**	**1,648,763,928**
Adjustment to income tax from prior periods		-	-	(520)	-	-	(48,426)	(48,946)
Balance as of Janaury 01, 2025		**329,078,821**	**125,998,915**	**101,786,445**	**873,272,371**	**90,252,247**	**128,326,183**	**1,648,714,982**
Transactions with owners booked directly in equity:								
Legal reserves		-	-	-	78,182,541	-	(78,182,541)	-
Other statutory reserves		-	-	-	1,624,575	-	(1,624,575)	-
Capital contributions in special funds		-	-	-	-	13,053,704	(13,053,704)	-
Total transactions with owners booked directly in equity		**-**	**-**	**-**	**79,807,116**	**13,053,704**	**(92,860,820)**	**-**
Comprehensive income for the period:								
Income for the period		-	-	-	-	-	25,788,403	25,788,403
Surplus from revaluation of property		-	180,678	-	-	-	-	180,678
Adjustment for valuation of investments at FVOCI	**10**	-	(2,705,385)	-	-	-	-	(2,705,385)
Adjustment for valuation of restricted financial instruments	**10**	-	(35)	-	-	-	-	(35)
Surplus from revaluation of other assets		-	(159)	-	-	-	-	(159)
Other adjustments		-	(2,406,407)	-	-	-	-	(2,406,407)
Realization of surplus from revaluation of property		-	(601,728)	-	-	-	601,728	-
Effect of translation of the financial statements		-	-	27,999,343	-	-	-	27,999,343
Total comprehensive income for the period		**-**	**(5,533,036)**	**27,999,343**	**-**	**-**	**26,390,131**	**48,856,438**
Balance as of March 31, 2025	**26**	**329,078,821**	**120,465,879**	**129,785,788**	**953,079,487**	**103,305,951**	**61,855,494**	**1,697,571,420**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.06.30 16:06:51 -06'00'

Rosaysella Ulloa Villalobos
Gerente General

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.06.30 11:32:06 -06'00'

Alejandra Morales Centeno
Contadora General
CPI 21119

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Ricardo Araya Jiménez
Auditor General

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BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Cambios en el Patrimonio
2025-06-26 10:18:13 -0600

CONTADOR PRIVADO INCORPORADO
MORALES CENTENO ALEJANDRA
CPI No. 21119
COSTA RICA

TIMBRE 300.0 COLONES

VERIFICACIÓN: y92p9DTm
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BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In U.S. dollar)

	Note	March 2025	March 2024
Cash flows from operating activities			
Income for the period		25,788,403	31,899,851
Items not requiring cash			
Depreciation and amortization		12,198,487	12,350,617
Gain on foreign exchange differences and DU, net		34,261,093	71,793,775
Loss on sale of non-financial assets		1,440,325	1,390,548
Finance income		(274,961,601)	(271,021,335)
Finance costs		63,721,806	69,167,749
Allowance for investments, net		(1,372,852)	(75,629)
Allowance for direct loans and stand-by credits, net		34,430,912	31,448,400
Allowance for other accounts receivable, net		158,764	366,665
Gain on allowance for assets held for sale, net		(692,185)	(8,558,622)
Severance provision		90,030	26,716
Other provisions		15,181,263	10,310,094
Share of profit of foreign associate, net		(2,253,745)	(1,720,267)
Statutory allocations, net		14,384,257	16,957,668
Income tax expense, net	**21-a**	10,992,325	7,682,682
Deferred tax	**21-a**	283,462	495,321
		(66,349,256)	**(27,485,767)**
Cash flows from operating activities			
Loan portfolio		(134,528,725)	(157,968,868)
Accounts and fees and commissions receivable		(9,486,076)	(23,661,268)
Assets held for sale		8,551,896	9,718,539
Other assets		36,352,844	42,774,831
Obligations with the public		(91,414,536)	709,595,295
Obligations with BCCR and other entities		150,441,433	(15,460,507)
Obligations for accounts payable, fees and commissions payable and provisions		25,694,002	30,281,477
Other liabilities		18,705,200	(25,333,866)
		4,316,038	**569,945,633**
Income tax paid		(50,908,246)	(37,009,283)
Interest received on loan portfolio and investments		286,918,037	272,910,070
Interest paid on term obligations with the public and financial entities		(74,917,172)	(73,355,608)
Statutory allocations paid		(60,373,064)	(52,745,782)
Net cash (used in) from operating activities		**38,686,337**	**652,259,263**
Cash flows from investing activities			
Increase in financial instruments		(1,514,857,421)	(929,997,985)
Decrease in financial instruments		1,538,893,580	556,929,539
Acquisition of property and equipment		(35,674,115)	(33,646,921)
Sale of property and equipment		377,192	276,073
Acquisition of intangible assets		(2,756,026)	(591,905)
Net cash (used in) investing activities		**(14,016,790)**	**(407,031,199)**
Cash flows from financing activities			
Settlement of financial obligations		(249,556,229)	(9,925,770)
New financial obligations		54,811,487	-
Payment of lease liabilities		(2,035,055)	(1,559,469)
Net cash from (used in) financing activities		**(196,779,797)**	**(11,485,239)**
Net (decrease) increase in cash and cash equivalents		**(172,110,250)**	**233,742,825**
Cash and cash equivalents at beginning of period		**3,227,949,713**	**3,128,851,574**
Cash and cash equivalents at end of period	**9**	**3,055,839,463**	**3,362,594,399**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.06.30 16:07:15 -06'00'

Rosaysella Ulloa Villalobos
Gerente General

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.06.30 11:32:39 -06'00'

Alejandra Morales Centeno
Contadora General
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Firmado digitalmente por RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Fecha: 2025.06.30 14:22:39 -06'00'

Ricardo Araya Jiménez
Auditor General

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

(1) Reporting entity

Banco Nacional de Costa Rica (the Bank) is an autonomous, independently managed, public law institution. As a State-owned 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 the Political Constitution of the Republic of Costa Rica. It is also subject to oversight by the National Financial System Oversight Board (CONASSIF) and the Comptroller General of the Republic (CGR). The Bank's registered office is located in San José, Costa Rica.

Pursuant to current regulations, the services offered by the Bank have been divided into three departments: Commercial Banking, Mortgage Banking and Rural Credit Banking.

In agreement with IRNBS, if a bank divides its services into departments, its operations must be conducted through those departments based on the nature of the operations, rather than as a single banking institution. The Bank's three departments are independent from one another, except for administrative limitations established by the aforementioned regulations. Those regulations also prescribe that earnings must be calculated by combining the gains and losses of all departments and proportionally distributing the resulting net earnings to each department's equity.

Currently, due to innovations in information technology and telecommunications, and especially because of the competition in the national and international financial sectors, the Bank has become a universal bank that offers services in all sectors of the Costa Rican market. Those services include personal, business, corporate and institutional banking, stock market, pension fund management, investment funds, insurance brokerage, international banking services and electronic banking services. It seeks to become the most digitalized, leading financial conglomerate in Costa Rica by offering the best customer experience, obtaining sufficient profitability levels to grow and support the country's development, and ensuring excellent organizational health.

(Continued)

As of March 31, 2025, the Bank has 153 offices, 454 ATMs and along with its subsidiaries a total of 5,947 employees (2024: 153 offices, 461 ATMs and along with its subsidiaries a total of 5,731 employees). Employees are distributed as follows: Banco Nacional de Costa Rica - 5,429 employees (2024: 5,266); BN Valores Puesto de Bolsa, S.A. - 78 employees (2024: 73); BN Vital Operadora de Planes de Pensiones Complementarias, S.A. - 216 employees (2024: 193); BN Sociedad Administradora de Fondos de Inversión, S.A. - 99 employees (2024: 95); BN Sociedad Corredora de Seguros, S.A. - 121 employees (2024: 104); and BN Centro de Procesos, S.A.- 4 employees (2024: nil). The Bank's website is www.bncr.fi.cr.

The following subsidiaries are wholly owned by the Bank:

BN Valores Puesto de Bolsa, S.A. (the Brokerage Firm) was organized as a corporation in 1998 under the laws of the Republic of Costa Rica. Its main activity is performing securities transactions in the Costa Rican National Stock Exchange (Bolsa Nacional de Valores, S.A.) on behalf of third parties. Such transactions are regulated by the Costa Rican National Stock Exchange, the regulations and provisions issued by the Superintendency General of Securities (SUGEVAL) and the *Securities Market Regulatory Law*.

BN Sociedad Administradora de Fondos de Inversión, S.A. (the Investment Fund Manager) was organized as a corporation on April 29, 1998, under the laws of the Republic of Costa Rica. Its main activity is the management on behalf of third parties of closed and open investment funds listed in the Costa Rican National Stock Exchange and SUGEVAL.

BN Vital Operadora de Planes de Pensiones Complementarias, S.A. (the Pension Fund Manager) was organized as a corporation on December 31, 1998, under the laws of the Republic of Costa Rica. Its main activity is offering supplemental old-age and death benefit plans and promoting medium- and long-term planning and savings. Its activities are governed by the *Law of the Private Supplemental Pension Fund System* (Law No. 7523) and the amendments thereto, the *Employee Protection Law* (Law No. 7983) and the Regulations on Opening and Operating Regulated Entities and Operating Pension, Compulsory and Voluntary Retirement Savings Funds as prescribed in the *Employee Protection Law*, Regulations on Regulated-Entity Investments and the directives issued by the Pensions Superintendency (SUPEN).

BN Sociedad Corredora de Seguros, S.A. (the Insurance Brokerage Firm) was organized as a corporation on May 19, 2009, under the laws of the Republic of Costa Rica. Its main activity is insurance brokerage for policies issued by insurance companies authorized to operate in Costa Rica. Its activities are governed by the *Insurance Market Regulatory Law* (Law No. 8653) and the regulations and provisions issued by the Superintendency General of Insurance (SUGESE).

BN Centro de Procesos, S.A. was organized as a corporation under the laws of the Republic of Costa Rica. It was authorized to operate in the financial conglomerate of Banco Nacional according to a resolution by CONASSIF, agreement in Article 10 of Minutes of Meeting No. CNS-1817/10 held on August 28, 2023. Subsequently, on October 9, through official communication SGF 2620-2023, the registration of the entity was confirmed. Its activities are regulated by the legal framework for the creation of a company for a financial conglomerate, paragraph 2 of Article 141 of the *Internal Regulations of the Central Bank of Costa Rica* (Law No. 7558) and numeral 3 of Article 73 of the *Internal Regulations of the National Banking and Financial System* (Law No. 1644) and CONASSIF through its regulations and provisions.

The Bank holds 49% ownership interest in the following associate:

Banco Internacional de Costa Rica, S.A. and Subsidiary (BICSA), which was organized under the laws of the Republic of Panama in 1976, BICSA operates under a general license granted by the Superintendency of Banks of Panama to engage in banking operations in Panama or abroad, BICSA's registered office is located in Panama City, Republic of Panama, calle Manuel María Icaza No. 25. BICSA has a branch in Miami, Florida, United States of America. Banco de Costa Rica holds the remaining 51% ownership interest.

(Continued)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The main components of the financial statements of the entities in which the Bank holds ownership interest are as follows:

		March 2025					
		BN Valores Puesto de Bolsa, S.A.	BN Sociedad Administradora de Fondos de Inversión, S.A.	BN Vital Operadora de Planes de Pensiones Complementarias, S.A.	BN Sociedad Corredora de Seguros, S.A.	BN Centro de Procesos	BICSA
Assets	US$	137,942,195	31,138,133	33,072,315	21,217,051	1,839,390	1,023,160,883
Liabilities	US$	105,929,339	3,318,809	3,815,402	3,361,645	12,612	885,267,677
Equity	US$	31,224,517	27,134,254	28,536,441	17,415,705	1,781,792	134,497,492
Translation adjustment	US$	788,339	685,070	720,472	439,701	44,986	3,395,714
Income for the period	US$	887,740	1,829,324	701,089	2,674,503	(58,534)	2,212,981
Memoranda accounts	US$	2,403,813,999	1,626,603,901	5,602,947,823	-	-	-

		December 2024					
		BN Valores Puesto de Bolsa, S.A.	BN Sociedad Administradora de Fondos de Inversión, S.A.	BN Vital Operadora de Planes de Pensiones Complementarias, S.A.	BN Sociedad Corredora de Seguros, S.A.	BN Centro de Procesos	BICSA
Assets	US$	134,623,439	31,062,689	36,070,997	21,796,346	1,855,559	1,018,803,968
Liabilities	US$	104,027,581	5,507,851	7,976,749	6,934,105	123	883,133,451
Equity	US$	30,271,143	25,283,624	27,796,082	14,704,507	1,835,745	134,230,639
Translation adjustment	US$	324,715	271,214	298,166	157,734	19,691	1,439,878
Income for the year	US$	3,005,702	6,248,228	3,988,039	10,386,137	(10,112)	7,826,643
Memoranda accounts	US$	2,261,644,649	1,655,981,711	5,601,269,247	-	-	-

		March 2024				
		BN Valores Puesto de Bolsa, S.A.	BN Sociedad Administradora de Fondos de Inversión, S.A.	BN Vital Operadora de Planes de Pensiones Complementarias, S.A.	BN Sociedad Corredora de Seguros, S.A.	BICSA
Assets	US$	132,222,878	27,382,839	35,296,718	19,977,420	980,743,078
Liabilities	US$	100,453,901	2,700,015	7,739,939	2,701,674	851,248,631
Equity	US$	28,376,260	22,046,862	24,613,898	15,430,811	115,665,298
Translation adjustment	US$	3,392,717	2,635,962	2,942,881	1,844,935	13,829,149
Income for the period	US$	652,402	1,340,841	1,461,404	2,168,633	1,567,916
Memoranda accounts	US$	2,143,784,476	1,425,474,785	5,183,752,342	-	-

(Continued)

(2) Basis of accounting

(a) Basis of accounting

The consolidated financial statements of the Bank and its subsidiaries (the Conglomerate) have been prepared in accordance with the accounting regulations issued by the National Financial System Oversight Board (CONASSIF), SUGEF, SUGEVAL, SUPEN and SUGESE.

These provisions are contained in CONASSIF Directive 6-18 *Regulation on Financial Information* (RFI), which regulates the adoption of International Financial Reporting Standards (IFRS) and their interpretation and establishes that these regulations must be applied in full, except for the prudential or regulatory treatments indicated therein.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through other comprehensive income (FVOCI), at fair value through profit or loss (FVTPL) and derivative financial instruments, which are measured at fair value; and assets held for sale, which are measured at the lower of their carrying amount and their estimated realizable value.

Loans, accounts receivable and deposits are initially recognized on the date on which they are originated. All other financial assets (including assets at FVTPL) are initially recognized on the transaction date, the date on which the Conglomerate commits to purchase or sell an instrument.

(3) Functional and presentation currency

These consolidated financial statements and notes thereto are expressed in US dollars (US$), which is the presentation currency. The consolidated financial statements and accompanying notes were translated into that currency based on the consolidated financial statements expressed in colones (¢), monetary unit of the Republic of Costa Rica and the Bank’s functional currency established by the regulator.

(4) Use of estimates and judgments

In preparing these consolidated financial statements management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Management applies judgment when determining, through the established control indicators, whether the Conglomerate controls an entity or a separate vehicle.

a- *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 5 (c) (ii) – Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the asset are solely payment of principal and interest (SPPI) on the principal amount outstanding.
- Note 5 (j) (ii) – Lease term: whether the Conglomerate is reasonably certain that it will exercise extension options.
- Note 5 (c) (iii) – Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information in the measurement of ECL and selection and approval of models used to measure ECL.

b- *Assumptions and estimation uncertainties*

Estimates and assumptions are reviewed periodically. The review of accounting estimates is recognized in profit or loss for the year. The following notes describe information concerning significant areas of estimation uncertainty and judgments adopted in the application of accounting policies that have a direct impact on the financial statements:

- material accounting policies
- risk management.

(Continued)

c- Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received, see Note 49 “Fair value of financial instruments.”

(5) Material accounting policies

The Conglomerate has consistently applied the following accounting policies to all years presented in the consolidated financial statements.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Conglomerate. The Conglomerate controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries described in Note 1 are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

ii. Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. As of March 31, 2025, the Bank holds 49% ownership interest in Banco Internacional de Costa Rica, S.A. and Subsidiary (BICSA), a Panamanian entity.

Changes in the Bank’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Loss of control

When the Bank loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained by the Bank in the former subsidiary is measured at fair value when control is lost.

iv. Interests in equity-accounted investees

CONASSIF requires the financial statements of investees to be presented unconsolidated and to account for those investments under the equity method. BICSA is a bank that was organized under the laws of the Republic of Panama. Since 1976, BICSA operates under a general license granted by the Superintendency of Banks of Panama to engage in banking operations in Panama or abroad.

v. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expenses (except for foreign exchange gains and losses) arising from intra-group transactions are eliminated during the preparation of the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

(b) Foreign currency

i. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into colones at the exchange rate at the date of the consolidated statement of financial position, except for transactions that have a contractually agreed exchange rate. Transactions in foreign currencies during the year are translated at the exchange rates at the dates of the transactions. Foreign currency differences arising on translation are generally recognized in profit or loss for the year.

ii. Monetary unit and foreign exchange regulations

The parity of the colon with the US dollar is determined in a free exchange market, under the supervision of the Central Bank of Costa Rica (BCCR) through a managed float regime. Under the managed float regime the exchange rate is determined by the market, but BCCR still reserves the right to intervene in the foreign currency market to moderate significant fluctuations in the exchange rate and prevent deviations from the behavior of the variables that explain its medium- and long-term trends, using the reference selling rate published by BCCR.

iii. Method for valuation of assets and liabilities in foreign currency

As of March 31, 2025, assets and liabilities in US dollars were valued at the exchange rate of ¢504.21 to US$1.00 (December and March 2024: ¢512.73 and ¢506.60 to US$1.00, respectively), which is the reference selling rate set by BCCR.

(Continued)

As of March 31, 2025, assets and liabilities denominated in euro were valued at the exchange rate of ¢544.95 to €1,00 (December and March 2024: ¢532.88 and ¢548.04 to €1.00, respectively), which is obtained by multiplying the international Reuter exchange rate by the reference rate set by BCCR for the sale of US dollars on the last business day of the month.

As of March 31, 2025, assets and liabilities denominated in Development Units (DU) were valued at the exchange rate of ¢1,024.64 to DU1.00 (December and March 2024: ¢1,009.97 and ¢1,012.48 to DU1.00, respectively). This exchange rate is based on the DU value tables published by SUGEVAL.

iv. *Foreign operations*

The financial statements of BICSA are presented in US dollars, which is the entity's functional currency. They have been converted as follows:

- monetary assets and liabilities denominated in US dollars have been translated at the closing exchange rate
- non-monetary assets and liabilities have been translated at the exchange rate in effect on the transaction date (historical rate)
- equity balances, except profit or loss for the period, have been translated at the exchange rate in effect on the date of the transaction (historical rate)
- income and expenses have been translated at average exchange rates in effect for the period.

(c) Financial instruments

(i) *Recognition and initial measurement*

The Conglomerate initially recognizes cash, deposits in checking accounts and cash equivalents on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Conglomerate becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets at FVTPL) are added to or subtracted from the fair value of financial assets or liabilities, as applicable, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or liabilities at FVTPL are recognized directly in profit or loss.

(Continued)

(ii) *Classification and subsequent measurement*

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), according to the business model under which it is managed as well as the characteristics of the contractual cash flows.

Financial assets are not reclassified subsequent to their initial recognition, unless the Conglomerate changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Conglomerate may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Conglomerate makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for that purpose, in conformity with the continuous recognition of assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time (e.g., if there are reimbursements of the principal).

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Conglomerate considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Conglomerate considers:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension terms;
- terms that limit the Conglomerate's claim to cash flows from specified assets (e.g., non-recourse loans); and
- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

(Continued)

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income and are accumulated in the fair value reserve. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

<u>Financial liabilities</u>

Classification

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held for trading or it is designated as such on initial recognition.

Subsequent measurement and gains and losses

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(iii) *Impairment of financial assets*

The Conglomerate recognizes loss allowance for ECL on the following assets that are not measured at FVTPL:

- investments in financial instruments (amortized cost and FVOCI)
- accrued interest receivable.

The Conglomerate measures loss allowances at an amount equal to 12-month ECL or lifetime ECL.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as ‘stage 1 financial instruments’. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as ‘stage 2 financial instruments’. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as ‘stage 3 financial instruments’.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Conglomerate expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECL are discounted using the effective interest rate of the financial asset.

At each reporting date, the Conglomerate assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Bank on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are presented as a deduction from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income.

(Continued)

Forward-looking information

The Conglomerate incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Conglomerate will formulate a base scenario of the future direction of the relevant economic variables, considering the advice of the Risk Committee, the Investments Committee, external information and forecasts. This process entails the development of two or more additional economic scenarios and assessing their likelihood.

The base scenario will represent a more likely outcome; it is aligned with information used by the Conglomerate for other purposes such as strategic planning and budgeting. The other scenarios are one upside scenario and one downside scenario. Periodically, the Conglomerate carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

Impairment of non-financial assets

At each reporting date, the Conglomerate reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the consolidated statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(iv) *Derecognition*

Financial assets

The Conglomerate derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Conglomerate neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

Financial liabilities

The Conglomerate derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Conglomerate currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis in the consolidated statement of comprehensive income only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions, such as gains or losses on financial assets measured at FVTPL.

(d) Derivative financial instruments

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the consolidated statement of financial position.

If a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognized immediately in profit or loss as a component of net income from other financial instruments at FVTPL.

(e) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Conglomerate accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognized in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the consolidated statement of financial position together with the host contract.

The Conglomerate currently has the following derivative financial instruments:

i. *Derivatives held for risk management*

These financial instruments have the purpose of compensating for changes in fair value attributable to changes in the benchmark rate.

On November 1, 2023, the international issue of bonds matured, in conformity with that set forth in the contract; therefore, the issue, interest, valuation and other corresponding items were settled, thus complying with the established maturity of the bond and corresponding hedging instruments.

ii. *Derivatives other than hedges*

The Conglomerate entered into currency forwards with several clients. Under these derivative financial instruments, the Conglomerate acts as an authorized intermediary (counterparty). These instruments serve as a trading tool that is not used for currency speculation and whereby no risks are hedged.

These types of instruments are products which the Conglomerate can offer to its clients pursuant to the authorization provided by BCCR to operate exchange rate derivatives.

For currency forwards, the Conglomerate considers three risk factors in determining the value of a forward contract: the spot exchange rate and the interest rates in both local and foreign currency. The value of these financial instruments is determined using data related to the average exchange rate at MONEX and market interest rates in colones and in US dollars, applicable to the different terms.

(f) Cash and cash equivalents

Cash and cash equivalents include demand deposits in other banks and deposits in BCCR with original maturities of less than three months that are subject to an insignificant risk of changes in their fair value and are used by the Conglomerate in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the consolidated statement of financial position.

(g) Property, furniture, equipment and leasehold improvements

i. Recognition and measurement

Items of property, furniture, equipment and leasehold improvements are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes disbursements directly attributable to the acquisition of the asset. If significant parts of an item of property, furniture, equipment and leasehold improvements have different useful lives, then they are accounted for as separate items (major components) of property, furniture, equipment and leasehold improvements. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Conglomerate. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation and amortization

Depreciation and amortization are calculated using the straight-line method over the estimated useful life of each item of property, furniture, equipment and leasehold improvements and it is recognized in profit or loss for the year. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Conglomerate will obtain ownership by the end of the lease term. Land is not depreciated.

(Continued)

The estimated useful lives for the current period and comparative periods are as follows:

Type of asset	Estimated useful life
Buildings	25 to 120 years
Vehicles	10 years
Furniture and equipment	10 years
Computer hardware	5 years
Laptops	3 years
Leasehold improvements	According to the estimated useful life or the term of the lease

(h) Intangible assets

i. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Amortization

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is three to five years.

iii. Subsequent costs

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as it is incurred.

(i) Leases

At inception of a contract, the Conglomerate assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For purposes of recognition, measurement, presentation and disclosure of information, it is performed according to IFRS 16 *Leases*.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Conglomerate allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

(Continued)

ii. *Right-of-use assets*

The Conglomerate recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Conglomerate by the end of the lease term or the cost of the right-of-use asset reflects that the Conglomerate will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

iii. *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Conglomerate's incremental borrowing rate. Generally, the Conglomerate uses its incremental borrowing rate as the discount rate.

The Conglomerate determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Conglomerate is reasonably certain to exercise; lease payments in an optional renewal period if the Conglomerate is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Conglomerate is reasonably certain not to terminate early.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date.
- amounts expected to be paid under a residual value guarantee.

(Continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Conglomerate's estimate of the amount expected to be payable under a residual value guarantee, if the Conglomerate changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

iv. *Short-term leases and leases of low-value assets*

The Conglomerate has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases.

The Conglomerate recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Loan portfolio

SUGEF defines a credit operation as any operation related to any type of underlying instrument or document, except investments in financial instruments, whereby credit risk is assumed either by providing or committing to provide funds or credit facilities, acquiring collection rights or guaranteeing that obligations with third parties will be honored. Credit operations include loans, guarantees, letters of credit, pre-approved lines of credit and loans pending disbursement.

The loan portfolio is presented at the amount of outstanding principal. Interest is calculated based on the value of outstanding principal and the contractual interest rates and is accounted for as income using the accrual method of accounting.

The Conglomerate follows the policy of suspending interest accruals on loans when principal or interest payments are more than 180 days past due. The recovery or collection of that interest is recognized as income when collected.

(k) Allowance for loan losses

The allowance for loan losses is based on a periodic assessment of the probability of recovery of the loan portfolio that considers a number of factors, including current economic conditions, prior experience with the allowance, the portfolio structure, borrower liquidity and loan guarantees.

(Continued)

As of January 1, 2024, the comprehensive analysis of the loan portfolio is based on CONASSIF Directive 14-21 *Regulation on the Calculation of the Allowance for Loan Losses*. This assessment includes parameters such as: borrower's payment history, creditworthiness (payment capacity), quality of guarantees and delinquency. The analysis of the portfolio of the Development Banking System is based on SUGEF Directive 15-16 *Regulations on Credit Risk Management and Evaluation for the Development Banking System*.

SUGEF may require an allowance to be established for an amount greater than the amount determined by the Bank.

Management considers the allowance to be sufficient to absorb any potential losses that may be incurred on recovery of the portfolio.

As of March 31, 2025, increases in the allowance for loan losses are included in the accounting records in accordance with Article 10 of IRNBS.

(l) Allowance for impairment of derivative instruments other than hedges

The provisions of Article 22 of SUGEF Directive 9-20 *Regulations to Authorize and Execute Operations with Foreign Exchange Derivatives* shall be applied by the Conglomerate in calculating the allowance for clearing price risk in respect of each customer or counterparty. For such purposes, the capital requirement adjusted for clearing price risk (as defined in Article 28 of SUGEF Directive 3-06 *Regulations on Capital Adequacy of Financial Entities*) must be multiplied by the respective allowance percentage corresponding to the borrower rating, in conformity with the applicable prudential regulation on loss allowances.

(m) Other receivables

Other receivables are recorded at amortized cost. The recoverability of these accounts is assessed by applying criteria of IFRS 9.

Notwithstanding the results of the assessment, if an account is not recovered within 120 days from the due date, an allowance is established for an amount equivalent to 100% of the balance receivable. Accounts with no specified due date are considered payable immediately.

(n) Assets held for sale

Assets held for sale are assets owned by the Conglomerate for realization or sale in conformity with IFRS 5. These include assets received in lieu of payment and assets awarded in judicial auctions that are held for sale.

(Continued)

With the entrance into effect of CONASSIF Directive 06-18, Article 16, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets received in lieu of payment as of January 1, 2024, are regulated by that set forth in the modification to the *Regulation on Financial Information*.

Regarding the inventory of the entity's assets held for sale as of March 31, 2025, and the corresponding regulatory allowance, a gradual treatment was established, which was completed on December 31, 2024. Moreover, entities had to determine which assets recorded in Account 151 "Assets and securities received in lieu of payment" are maintained in that account and which would be reclassified to Account 188 "Other assets held for sale outside the scope of IFRS 5." In this regard, Transition Provision XX of CONASSIF Directive 6-18 reads as follows:

As of January 1, 2024, the registration of the regulatory allowance will be suspended as of the month when the entity applies that set forth in provisions c), d) and e) of the Regulations, and as of December 31, 2024, at the latest, the balance accumulated in subaccount 159.10 (Regulatory allowance for assets held for sale) must be reclassified to subaccount 139.02.M.04 (General component for the loan portfolio – Transitory). For this purpose, the entity must perform the following, in the same monthly accounting period:

i. Reverse against income the regulatory allowance booked in subaccount 159.10.

ii. Record an expense to recognize the allowance in the subaccount 139.02.M.04 (General component for the loan portfolio – Transitory). The expense amount should match the amount of the reversal in income.

iii. The balance that remains in subaccount 139.02.M.04 after the movements indicated above must be used solely to cover the future requirements of counter-cyclical allowances.

(o) Accounts payable and other liabilities

Accounts payable and other liabilities are carried at amortized cost.

(p) Provisions

A provision is recognized in the separate statement of financial position if, as a result of a past event, the Conglomerate 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 date of the separate statement of financial position, directly affecting the separate statement of comprehensive income.

(q) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- *Statutory Christmas bonus*

Each month, the Conglomerate books an accrual to cover future statutory Christmas bonus disbursements. Costa Rican legislation requires the payment of one-twelfth of an employee’s monthly salary for each month of service. That payment is made to the employee in December, even in the event of dismissal. In the case of dismissals or resignations that occur prior to December, the employee is entitled to a bonus that is proportional to the time worked during the year.

- *Vacation*

Costa Rican legislation establishes that for every fifty weeks of service, employees are entitled to two weeks of vacation. The Conglomerate follows the policy that for all of its personnel, the accrued vacation days at year end may not exceed one year.

- *Incentives plan*

The Conglomerate has an incentives and performance assessment system (*Sistema de Evaluación del Desempeño e Incentivos*, SEDI). It is defined at the BNCR financial conglomerate level and is subject to management models that have been previously approved.

The score obtained in this assessment is the sum of the percentages obtained in the individual and group evaluations. The minimum score to be obtained is 80 points.

These incentives aim to promote effective achievement of institutional objectives and goals, which requires continuous efforts by the Conglomerate to coordinate and consolidate its work force, increase its productivity and ensure its compensation is market competitive.

These incentives are paid as compensations for the employees' business effort and individual effort, so as to promote an extraordinary performance, reaching the goals established in the Annual Operating Plan and in the Strategic Plan. This salary incentive is annual; the evaluation covers from January to December of each year. The allowance is calculated as 15% of income after income tax and statutory allocations. The amount obtained from that percentage includes the social security contributions corresponding to that payment.

- *Annuities*

Since 2018, a constitutional motion was being processed against Article 37 of the Collective Bargaining Agreement relating to annuities. In Vote No. 2021025969, the Constitutional Chamber indicated that Article 37 of the VII Collective Bargaining Agreement was not unconstitutional; therefore, that article will remain during the validity term of the VII Collective Bargaining Agreement. However, this article was affected by the regulations of Law No. 9635, effective as of December 4, 2018, which modified the *Law on Public Administration Salaries*.

Consequently, the Bank already has the annuity calculations made by the Risk Division and in conformity with official communication DDH-1188-202 dated August 10, 2022, issued by the Human Resources Department, the amount has been provisioned.

ii. <u>*Defined contribution plans*</u>

Obligations for contributions to defined contribution plans are expensed as the related service is provided. This includes the contributions to supplemental pension fund operators.

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

iii. <u>*Defined benefit plans*</u>

The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Conglomerate determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Conglomerate recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. *Termination benefits*

Termination benefits are expensed when the Conglomerate has an obligation in relation to those benefits. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Costa Rican legislation requires the payment of severance benefits to employees in the event of retirement, death or dismissal without just cause, equivalent to seven days' salary for employees with between three and six months of service, 14 days' salary for employees with between six months and one year of service and an amount prescribed by the *Employee Protection Law* for employees with more than 1 year of service, up to a maximum of eight years.

The Conglomerate follows the policy of making monthly transfers to the Employee Association (*Asociación Solidarista de Empleados del Banco Nacional*, ASEBANACIO) equivalent to 5.33% of member employees' monthly salaries for management and custody, which are expensed in the year incurred. The aforementioned contributions and those made to the Supplemental Pension System are considered advance severance payments.

In the event of dismissal without just cause, the amount payable to the former employee is calculated and if there are any differences between the calculation and the amount payable by the Employee Association, the Conglomerate assumes the difference as an expense. If the dismissal is with just cause, then the Conglomerate does not have to make any payments.

v. Employee Protection and Retirement Fund

The Employee Protection and Retirement Fund of Banco Nacional de Costa Rica (the Fund) was created by the *Law of Banco Nacional de Costa Rica* (Law No. 16) dated November 5, 1936 and has been amended on a number of occasions. The most recent amendment was included in the *Law to Modernize the Financial System of the Republic* (Law No. 7107) dated October 26, 1988. Pursuant to Law No. 16, the Fund was established as a special employee protection and retirement system for the Bank's employees. The Fund is comprised of the following:

- items established by the laws and regulations related to the Fund;
- contributions made by the Bank equivalent to 10% of total wages;
- contributions made by employees equivalent to 5% (2024: 5%) of total wages to strengthen the Fund; and
- income from investments made by the Fund and other potential income.

For members of the Fund who terminate their employment prior to being entitled to a pension, the member's accrued balance is paid in accordance with the conditions stipulated in the Fund's Regulations on Retirement.

The Governing Body is responsible for the Fund's Internal Management. The Fund's accounting records are kept by Bank employees selected based on their qualifications, in accordance with the provisions of the Governing Body and with the oversight of the Internal Audit Department. Those employees are independent from the Bank's general accounting department. The Fund operates based on the principle of solidarity.

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

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Currently, bill No. 21,824 named *Law to repeal the special, supplementary pension systems* seeks to repeal the Fund. This bill eliminates special supplementary pensions financed by the National Budget and the last motion by the fund received in September 2023, and it proposes the elimination of the supplementary pension systems of the following public institutions: Banco de Costa Rica, Banco Nacional de Costa Rica, Junta de Protección Social, public entities of the Telecom Sector and Instituto Costarricense de Turismo (ICT).

(r) Deferred income

Deferred income corresponds to income received in advance by the Conglomerate and its subsidiaries that should not be recognized in profit or loss for the year since it has not yet been accrued. Deferred income is recognized and credited to the corresponding income account as it accrues.

(s) Legal reserve

Pursuant to Article 12 of IRNBS, the Bank appropriates 50% of each year's earnings after income taxes and statutory allocations to a legal reserve. Such appropriation is performed pursuant to the Chart of Accounts for Financial Entities, Groups and Conglomerates. Accordingly, in the first and second halves of each year, income and expenses are offset and the sum of the results of each half year is transferred to opening retained earnings.

i. *Other statutory reserves*

In order to comply with Panamanian regulations, the associate BICSA must create the following statutory reserves:

Statutory reserve	Agreement of the Superintendency of Banks of Panama
Statutory reserve for assets held for sale	Agreement No. 003-2009
Statutory dynamic provision	Agreement No. 004-2013
Country risk reserve	Agreement No. 003-2023
	Agreement No. 012-2019

(t) Revaluation surplus

Revaluation surplus included in the consolidated statement of changes in equity may be transferred directly to prior year retained earnings when the surplus is realized. Total surplus is realized on the retirement, disposal or use of the asset. The transfer of revaluation surplus to prior year retained earnings is not made through the consolidated statement of comprehensive income. Per SUGEF's authorization, the Bank follows the policy of transferring the revaluation surplus to prior period retained earnings for subsequent capitalization, in conformity with Article 8 of IRNBS (Law No. 1644).

(u) Income tax

Income tax is determined pursuant to the provisions of the *Income Tax Law* (Law No. 7092), which require that the Bank file its income tax returns for the 12 months ending December 31 of each year. Any resulting tax is recognized in profit or loss for the year and credited to a liability account in the consolidated statement of financial position.

i. Current tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

ii. Deferred tax

Deferred tax is recognized using the liability method in the consolidated statement of financial position in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 and a deferred tax asset represents a deductible temporary difference.

A deferred tax asset is recognized only to the extent that there is a reasonable probability that it will be realized.

iii. Tax benefits of the Development Banking System

Regarding the tax benefits applied to the Development Credit Fund (FOCREDE), the Development Financing Fund (FOFIDE) and the National Development Trust (FINADE) as part of the resources of the Development Banking System managed by the Bank, as established in Article 15 of the *Development Banking System Act* (Law No. 8634), effective from November 27, 2014, that fund is exempt from income tax and from any other type of tax.

(v) Segment reporting

A business segment is a distinguishable component of the Conglomerate that is engaged either in providing a specific product or service or a group of related products or services within a particular economic environment and that is subject to risks and returns different from those of other business segments.

(w) Financial statements of the different departments

The consolidated financial statements include the financial statements of the Commercial Banking, Mortgage Banking and Rural Credit Banking departments, which were combined to determine the financial and economic position of the legal entity (the Bank), since those departments are dedicated to banking activities and are directly subordinated to the Bank's General Board of Directors.

All inter-department assets, liabilities, income and expenses have been eliminated in the process of combining the consolidated financial statements.

Pursuant to the provisions of Article 43 of IRNBS (Law No. 1644), the accounting records of each of the Bank's departments are kept separately.

(x) Recognition of income and expenses

i. Interest income and interest expense

Interest income and interest expense are recognized in the consolidated statement of comprehensive income on an accrual basis. Interest income and interest expense include amortization of any premium or discount during the term of the instrument until maturity.

The Conglomerate follows the policy of suspending interest accruals on loans when principal or interest payments are more than 180 days past due. Interest income on those loans is recognized when collected.

DU are valued using the rates provided by SUGEVAL for such purposes. The effect of valuation of assets and liabilities denominated in DU is directly booked in the corresponding foreign exchange gain and foreign exchange loss accounts in the statement of comprehensive income.

The Bank took extraordinary measures to help its customers and give flexibility with payments to borrowers affected by the economic crisis caused by the pandemic. The solutions offered included COVID-19 restructuring, which allowed the customer to suspend the payment for a specific number of installments, which were then restructured as follows:

a) The principal of the unpaid installments is prorated among the remaining installments of the payment plan, to be paid within the remaining term of the operation.

b) Interest corresponding to the restructured installments shall be payable at the end of the term of the operation, or it can be settled previously by the customer if they wish to do so.

These measures were adopted considering the cycle of economic activities, some of them exceed six months, which entailed the accrual of interest for more than 180 days.

Regarding accrual on the loan portfolio over 180 days, official letter CNS-1698/08 indicates that the Bank must have an allowance, which as of March 31, 2025, amounts to US$34 million (2024: US$25 million). According to the plan for accrued interest receivable, the allowance to be booked amounts to US$40 million. This plan must be carried out during the next 36 months, with bi-annual cutoffs. However, the balance must be updated at the beginning of each semester, considering the payments made, refinancing, default and other effects.

Semester	Minimum allowance percentage of the balance of accrued interest receivable over 180 days	Minimum allowance required
2025-06	85%	33,954,106
2025-12	100%	39,947,641

ii. *Fee and commission income*

Fee and commission income arises on services provided by the Bank and is recognized when the corresponding service is provided. When fees and commissions are an integral part of the return on the underlying operation, they are deferred over the term of the operation and amortized using the effective interest method.

iii. *Income from foreign currency exchange and arbitrage*

Income from foreign currency exchange and arbitrage corresponds to foreign exchange gains arising from the purchase and sale of foreign currency. Cumulative foreign exchange gains arising from purchases and sales of foreign currency conducted during the month are recognized in the separate statement of comprehensive income on a monthly basis.

iv. *Operating lease expenses*

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

(y) Statutory allocations

In accordance with SUGEF's Chart of Accounts, statutory allocations on the year's net earnings payable to the National Institute for Cooperative Development (INFOCOOP), the National Emergency Commission (CNE), the National Commission for Educational Loans (CONAPE) and the Disability, Old Age and Death Benefit System (RIVM) are recognized as expenses in the consolidated statement of comprehensive income.

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 INFOCOOP; and the remainder to increase the Bank's capital, pursuant to Article 178 of the *Cooperative Associations Law* (Law No. 4179).

Pursuant to paragraph a) of Article 20 of the *Law to Create the National Commission for Education (CONAPE)* (Law No. 6041), the Bank is required to make statutory allocations equivalent to 5% of earnings before taxes and statutory allocations to CONAPE.

In accordance with Article 46 of *National Emergency and Risk Prevention Act* (Law No. 8488) all institutions of the central administration and decentralized public administration, as well as State-owned entities, must contribute three percent (3%) of their reported earnings before taxes and statutory allocations and of their accumulated budget surplus to CNE. Such funds are deposited in the National Emergency Fund to finance the National Risk Management System.

Article 78 of the *Employee Protection Law* (Law No. 7983) establishes a contribution of up to 15% of the earnings of State-owned public companies, with the purpose of strengthening the funding base for the RIVM of CCSS and to provide universal CCSS coverage for impoverished non-salaried workers.

For the Pension Fund Manager, Article 49 of Law No. 7983 establishes that public capital pension operators must allocate 50% of their earnings to the affiliates of the Compulsory Retirement Savings Fund.

(z) <u>Development Financing Fund (FOFIDE)</u>

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

For purposes of establishing and strengthening development financing funds, all State-owned banks must transfer to their respective funds the amount corresponding to prior year's earnings in the second quarter of each year. At that time, the development financing programs that have been approved by the Governing Board will start operations.

(aa) <u>Development Credit Fund (FOCREDE)</u>

The Development Credit Fund (FOCREDE) is comprised of the funds prescribed in Article 59 of IRNBS (Law No. 1644), FOCREDE will be managed by State-owned banks, Accordingly, in compliance with the *Repeal of Transition Provision VII of Law No. 8634* (Law No. 9094) and Article 36 of the *Development Banking System Act* (Law No. 8634), in meeting No. 119 of January 16, 2013, through agreement No. AG-1015-119-2013, Banco de Costa Rica and Banco Nacional de Costa Rica are appointed managers for five years from the date of signing of the respective management agreements, renewable for equal periods. Each bank is awarded the management of fifty percent (50%) of such fund.

As a result, through Official Letter CR/SBD-014-2013, the Technical Secretariat of the Governing Board required all private banks to open checking accounts with both Banco Nacional de Costa Rica and Banco de Costa Rica (Managing Banks) in local and foreign currency and allocate fifty percent (50%) of those funds to each Managing Bank.

(Continued)

The powers granted by the Governing Board to the Managing Banks are as follows:

a. Pursuant to Article 6 of Law No. 8634, the Managing Banks may offer first-tier banking services to the beneficiaries of the Development Banking System.

b. Pursuant to Article 36 of Law No. 8634, State-owned Managing Banks may channel second-tier banking services with FOCREDE funds through placements made to associations, cooperatives, microfinancing entities, foundations, non-governmental organizations, producer organizations or other formal entities, except for private banks, provided that the purposes and beneficiaries established in the law are met and such entities are duly authorized by the Governing Board.

c. The term of the agreement is five years, renewable for equal and successive periods, unless a written order by the Governing Board provides otherwise and is notified at least three months in advance. If a lack of capacity and competence is proven by the Managing Banks, this agreement may be terminated under paragraph j) Article 14 of Law No. 8634 and amendments thereto.

(bb) Trust operations

Assets managed by the Conglomerate as trustee are not considered part of the Conglomerate's equity and, therefore, are not included in the financial statements. Fee and commission income derived from trust management is recognized on an accrual basis.

(6) Risk management

Financial risk management is key for the Conglomerate. It has a comprehensive risk management infrastructure to ensure responsible and sustainable growth over time, maintaining the trust of its interest groups and ensuring with reasonable certainty compliance with short-, medium- and long-term goals, by balancing compliance with objectives and its risk appetite, aligned with the corporate strategy.

The Conglomerate has exposure to the following risks:

- credit risk
- liquidity risk
- market risk
    - interest rate risk
    - currency risk
- operational risk.

The Corporate Risk Division is responsible for identifying and measuring credit, market, liquidity and operational risks. For such purposes, all types of risks to which the Conglomerate is exposed are monitored by that Division on an ongoing basis using a mapping procedure to classify risks based on their severity or impact and their frequency or probability of occurrence.

Policies and procedures for managing market and liquidity risks are also being formalized in specific manuals for each type of risk that describe the methodologies used to manage those risks. This activity has been extended to the Bank's subsidiaries, i.e., the Brokerage Firm, Investment Fund Manager and Pension Fund Manager.

The Conglomerate manages the above risks as follows:

a) *Credit risk*

i. *Banco Nacional de Costa Rica*

This is the risk that the borrower or issuer of a financial asset fails to meet its contractual obligations, fully and on time, in accordance with the terms and conditions agreed upon at the time the financial asset was acquired. Credit risk is mainly related to the loan portfolio and investment securities. The exposure to credit risk on those assets is represented by the carrying amount of the assets in the consolidated statement of financial position. The Bank also has exposure to credit risk for off-balance sheet credits, such as commitments, letters of credit, sureties and guarantees.

The Bank monitors credit risk on an ongoing basis through reports on portfolio status and classification. Credit analyses include periodic assessments of the financial position of customers, an analysis of the country's economic, political and financial environment and the potential impact on each sector. For such purposes, a thorough understanding is obtained of customers on an individual basis and their capacity to generate cash flows that enable them to honor their debt commitments.

The Bank has established the following credit risk management procedures:

- The Bank has defined procedures for the monitoring, application of controls and loan processing. The functions, tasks and procedures performed by the Credit Risk Division have been documented with the support of the Quality Management Division. Consequently, the Bank has been able to optimize and standardize the process.

- The Bank has performed and reviewed the administrative loan follow-up procedures for branches and regional offices.

(Continued)

- The Bank is performing a comprehensive assessment of the credit granting process and the procedures performed in offices, shared service centers, commercial areas and corporate center.

- The work plan for loan follow-up includes an evaluation of main borrowers (higher balances in the loan portfolio), which involves continuous monitoring and visits to regional offices.

As of January 1, 2024, the comprehensive analysis of the loan portfolio and investments is based on CONASSIF Directive 14-21 *Regulation on the Calculation of the Allowance for Loan Losses*. The main changes are as follows:

- calculation of the allowance according to the standard methodology
- segmentation of the portfolio
- categories and risk rating by borrower.

As of the date of the consolidated statement of financial position, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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

		Direct loan portfolio		Stand-by credits	
		March 2025	March 2024	March 2025	March 2024
Loan portfolio					
Principal	US$	10,525,912,526	9,820,288,529	772,899,625	689,106,955
Accounts and accrued interest receivable		167,241,920	184,579,981	-	-
Gross carrying amount		10,693,154,446	10,004,868,510	772,899,625	689,106,955
Incremental direct costs related to loans		15,652,756	12,887,170	-	-
(Deferred income from loan portfolio)		(107,777,569)	(96,127,270)	-	-
Allowance for loan losses (accounting records)		(365,039,100)	(274,687,905)	(367,040)	(337,821)
Net carrying amount	US$	10,235,990,533	9,646,940,505	772,532,585	688,769,134

(Continued)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		Direct		Stand-by	
		March 2025	March 2024	March 2025	March 2024
Loan portfolio					
Total balances:					
1	US$	8,721,862,224	8,016,666,339	729,126,139	641,466,302
2		1,107,127,642	1,095,890,883	37,768,312	40,650,203
3		154,194,136	155,505,958	1,669,002	1,130,291
4		158,326,351	224,266,062	2,750,349	5,522,918
5		195,684,905	162,503,412	696,021	310,441
6		34,425,077	29,763,530	381,242	3,452
7		32,183,726	35,116,199	6,285	2,389
8		289,350,385	285,156,127	502,275	20,959
		10,693,154,446	10,004,868,510	772,899,625	689,106,955
Structural allowance (subledger - database)		(211,737,558)	(207,807,307)	(367,040)	(337,821)
Net carrying amount	US$	10,481,416,888	9,797,061,203	772,532,585	688,769,134
Individually assessed loans with allowance:					
1	US$	8,719,064,707	7,740,710,093	706,950,535	619,012,928
2		1,107,127,642	1,095,890,883	13,994,672	18,321,813
3		154,194,136	155,505,958	1,669,002	1,130,291
4		158,326,351	224,266,062	2,624,832	4,868,414
5		195,684,905	162,503,412	494,987	305,507
6		34,425,077	29,763,530	381,242	3,452
7		32,183,726	35,116,199	6,285	2,389
8		289,350,385	285,156,126	502,275	20,957
		10,690,356,929	9,728,912,263	726,623,829	643,665,750
Structural allowance (subledger – database)		(211,737,558)	(207,807,307)	(367,040)	(337,821)
Net carrying amount	US$	10,478,619,371	9,521,104,957	726,256,789	643,327,930

(Continued)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		Direct		Stand-by	
		March 2025	March 2024	March 2025	March 2024
Current loan portfolio, without allowance:					
1	US$	2,797,516	270,940,501	22,175,604	22,453,374
2		-	-	23,773,640	22,328,391
3		-	-	-	-
4		-	-	125,517	654,505
5		-	-	201,035	4,935
6		-	-	-	-
7		-	-	-	-
8		-	-	-	-
Carrying amount	US$	2,797,516	270,940,501	46,275,796	45,441,204
Past due loan portfolio, without allowance:					
1		-	5,015,746	-	-
2		-	-	-	-
3		-	-	-	-
4		-	-	-	-
5		-	-	-	-
6		-	-	-	-
7		-	-	-	-
8		-	-	-	-
Carrying amount		-	5,015,746	-	-
Gross carrying amount	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955
Allowance for loan losses (database)		(211,737,558)	(207,807,307)	(367,040)	(337,821)
Allowances for other statutory requirements		(153,301,541)	(66,880,599)	-	-
Incremental direct costs related to loans		15,652,756	12,887,170	-	-
(Deferred income from loan portfolio)		(107,777,569)	(96,127,270)	-	-
Net carrying amount	US$	10,235,990,533	9,646,940,505	772,532,585	688,769,134
Restructured loans	US$	1,719,931	2,327,718	-	-

(Continued)

Set out below is an analysis of the Bank's loan portfolio balances as of March 31, gross and net of the allowance for loan losses, by risk rating according to CONASSIF Directive 14-21 and SUGEF Directive 15-16 *Regulations on Credit Risk Management and Evaluation for the Development Banking System*:

		March 2025	
		Loans to customers	
Risk rating		Gross	Net
1	US$	8,721,862,224	8,693,194,944
2		1,107,127,642	947,602,460
3		154,194,136	148,753,345
4		158,326,351	148,976,069
5		195,684,905	184,424,387
6		34,425,077	18,130,189
7		32,183,726	23,161,978
8		289,350,385	163,871,974
	US$	10,693,154,446	10,328,115,347

As observed in the table above, the gross portfolio as of March 31, 2025, amounts to US$10,693 million, of which the risk ratings "1+2" represent 96.67% and ratings "3+4+5+6+7+8" represent 3.33%.

		March 2024	
		Loans to customers	
Risk rating		Gross	Net
1	US$	8,016,666,339	7,993,065,828
2		1,095,890,883	1,019,685,246
3		155,505,958	150,630,347
4		224,266,062	213,018,317
5		162,503,412	152,676,477
6		29,763,530	17,785,353
7		35,116,199	24,245,398
8		285,156,127	159,073,639
	US$	10,004,868,511	9,730,180,605

As observed in the table above, the gross portfolio as of March 31, 2024, amounts to US$10,004 million, of which the risk ratings "1+2" represent 96.51% and ratings "3+4+5+6+7+8" represent 3.49%.

(Continued)

Individually assessed loans with allowance:

As per CONASSIF Directive 14-21, a risk rating is assigned to all borrowers. Applicable allowance percentages are determined based on the portfolio rating and segmentation (Article 15). Individually assessed loans with allowance are loan operations for which, after considering the guarantee for the loan, there is still a balance to which the allowance percentage will be applied, according to the risk level assigned by the Bank.

Past due loans without allowance:

Past due loans without allowance correspond to loan operations with a guarantee that covers at least the outstanding balance due to the Bank. Accordingly, no allowance is established.

Restructured loans:

Restructured loans are those for which the Bank has changed the original contractual terms due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category regardless of improvement in the borrower's position after restructuring. The various types of restructured loans are as follows:

a. Extended loan: Loan operation in which at least one full or partial payment of principal or interest due under the current contractual terms has been postponed, in order to prevent default.

b. Modified loan: Loan operation in which at least one of the current contractual repayment terms has been modified, in order to prevent default, except for modification due to extension.

c. Refinanced loan: Loan operation in which at least one payment is made fully or partially with another loan operation in order to prevent default.

As per CONASSIF Directive 14-21, for borrowers with a least one special loan operation, Section IV “Borrowers with special loan operations” shall be applied, based on the following:

Classification due to Special Loan Operations

Reclassification to Categories 4, 5 or 6: when during the observation period of 24 months, on two occasions, at least one of the borrower’s loan operations has been subject to intervention by the financial entity. Intervention is understood as approval by the entity of any modification or group of modifications in at least one of the borrower’s loan operations.

Reclassification to Categories 7 or 8: when during the observation period of 24 months, on three or more occasions, at least one of the borrower’s loan operations has been subject to intervention by the financial entity. Intervention is understood as approval by the entity of any modification or group of modifications in at least one of the borrower’s loan operations.

Criteria to no longer qualify as a special operation:

A borrower with a special loan operation may be classified in lower risk categories when all of the following conditions are met:

a) When it is verified that the borrower with a special loan operation complies with the classification criteria corresponding to the lower risk categories established in these regulations.

b) When the borrower has demonstrated, with regard to the new loan payment schedule, the payment of at least four (4) consecutive installments. Payment will be understood as compliance with the obligation established in the contract.

Loan write-off policy:

The Bank writes off a loan (and any allowance for loan losses) when it determines the loan to be uncollectible based on an analysis of significant changes in the financial conditions of the borrower preventing compliance with the payment obligation or when it determines that the guarantee is insufficient to cover the entire amount of the loan facility. For standard loans with smaller balances, write-offs are generally based on the level of arrears of the loan granted.

Portfolio segmentation (previously borrower classification):

Pursuant to Article 5 of CONASSIF Directive 14-21, borrowers (individuals or legal entities), with a total owed amount excluding home loans, which have exceeded at least once the thresholds of ¢1,000 and ¢500 million, are classified into: Business 1 and Business 2, respectively. All other loans that do not meet these criteria are classified as Business 3, plus consumer revolving lines of credit for legal entities.

Regarding segmentation, the portfolio must be classified into:

a) consumer revolving lines of credit for individuals
b) car loans for individuals or legal entities, with the sole goal of purchasing a vehicle
c) regular consumer loans: consumer loans for individuals that do not belong to the previous categories
d) home loans for individuals and legal entities
e) business loans: loans to micro and small businesses, medium businesses, large businesses (corporate) and Central Government.

The amount of the portfolio by segment is as follows:

Portfolio segmentation		Direct loan portfolio		Stand-by credits	
		March 2025	March 2024	March 2025	March 2024
Consumer	US$	903,688,692	758,213,941	2,517,620	2,994,175
Business 1		4,121,485,592	3,836,639,304	36,254,833	44,360,875
Business 2		196,123,097	233,432,537	10,885,651	8,169,473
Business 3		1,132,409,435	1,139,748,123	45,513,504	43,424,987
Revolving		309,183,412	230,523,273	677,410,159	590,092,330
SBD		416,943,264	378,678,827	317,857	65,114
Car		490,891,583	450,327,843	-	-
Home		3,122,429,370	2,977,304,663	-	-
	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955

Risk rating categories:

For purposes of the entrance into effect of CONASSIF Directive 14-21, the Standard Methodology establishes eight risk ratings from 1 (low risk) to 8 (high risk). In turn, they are associated with the following three stages of classification, consistent with IFRS 9:

- Stage 1: Operations with normal risk, includes ratings 1 and 2; there is no evidence of a significant increase in credit risk since initial recognition.

- Stage 2: Operations under special monitoring, includes ratings 3 and 4; there is an observable significant increase in credit risk since initial recognition.

- Stage 3: Operations of doubtful recovery (credit-impaired), includes ratings 5, 6, 7 and 8. It includes past due loans and loans with a high probability of default.

For purposes of classification into the Business 1 and Business 2 segments, borrower classification also takes into consideration the following parameters: maximum arrears with the entity at the current month's close, level of historical payment behavior and borrower's payment capacity (creditworthiness), as summarized below:

Stages	Risk rating	Arrears	Historical payment behavior	Creditworthiness
Stage 1	1	Current	Level 1	Level 1
	2	30 days or less	Level 1 or Level 2	Level 1 or Level 2
Stage 2	3	60 days or less	Level 1 or Level 2	Level 1 or Level 2
	4	90 days or less	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3
Stage 3	5	120 days or less	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	6	150 days or less	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	7	180 days or less	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 3 or Level 4
	8	More than 181 days		

(Continued)

As established in SUGEF Directive 15-16 *Regulations on Credit Risk Management and Evaluation for the Development Banking System*, for the calculation of specific allowances for risk ratings 2 to 6, both in the microcredit portfolio and development banking, as well as second-tier banking, these will be subject to specific allowances according to the percentages indicated in the following table:

Risk rating	Specific allowance percentage – Uncovered portion
1	0%
2	5%
3	25%
4	50%
5	70%
6	100%

Starting in January 2024, Article 11 of SUGEF Directive 15-16 changes the weighting so that 0.25% will be applied to all loans subject to this regulation, regardless of the currency in which they were created.

Under Article 12 of CONASSIF Directive 14-21, the entity must classify the following operations in risk rating 8:

a) Operations with balances for which reimbursement has been legally requested through the execution of the collateral, even if they are secured, as well as operations in which the borrower has initiated a lawsuit and the outcome thereof determines the payment.

b) Operations in which the process for execution of the collateral has begun, including finance leases in which the entity has decided to rescind the contract to recover ownership of the asset.

c) Operations of owners who have declared bankruptcy, or it has been verified that they will declare bankruptcy, without a request for liquidation.

d) Operations secured by collaterals granted or sureties declared in a bankruptcy, for which it has been verified that liquidation has been declared or will be declared, and there is a significant and unrecoverable decrease in their solvency, even if the beneficiary of the surety has not claimed payment.

Analysis of creditworthiness

According to Article 7 of CONASSIF Directive 14-21, the entity must classify the payment capacity (creditworthiness) of borrowers classified in segments Business 1 or Business 2, both in the credit-granting stage and in the follow up and control stages, based on the methodologies approved by the Directing Body or equivalent authority. The methodology defined by the Bank must consider as a minimum the aspects and factors defined in the Regulation on Allowances.

When a borrower has a risk rating by a rating agency, it should be considered as an additional element in the assessment of creditworthiness.

The Bank must classify the creditworthiness of borrowers in segments Business 1 and Business 2 into the following levels:

i. Level 1: has payment capacity,
ii. Level 2: has minor weaknesses in payment capacity,
iii. Level 3: has serious weaknesses in payment capacity, and
iv. Level 4: has no payment capacity.

Analysis of historical payment behavior

The Bank had to determine a borrower's historical payment behavior based on the level assigned to the borrower by SUGEF's CIC.

The Bank must classify historical payment behavior into one of three levels: level 1 - good historical payment behavior; level 2 - acceptable historical payment behavior; and level 3 - poor historical payment behavior.

Structural allowance for loan losses

Pursuant to Article 15 of CONASSIF Directive 14-21, the Bank must calculate the specific allowance of each loan operation, multiplying the factor of regulatory exposure at default (R-EAD) by the regulatory loss given default (R-LGD), and lastly by the regulatory default rate (R-DR).

(Continued)

The default rate (DR) is calculated for each segment and risk rating, and is summarized below:

Segment	Ratings 1	2	3	4	5	6	7	8
Consumer revolving lines of credit	2%	7.5%	15%	30%	50%	70%	100%	100%
Consumer credit	1%	3.5%	7.5%	15%	25%	50%	75%	100%
Car loans	0.5%	3.5%	7.5%	15%	25%	50%	75%	100%
Home 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%

Exposure at default (R-EAD) is determined according to:

Direct loans: equal to the total owed amount of the operation, which comprises the principal, interest, other accrued interest and accounts receivable related to a direct loan operation.

Stand-by credits: equal to the result of multiplying the balance of the stand-by credit by the credit equivalent factor and adding other accrued interest and accounts receivable related to the stand-by credit operation.

Counter-cyclical allowance

The counter-cyclical allowance is understood as the allowance applied to the loan portfolio that currently does not have any indication of impairment, determined by the expected level of allowances in periods of economic recession and whose purpose is to mitigate the effect of the economic cycle of the financial results derived from the allowance for loan losses.

The counter-cyclical allowance booked by the entity as of March 31, 2025, for the corresponding period *(Pccit)*, in conformity with Article 5 of SUGEF Directive 19-16 *Regulations to Determine and Book Counter-cyclical Allowances*, is presented below:

		March 2025		
		Allowance booked	Structural allowance	Difference in allowance
Allowance for direct loans	US$	211,737,558	(211,737,558)	-
Allowance for stand-by credits		367,040	(367,040)	-
Allowance plan per CNS-1698		33,955,028	(33,955,028)	-
Borrowers with risk exposure		3,275,374	(3,275,374)	-
Differences due to transition		2,371,904	(2,371,904)	-
		251,706,905	(251,706,905)	-
Counter-cyclical allowance per SUGEF Directive 19-16		113,332,195	(113,332,195)	-
	US$	365,039,099	(365,039,099)	-

		March 2024		
		Allowance booked	Structural allowance	Difference in allowance
Allowance for direct loans	US$	207,807,307	(207,807,307)	-
Allowance for stand-by credits		337,821	(337,821)	-
Allowance plan per CNS-1698		24,647,643	(24,647,643)	-
Borrowers with risk exposure		3,259,921	(3,259,921)	-
		236,052,692	(236,052,692)	-
Counter-cyclical allowance per SUGEF Directive 19-16		38,635,214	(38,635,214)	-
	US$	274,687,906	(274,687,906)	-

Credit equivalent

According to Article 17 of CONASSIF Directive 14-21, the following stand-by credit operations must be converted to credit equivalents based on the credit risk they represent. The credit equivalent is obtained by multiplying the balance of the stand-by principal by the corresponding credit equivalent conversion factor, as follows:

Stand-by credit operations	Equivalent factor
Bid bonds and export letters of credit without prior deposit	0.05
Other sureties and guarantees without prior deposit	0.25
Lines of credit for credit cards	0.10
Other pre-approved lines of credit	0.50
Portion of the balance of the stand-by credit covered by a deposit	0.00
Remaining stand-by credit operations	1.00

(Continued)

Allowance for other assets

Allowances should be established for the following assets:

(a) Accounts and accrued interest receivable unrelated to loan operations, based on arrears calculated from the first day overdue or the date booked in the accounting records, as follows:

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

As of March 31, 2025, the carrying amount of the allowance for impairment and legal disposal of assets held for sale amounts to US$10,162,543 (March 2024: US$114,019,856).

The concentration of the loan portfolio by sector is as follows:

		Direct		Stand-by	
Sector		March 2025	March 2024	March 2025	March 2024
Trade	US$	866,599,389	779,757,888	-	-
Services		2,510,054,859	2,364,823,043	61,639,808	68,326,458
Financial services		128,860,122	151,199,256	-	-
Mining		2,749,457	864,647	-	-
Manufacturing and quarrying		364,299,684	340,356,951	-	-
Construction		150,939,102	126,118,159	-	-
Agriculture and forestry		214,018,444	213,498,012	224,873	-
Livestock, hunting and fishing		151,368,092	152,985,180	-	-
Electricity, water, sanitation and other related sectors		774,902,058	804,390,735	-	-
Transportation and telecommunications		90,736,783	78,202,996	-	-
Housing		3,154,631,903	3,009,512,169	-	-
Personal or consumer		1,728,088,392	1,463,492,085	711,034,944	620,553,033
Tourism		555,906,162	519,667,391	-	227,464
	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955

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The concentration of financial assets by geographic location is as follows:

		Direct loans		Stand-by credits	
Location		March 2025	March 2024	March 2025	March 2024
Central America	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955

The direct loans and stand-by credits portfolio by type of guarantee is as follows:

		Direct loans		Stand-by credits	
Type of guarantee		March 2025	March 2024	March 2025	March 2024
Security	US$	100,614,132	40,984,019	112,692	255,163
Mortgage bond		78,720,065	81,093,997	-	-
Assignment of loans		1,434,407,932	1,240,155,375	10,000	10,000
Mortgage		3,512,797,478	3,384,027,778	14,159	218,070
Surety		1,604,025,518	1,622,841,772	-	-
Trust		1,271,403,037	1,117,343,176	-	13,857
Securities		52,092,366	114,308,971	8,020	39,204
Chattel mortgage		606,364,334	619,639,283	-	-
Other		2,032,729,583	1,784,474,139	772,754,753	688,570,660
	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955

Guarantees:

a. Collateral: The Bank accepts collateral guarantees - usually mortgages, chattel mortgages or securities - to secure its loans. The value of those guarantees is determined based on their fair value in the case of securities or, for mortgages and chattel mortgages, based on an appraisal made by an independent appraiser who determines the estimated fair value of land and buildings using comparable market offerings and prior appraisals.

b. Personal: The Bank also accepts sureties from individuals or legal entities. The Bank evaluates the guarantor's ability to honor the debt obligations on the borrower's behalf, as well as the integrity of the guarantor's credit history.

The Bank conducts strict credit analyses before granting loans and requires guarantees from its borrowers before disbursing loans. As of March 31, 2025, 65.12% of the loan portfolio is secured by collateral guarantees (2024: 59.71%).

(Continued)

The concentration of the loan portfolio by individual borrower is as follows:

		Direct loans		Stand-by credits	
Concentration		March 2025	March 2024	March 2025	March 2024
US$1 to US$6,000	US$	385,986,194	329,306,996	297,414,367	258,017,966
US$6,001 to US$30,000		1,491,969,658	1,297,559,811	415,220,110	363,939,984
US$30,001 to US$60,000		1,140,460,923	1,087,748,386	9,873,990	9,262,775
US$60,001 to US$100,000		995,514,597	982,871,088	4,614,793	4,227,869
US$100,001 to US$150,000		1,044,186,998	989,981,716	3,130,323	3,295,481
US$150,001 to US$200,000		632,728,230	593,420,350	4,351,362	3,193,305
US$200,001 to US$400,000		597,889,476	539,426,118	7,762,001	6,940,260
More than US$400,000		4,404,418,370	4,184,554,045	30,532,679	40,229,316
	US$	10,693,154,446	10,004,868,511	772,899,625	689,106,955

As of March 31, 2025 and 2024, the direct and stand-by loans of the portion of the loan portfolio corresponding to economic interest groups amount to US$2,150,053,805 and US$1,324,428,844, respectively, equivalent to 20.09% and 13.22% of the loan portfolio, respectively.

For credit risk management purposes, the Bank applies an internal model to estimate the loan portfolio's expected credit losses (ECL) and value at risk (VaR) over a one-year holding period using the "Monte Carlo simulations" approach. Loan portfolio risks are assessed, controlled and monitored on a monthly basis based on one-year projections (maximum loss with a confidence level of 99% over one year).

This approach is applied using a computational system developed in "Matlab" software. Also, the credit risk model takes into consideration the impact of changes in macroeconomic variables (endogenous and exogenous) on the loan portfolio when determining systemic factors. Results are compared with prior month estimates and historical trends.

The Bank's loan portfolio is comprised of operations in various currencies, i.e., the Costa Rican colon, the US dollar and DU. Therefore, the consolidated expected credit loss (ECL) analysis is applied by currency. Also, the methodological change of the VaR is made, aligned to the ECL methodology according to the segments defined in the Bottom-Up Stress Test (BUST), which is calculated in a consolidated manner and by segment, according to the BUST classification.

Other types of estimates are made in addition to those obtained using the VaR methodology, such as the performance of the portfolio in legal collection, concentration of the portfolio by economic activity, vintage analysis, stress testing, transition matrixes, roll rates, write-off ratio and sensitivity analyses for new loans and/or follow-up. Accordingly, the Bank has developed specialized internal methodologies to model credit risk that quantify risk indicators and potential impacts on institutional development.

The year-on-year variation observed in the ECL of the entire loan portfolio was 2.65% in March 2024 and 2.65% in March 2025. This is mainly due to a decrease in the arrears indicators of the Construction sector, which for arrears over 90 days decreased from 20.83% in March 2024 to 0.53% in March 2025. That decrease was compensated by the increase in arrears over 90 days in other sectors, such as Industry and Consumer. Arrears over 90 days in the entire portfolio increased from 3.17% in March 2024 to 3.91% in March 2025.

Compared to the results from March 2024, the behavior of ECL for economic activities showed a mixed result (increases and decreases), but with a predominant downward trend. The activities with the largest decreases are Housing, Transport and Livestock, with decreases exceeding 25 basis points (bp), while the activity with the largest increase is Construction, with a variation of 5 basis points.

For the result of the VaR of the loan portfolio, there was a year-on-year decrease from 7.92% to 7.65%, which is an expected behavior given the variations in the portfolio balance by segmentation.

ii. <u>BN Sociedad Administradora de Fondos de Inversión, S.A.</u>

Credit risk is the risk that the borrower or issuer of a financial asset property of the Investment Fund Manager will fail to discharge an obligation, fully and on time, in accordance with the terms and conditions agreed upon at the time the financial asset was acquired.

Credit risk is considered to be minimal since the Investment Fund Manager's portfolio is composed of securities issued by BCCR and the Ministry of Finance. Such risk is measured and monitored using the Return on Risk-Adjusted Capital (RORAC) methodology.

To mitigate credit risk, the Investment Fund Manager monitors the issuers' risk, obtains ratings assigned to issuers by risk rating agencies and maintains access to information necessary for following up on significant events for each issuer that could adversely affect its rating or outlook.

The Investment Fund Manager has established the following procedures to manage credit risk:

- formulation of credit policies
- definition of concentration and exposure limits, which are included in the risk management and investment policy; and
- policy compliance reviews through analyses of the composition of the investment portfolio.

The Investment Fund Manager enters into repurchase agreements, which can lead to credit risk exposure if the counterparty to the transaction is unable to fulfill its contractual obligations. Repurchase agreements are secured by securities pledged by the counterparty but are not directly secured by the Costa Rican National Stock Exchange, In the event of default, the Investment Fund Manager has recourse to the guarantee fund and to traditional recovery mechanisms such as termination of the agreement and foreclosure.

With the entrance into effect of CONASSIF Directive 6-18 *Regulation on Financial Information* (RFI), regulated entities are required to calculate estimated credit losses for their investment portfolios.

Financial instruments are classified according to the business models defined and approved by the board of directors.

The calculation of ECL applies only to instruments measured at amortized cost or at FVOCI.

ECL due to impairment in the issuer's credit is not calculated for those instruments that directly affect equity.

At period-end, an allowance for ECL is booked for the managed portfolio, as follows:

Portfolio		March 2025	March 2024
Investments in financial instruments at FVOCI	US$	52,447	53,130

iii. BN Valores Puesto de Bolsa, S.A.

Credit risk is the risk of potential losses resulting from an issuer's failure to pay or from deterioration in the credit rating of the security or issuer.

To manage credit risk, the Brokerage Firm has identified risk factors, i.e., variables for which changes could affect the equity of the Brokerage Firm.

To mitigate credit risk, the Brokerage Firm's liquidity policy sets the following limits:

- Pursuant to the requirements set out in the investment policy, the Brokerage Firm takes into consideration the ratings granted by rating agencies to local or international issues, in compliance with the provisions of current regulations.

- The Brokerage Firm assesses the marketability of the instruments based on internally calculated indicators. In the case of investments in the local market, the Brokerage Firm considers those registered with the National Registry of Securities and Brokers, while for investments in international markets, the Brokerage Firm considers instruments that may be sold at any point in time.

Consequently, in order for the Brokerage Firm to acquire securities issued abroad, those securities must have been assigned a risk rating by a risk rating agency authorized by SUGEVAL or by a renowned international risk rating agency such as Standard & Poor's, Moody's, or Fitch. This requirement does not apply to securities issued abroad by the Government of Costa Rica, BCCR and other Costa Rican public institutions.

The Brokerage Firm may acquire the following instruments:

- fixed income external debt securities issued by the Government of Costa Rica, BCCR and other Costa Rican public institutions.
- fixed income securities issued by the government or the central bank of countries that have been assigned an investment grade rating.
- investment grade corporate bonds and fixed income securities issued by supranational entities.
- structured notes issued by investment grade banks, provided that the underlying instrument is not related to commodities, stock indexes or shares; has a risk rating that is not below the risk rating assigned to Costa Rica; and is available for public offering on a national or international stock exchange, subject to prior approval of General Management.

(Continued)

In local currency, the Brokerage Firm may invest in instruments issued by the Government of Costa Rica, BCCR, commercial State-owned banks and local and foreign public or private entities authorized by SUGEVAL, which issue securities that meet the set criteria and investment limits and that may be freely transferred in the Costa Rican securities market.

The weighted average duration of the total portfolio based on Macaulay's duration and by weighing the carrying amount of each investment shall not exceed 2.75 years.

The Brokerage Firm's financial instruments are concentrated as follows:

For the March 2025 close, the accounting records showed investments in colones and in US dollars issued by local issuers in colones and issued by foreign issuers in US dollars. The Brokerage Firm holds no investments in DU. By currency, the largest portion continues to be concentrated in the portfolio in colones with 88.26% and 11.56% in US dollars.

For the consolidated portfolio, investments in instruments issued by the Government of Costa Rica correspond to 87.94% and BNCR 0.28%. The sum of these issuers represents 88.26% of the consolidated portfolio in colones. The portfolio in US dollars is represented by G issues 11.43% and BNSFI 0.13%, for a total of 11.56%.

An allowance for ECL was booked for the managed portfolio, as follows:

Portfolio		March 2025	March 2024
Investments measured at FVOCI	US$	25,535	18,155
Investments measured at amortized cost	US$	281,197	350,412

iv. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

For the Pension Fund Manager, the credit risk of an investment is defined as the uncertainty that the issuer of the acquired instrument or counterparty, may not fulfill its obligations, resulting in nonpayment, also known as issuer credit risk. For risk management reporting purposes, the Pension Fund Manager considers and consolidates all elements of credit risk exposure – e.g., individual obligor default risk, country and sector risk.

Credit risk management

To mitigate credit risk, the Pension Fund Manager monitors the issuers' risk, obtains ratings assigned to issuers by risk rating agencies and maintains access to information necessary for following up on significant events for each issuer that could adversely affect its rating or outlook.

The Pension Fund Manager monitors the notes on relevant events provided by SUGEVAL, which evidence changes in ratings by local rating agencies. With this information, Management and the committees are able to make timely decisions to maintain the investments that are favorable to the portfolios managed by the Pension Fund Manager, protecting the affiliates' interests and wellbeing.

An allowance for ECL was booked for the managed portfolio, as follows:

		March 2025	March 2024
Investments measured at FVOCI	US$	60,351	68,345
Investments measured at amortized cost	US$	8,079	16,500

v. BN Corredora de Seguros, S.A.

Credit risk is the risk of financial loss to the Insurance Brokerage Firm if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Insurance Brokerage Firm's investment debt securities and accounts receivable. For risk management reporting purposes, the Insurance Brokerage Firm considers and consolidates all elements of credit risk exposure – e.g., individual obligor default risk, country and sector risk.

Credit risk management

To mitigate credit risk, the Insurance Brokerage Firm's investments policy sets the following limits:

- Pursuant to the requirements set out in the investment policy, the Insurance Brokerage Firm takes into consideration the ratings granted by rating agencies to local or international issues, in compliance with the provisions of current regulations.

- The Insurance Brokerage Firm assesses the marketability of the instruments based on internally calculated indicators. In the case of investments in the local market, the Insurance Brokerage Firm considers those registered with the National Registry of Securities and Brokers, while for investments in international markets, the Insurance Brokerage Firm considers instruments that may be sold at any point in time.

At period-end, an allowance for ECL was booked for the managed portfolio, as follows:

Portfolio		March 2025	March 2024
Amortized cost	US$	15,339	15,687

Investments in financial instruments

With the entrance into effect of CONASSIF 06-18 *Regulation on Financial Information* (RFI), Article 18 requires regulated entities to calculate estimated credit losses for their investment portfolios on a monthly basis.

The Conglomerate has a classification of its instruments aligned with the three business models defined and updated as of the first quarter of 2021. The calculation of ECL applies only to instruments measured at amortized cost and instruments measured at FVOCI. For instruments measured at FVTPL, expected credit losses are not calculated for impairment of the issuer's credit.

Instruments classified under model 1 (measured at amortized cost) are held to collect contractual cash flows and give rise to cash flows that are SPPI.

Instruments classified under model 2 (measured at FVOCI) are held to obtain income from collecting contractual cash flows and selling financial assets, for reinvestment or to be used to address the liquidity needs of the investments portfolio.

Instruments classified under model 3 (other assets) are held to obtain income from cash flows generated by trading the assets and are recorded at FVTPL.

(Continued)

At period-end, the estimation of instruments by model is as follows:

		March 2025		
Month		Model 1 Amortized cost	Model 2 Comprehensive income	Total estimated losses
January	US$	1,972,344	2,671,344	4,643,688
February		1,941,679	2,823,978	4,765,657
March	US$	1,880,097	2,545,023	4,425,119

		March 2024		
Month		Model 1 Amortized cost	Model 2 Comprehensive income	Total estimated losses
January	US$	2,692,448	2,459,308	5,151,756
February		2,890,394	2,544,171	5,434,565
March	US$	3,055,567	2,454,966	5,510,534

Starting in November 2023, an adjustment was made to the methodology for the calculation of the loss allowance on investment portfolios.

These adjustments mainly include calibrating the probability of default (PD) and of the EAD component.

The following table sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

			March 2025	
	12-month PD ranges		Stage 1	Total
Investments at amortized cost *(1)*	0.60%	US$	1,272,556,254	1,272,556,254
Allowance			(1,880,097)	(1,880,097)
		US$	1,270,676,157	1,270,676,157

(Continued)

	12-month PD ranges		December 2024 Stage 1	Total
Investments at amortized cost *(1)*	0.07% to 0.60%	US$	1,617,588,140	1,617,588,140
Allowance			(2,534,038)	(2,534,038)
		US$	1,615,054,103	1,615,054,103

	12-month PD ranges		March 2024 Stage 1	Total
Investments at amortized cost *(1)*	0.60% to 1.46%	US$	1,880,937,670	1,880,937,670
Allowance			(3,055,567)	(3,055,567)
		US$	1,877,882,102	1,877,882,102

(1) The classification of investments by type of instrument and their corresponding risk classification is detailed in Note 10 Financial Instruments.

The following table sets out information about the credit quality of financial assets measured at FVOCI. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

	12-month PD ranges		March 2025 Stage 1	Total
Investments at FVOCI *(1)*	0.01% to 1.81%	US$	1,438,579,888	1,438,579,888
Allowance			(2,545,023)	(2,545,023)
		US$	1,436,034,865	1,436,034,865

	12-month PD ranges		December 2024 Stage 1	Total
Investments at FVOCI *(1)*	0.01% to 1.46%	US$	1,455,592,648	1,455,592,648
Allowance			(3,155,796)	(3,155,796)
		US$	1,452,436,852	1,452,436,852

(Continued)

	12-month PD ranges		March 2024	
			Stage 1	Total
Investments at FVOCI *(1)*	0.19% to 1.75%	US$	1,186,750,123	1,186,750,123
Allowance			(2,454,966)	(2,454,966)
		US$	1,184,295,156	1,184,295,156

(1) The classification of investments by type of instrument and their corresponding risk rating is detailed in Note 10 Financial Instruments.

The following table sets out information about the credit quality of financial assets measured at FVTPL. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

		March 2025	
		Stage 1	Total
Investments in financial instruments at FVTPL	US$	6,381,202	6,381,202
	US$	6,381,202	6,381,202

		December 2024	
		Stage 1	Total
Investments in financial instruments at FVTPL	US$	5,139,719	5,139,719
	US$	5,139,719	5,139,719

		March 2024	
		Stage 1	Total
Investments in financial instruments at FVTPL	US$	9,111,344	9,111,344
	US$	9,111,344	9,111,344

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Notes to the Consolidated Financial Statements

Expected credit losses, by currency, are as follows:

		March 2025	
		Absolute	Relative
Colones expressed in US dollars	US$	3,799,009	39.55%
US dollars		775,387	10.54%
	US$	4,574,396	40.08%

		December 2024	
		Absolute	Relative
Colones expressed in US dollars	US$	5,256,634	41.53%
US dollars		600,753	9.71%
	US$	5,857,387	40.08%

		March 2024	
		Absolute	Relative
Colones expressed in US dollars	US$	5,335,251	50.27%
US dollars		322,694	9.83%
	US$	5,657,945	60.08%

Investments by geographic location are as follows:

		March 2025		
Country		Principal	Interest	Total
Costa Rica	US$	2,097,939,245	28,604,615	2,126,543,860
Panama		8,000,000	290,518	8,290,518
Caribbean		1,037,724	15,430	1,053,154
United States		557,770,609	5,229,132	562,999,741
Canada		6,088,313	54,458	6,142,770
Europe		71,095,278	654,992	71,750,270
Asia		3,285,107	18,185	3,303,292
		411,835	4,237	416,071
	US$	2,745,628,111	34,871,567	2,780,499,678

		December 2024		
Country		Principal	Interest	Total
Costa Rica	US$	2,422,611,238	38,986,906	2,461,598,144
Panama		8,000,000	181,118	8,181,118
Caribbean		1,745,473	14,141	1,759,614
United States		596,590,210	6,299,268	602,889,478
Canada		4,443,585	60,016	4,503,601
Europe		68,454,920	1,200,927	69,655,846
Asia		2,996,795	35,867	3,032,663
Australia		411,382	4,858	416,241
	US$	3,105,253,605	46,783,101	3,152,036,706

		March 2024		
Country		Principal	Interest	Total
Costa Rica	US$	2,507,629,261	35,501,915	2,543,131,175
Panama		8,000,000	326,533	8,326,533
Caribbean		1,395,876	11,154	1,407,030
United States		552,427,498	5,034,158	557,461,657
Canada		5,323,886	53,471	5,377,356
Europe		40,277,663	473,135	40,750,797
Asia		1,822,527	7,381	1,829,908
New Zealand		558,339	1,278	559,617
	US$	3,117,435,050	41,409,025	3,158,844,074

Key inputs for the measurement of ECL under IFRS 9

The inputs considered are based on the different methodologies and approaches that were used in modelling the calculation of ECL under the guidelines of accounting standard IFRS 9.

The ECL model allows the Bank to calculate ECL based on three key inputs: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Definition of ratings

Investment instruments are given a rating based on the different reports and/or sources used by international and local rating agencies in their assessment. Consequently, it is necessary to determine the equivalence of the different ratings granted by international and local rating agencies to securities in local or foreign currency.

For the Conglomerate, two types of equivalence of information are used depending on the source chosen:

- Equivalence of international ratings:

It consists of determining the equivalence of the ratings granted by international rating agencies to securities in local and foreign currencies and to determine the equivalence of these rating reports.

The following table shows the equivalence of ratings of the different international risk rating agencies where, for instance, the equivalent for Moody's Baa1 would be Fitch's BBB+, according to CONASSIF Directive 14-21.

S&P	Moody's	Fitch
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
BB+	Ba1	BB+
BB	Ba2	BB
BB-	Ba3	BB-
B+	B1	B+
B	B2	B
B-	B3	B-
CCC(+-)	Caa(123)	CCC(+-)
CC	Ca(123)	CC
C	C	C
D		DDD
		DD
		D

- Equivalence of local ratings (Ceiling test)

In addition to the aforementioned equivalence of ratings, a Ceiling Test process is implemented. It assigns a rating, which is accepted as internationally valid, to those ratings issued by local or regional risk rating agencies, such as SCR and PCR, so that each risk rating does not exceed the country risk. The following table shows the equivalence of the national ratings used by the Conglomerate in accordance with the methodology to determine the equivalents of national risk rating scales.

(Continued)

Costa Rica	International scale
AAA	BB-
AA+	B+
AA	B+
AA-	B+
A+	B
A	B
A-	B-
BBB+	B-
BBB	CCC+
BBB-	CCC+
BB+	CCC
BB	CCC
BB-	CCC-
B+	CCC-
B	CC
B-	CC
C	C

Amounts arising from expected credit losses

- *Significant increase in credit risk*

IFRS 9 establishes that ECL must be calculated based on the classification of operations into three stages of credit risk:

- Stage 1- Assets that are not credit-impaired
- Stage 2 - Assets with a significant increase in credit risk but that are not credit-impaired
- Stage 3 - Assets that are credit-impaired

Criteria for significant increase in credit risk (Stage 2)

To measure a significant increase in risk, IFRS 9 indicates the following:

At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity shall use the change in the risk if a default occurring over the expected life of the financial instrument instead of the change in the amount of ECL’s.

To make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The methods used to determine whether the credit risk of a financial instrument has increased significantly since initial recognition should consider the characteristics of the financial instrument (or group of financial instruments) and previous default patterns for comparable financial instruments. Despite the requirement in paragraph 5.5.9 for financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default within the following 12 months may be a reasonable approximation of the changes in the lifetime ECL.

Criteria for objective impairment (Stage 3)

For a financial instrument to be considered impaired, any of the following characteristics must be met:

- Significant arrears in the payment of interest or principal, or both. The usual criteria for loans are 90 days past due or more. The standard expressly indicates 90 days past due for any financial instrument unless it is refuted. For investments it tends to be stricter in practice, with the default at 30 days past due or less.
- Contracts subject to judicial or preliminary proceedings.
- The investment or issuer has a Default or Partial Default rating.
- The issuer files for bankruptcy.

Additionally, the objective criteria for impairment can be extended when an increase in risk is determined such that, above that investment grade, the instruments become credit-impaired.

Therefore, a PD of 1 is assigned to loans categorized in this stage, since the loan is already considered in default and the PD is 100%.

The Conglomerate determines the increase in risk by analyzing any changes from the original rating at the time of purchase to the rating at the date of calculation (threshold methodology).

This analysis is performed in a differentiated manner:

- For securities with an initial rating that is within the Conglomerate's investment policy or 3 investment grades below the minimum rating (BBB-), a fall of more than 3 notches in the rating is considered a significant increase in risk. According to the current policy from August 2022, these correspond to ratings above BB-.
- For securities with an initial rating above CCC+ that do not belong in the item above, falls in the rating below B- are considered a significant increase in risk.
- For ratings below B-, a significant increase in risk is defined by falls exceeding 1 *notch*.
- Initial impairment ratings below CCC- are considered instruments in *Stage 3*, observing an increase in risk by two grades above the minimum rating defined in the Conglomerate's investment policy.

Probability of Default (PD)

Under IFRS 9, the new mechanism to measure impairment is based on the portion of probable losses that must be provisioned. One of the parameters that allows determining that condition is the probability that a financial instrument or a counterparty will default over a time horizon, in such a way that that there are two types of PD:

- 12-month PD: Probability that a borrower will fail to comply with its obligations during the following 12 months.
- Lifetime PD: Lifetime probability of default is assessed over the remaining term of the operation.

Segmentation

IFRS 9 allows the Bank to measure the ECL on exposures collectively if they have similar risk characteristics. Moreover, IFRS 9 is flexible regarding the entities that should make this segmentation.

Consequently, the following criteria are used to define the PD of assets in the investment portfolio:

- External (third parties) or internal credit ratings or scores
- Type of instrument
- Geographic location
- Issuer's currency.

The following table shows the granularity scheme for the segmentation of the PD. For securities from sovereign issuers, PD is assigned is based on the sovereign risk rating if the instrument is denominated in local or foreign currency. For corporate securities, the region associated with the issuer's country as well as the type of investment (financial and non-financial) is added to the instrument's rating.

Segment	Category	
Sovereign	Foreign currency Local currency	
Corporate	North America (NA)	Corporate Financial Corporate Non-financial
	Europe and Middle East and Africa (EMEA)	Corporate Financial Corporate Non-financial
	Asia Pacific and Oceania (APAC)	Corporate Financial Corporate Non-financial
	Latin America (LATAM)	Corporate Financial Corporate Non-Financial

i. *Allowance for expected credit losses*

As of March 31, 2025, the reconciliation of the opening balance and closing balance of ECL by type of instrument is as follows:

		Stage 1	Total
Investments at amortized cost			
Balance as of January 1, 2025	US$	2,534,038	2,534,038
Update of the allowance		(10,854)	(10,854)
Allowance for new investments		5,821	5,821
Decrease in allowance		(691,728)	(691,728)
Adjustment for translation		42,819	42,819
Balance as of March 31, 2025	US$	1,880,097	1,880,097
Investments at FVOCI			
Balance as of January 1, 2025	US$	3,167,704	3,167,704
Update of the allowance		(30,021)	(30,021)
Allowance for new investments		237,868	237,868
Decrease in allowance		(884,055)	(884,055)
Adjustment for translation		53,527	53,527
Balance as of March 31, 2025	US$	2,545,023	2,545,023
Total allowance	US$	4,425,120	4,425,120

(Continued)

As of March 31, 2024, the reconciliation of the opening balance and closing balance of ECL by type of instrument is as follows:

		2024	
		Stage 1	Total
Investments at amortized cost			
Balance as of January 1, 2024	US$	2,688,017	2,688,017
Update of the allowance		(46)	(46)
Allowance for new investments		383,422	383,422
Decrease in allowance		(123,431)	(123,431)
Adjustment for translation		107,606	107,606
Balance as of March 31, 2024	US$	3,055,567	3,055,567
Investments at FVOCI			
Balance as of January 1, 2024	US$	2,676,040	2,676,040
Update of the allowance		(11,762)	(11,762)
Allowance for new investments		304,708	304,708
Decrease in allowance		(621,146)	(621,146)
Adjustment for translation		107,126	107,126
Balance as of March 31, 2024	US$	2,454,966	2,454,966
Total allowance	US$	5,510,533	5,510,533

b) Liquidity risk

Liquidity risk arises when the financial entity is unable to honor its commitments or obligations with third parties due to insufficient cash flows, among other factors. It also represents the risk of potential losses due to forced sales of assets or forced acceptances of liabilities under unfavorable conditions.

i. Banco Nacional de Costa Rica

To support liquidity risk management, the Market Risk Division (MRD) monitors indicators such as liability structure, daily changes and trends in demand and term account balances, volatility of deposit-taking from the public (VaR of liquidity), liquidity coverage ratio (LCR), the net stable funding ratio (NSFR), systemic liquidity indicators and SUGEF’s term matching indicators.

LCR results are compared with the risk appetite limit approved by the General Board of Directors, which was set at 130% for the LCR in colones and in US dollars. Below is the LCR indicator at the March 2024 and March 2025 close, term during which the indicators are considerably above the risk appetite level in both currencies. This means that commitments and net cash outflows for 30 days can be met in an adverse scenario.

Year on year, the LCR indicator in colones, expressed in US dollars, closed at 214% as of the March 2025 close, which is 18.5% higher than the previous year, related to a 3% drop in the stock of liquid assets (HQLA) (-US$81 million, mainly due to investments in the integrated liquidity market, which was exceeded by the 12% decrease in net cash outflows (-US$170 million, mainly in wholesale commitments). The LCR indicator remains considerably below the appetite level at 130%, equivalent to US$1,146 million.

As of March 31, 2025, the LCR indicator in US dollars closed at 214%, showing a decrease of 21.3% with regard to the previous year. This was due to a 6% decrease in HQLA (US$86 million, mainly in the recovery of the minimum legal deposit) exceeded by an increase of 15% in net cash outflows (US$98 million, mainly due to wholesale commitments. The LCR indicator is considerably above the appetite level of 130%, equivalent to US$561 million.

The LCR percentage indicator by currency is as follows:

Indicator	March 2025	March 2024	Variation	Level
LCR - colones	214%	195%	18.5%	Appetite
LCR - US dollars	214%	235%	(21.3%)	Appetite

This information is communicated to management in a monthly report that is reviewed by the Corporate Risk Committee and subsequently presented to the board of directors.

As of March 31, 2025, the terms of the Conglomerate's assets and liabilities denominated in local currency expressed in US dollars are matched as follows:

		Days								
		Past due	Demand	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	More than 365	Total
Cash and due from banks	US$	-	350,090,725	-	-	-	-	-	-	350,090,725
Minimum legal deposit in BCCR		-	842,983,725	77,776,827	36,720,223	66,717,606	118,182,276	169,607,923	48,722,491	1,360,711,072
Investments		-	6,129,801	24,563,631	111,387	6,461,069	9,847,647	141,568,171	1,836,093,888	2,024,775,594
Loan portfolio		425,029,341	-	85,344,426	97,225,532	124,331,901	227,259,085	343,934,343	6,544,930,387	7,848,055,014
Recovery of assets	US$	425,029,341	1,199,204,251	187,684,883	134,057,143	197,510,576	355,289,008	655,110,437	8,429,746,766	11,583,632,405
Obligations with the public	US$	-	6,064,462,194	275,945,953	436,766,048	354,950,224	617,361,093	1,308,095,570	379,246,888	9,436,827,969
Obligations with BCCR		-	-	-	-	-	-	-	249,191	249,191
Obligations with financial entities		-	85,791,134	322,170,486	14,971,596	12,041,121	25,871,809	54,740,002	80,486,728	596,072,877
Charges payable		-	41,502,233	8,817,970	9,377,557	4,332,532	7,553,512	4,506,986	2,433,881	78,524,670
Maturity of liabilities	US$	-	6,191,755,561	606,934,409	461,115,201	371,323,877	650,786,414	1,367,342,558	462,416,687	10,111,674,707
Difference	US$	425,029,341	(4,992,551,310)	(419,249,526)	(327,058,059)	(173,813,301)	(295,497,406)	(712,232,121)	7,967,330,079	1,471,957,698

As of March 31, 2024, the terms of the Conglomerate's assets and liabilities denominated in local currency expressed in US dollars are matched as follows:

		Days								
		Past due	Demand	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	More than 365	Total
Cash and due from banks	US$	-	346,432,237	-	-	-	-	-	-	346,432,237
Minimum legal deposit in BCCR		-	779,527,600	68,527,300	56,006,869	33,784,436	88,744,002	147,644,579	62,968,232	1,237,203,018
Investments		-	8,269,662	376,104,929	3,555,357	48,142,164	61,459,457	234,820,704	1,767,568,210	2,499,920,483
Loan portfolio		477,980,232	-	104,951,309	90,781,501	110,764,542	195,970,192	290,214,400	6,168,282,703	7,438,944,879
Recovery of assets	US$	477,980,232	1,134,229,499	549,583,539	150,343,727	192,691,141	346,173,651	672,679,683	7,998,819,145	11,522,500,617
Obligations with the public	US$	-	6,304,315,204	344,668,471	220,281,700	227,030,442	522,369,950	1,252,686,825	406,538,516	9,277,891,108
Obligations with BCCR		-	-	-	-	-	-	276,587,377	248,015	276,835,392
Obligations with financial entities		-	186,334,944	163,857,239	11,856,889	6,913,685	52,267,741	38,760,054	77,575,956	537,566,509
Charges payable		-	44,446,653	20,080,495	7,982,076	4,395,176	8,361,043	11,007,692	1,974,374	98,247,508
Maturity of liabilities	US$	-	6,535,096,802	528,606,205	240,120,664	238,339,302	582,998,734	1,579,041,948	486,336,861	10,190,540,517
Difference	US$	477,980,232	(5,400,867,304)	20,977,334	(89,776,937)	(45,648,161)	(236,825,083)	(906,362,266)	7,512,482,284	1,331,960,100

(Continued)

As of March 31, 2025, the terms of the Conglomerate's assets and liabilities denominated in foreign currency, expressed in US dollars, are matched as follows:

		Days								
		Past due	Demand	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	More than 365	Total
Cash and due from banks	US$	-	641,966,371	-	-	-	-	-	323,856	642,290,227
Minimum legal deposit in BCCR		-	470,994,955	16,562,579	12,732,688	13,426,177	35,546,019	39,460,099	52,052,291	640,774,808
Investments		-	177,801	6,106,702	24,883,311	1,459,674	91,203,061	192,457,011	439,457,008	755,744,568
Loan portfolio		131,492,797	-	43,011,112	56,915,100	44,773,371	133,587,058	130,117,175	2,213,078,006	2,752,974,618
Recovery of assets	US$	131,492,797	1,113,139,127	65,680,393	94,531,099	59,659,223	260,336,139	362,034,284	2,704,911,160	4,791,784,222
Obligations with the public	US$	-	3,126,882,068	109,375,052	93,824,017	111,460,054	214,604,006	256,032,456	246,984,333	4,159,161,986
Obligations with financial entities		-	-	-	-	-	-	-	-	-
Charges payable		-	22,897,521	119,320,386	127,361	32,993	82,153	759,939	268,114,921	411,335,273
Maturity of liabilities		-	13,255,322	1,812,696	1,161,444	4,500,750	2,610,300	2,183,126	1,272,755	26,796,393
Difference	US$	-	3,163,034,912	230,508,133	95,112,822	115,993,797	217,296,459	258,975,520	516,372,010	4,597,293,653

As of March 31, 2024, the terms of the Conglomerate's assets and liabilities denominated in foreign currency, expressed in US dollars, are matched as follows:

		Days								
		Past due	Demand	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	More than 365	Total
Cash and due from banks	US$	-	679,856,930	-	-	-	-	-	615,500	680,472,430
Minimum legal deposit in BCCR		-	427,709,000	16,943,286	16,147,966	17,198,480	43,668,107	39,461,317	33,834,729	594,962,887
Investments		-	171,796	91,874,244	23,547,842	9,992,990	27,438,752	24,089,365	482,289,360	659,404,348
Loan portfolio		107,174,143	-	45,556,706	42,108,705	60,926,487	117,874,388	159,137,559	1,949,905,544	2,482,683,531
Recovery of assets	US$	107,174,143	1,107,737,725	154,374,235	81,804,513	88,117,957	188,981,248	222,688,241	2,466,645,133	4,417,523,195
Obligations with the public	US$	-	2,814,112,682	107,141,106	120,281,653	109,971,032	258,289,774	253,049,837	215,825,012	3,878,671,096
Obligations with financial entities		-	18,354,911	143,422,947	775,526	9,011,400	4,340,577	365,000	159,962,022	336,232,383
Charges payable		-	11,267,211	2,288,430	1,784,168	3,611,511	2,846,457	1,881,270	1,124,317	24,803,365
Maturity of liabilities		-	2,843,734,804	252,852,484	122,841,348	122,593,942	265,476,807	255,296,107	376,911,351	4,239,706,844
Difference	US$	107,174,143	(1,735,997,079)	(98,478,248)	(41,036,834)	(34,475,985)	(76,495,560)	(32,607,866)	2,089,733,782	177,816,352

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ii. *BN Sociedad Administradora de Fondos de Inversión, S.A.*

Liquidity risk is the risk that the Investment Fund Manager will be unable to settle its investments on a timely basis and for an amount that approximates fair value in order to meet its liquidity needs.

It is worth noting that liquidity risk management is closely related to credit risk management, meaning that instruments or securities present in the financial market are included to facilitate their negotiation.

Liquidity risk management

The board of directors sets the Investment Fund Manager's strategy for managing liquidity risk and oversight of the implementation is administered by the General Risk Division. It approves the Investment Fund Manager's liquidity policies and procedures. The Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports on the liquidity position.

iii. *BN Valores Puesto de Bolsa, S.A.*

Liquidity risk is the risk of potential losses due to premature or forced sales of assets at unusual discounts in order to fulfill commitments or the risk that a position cannot be liquidated, acquired, or hedged in a timely manner by offsetting it with an equivalent position.

Management of liquidity risk

To manage liquidity risk, the Brokerage Firm has established its liquidity levels based on its cash needs, diversified its funding sources and formulated policies to monitor risk exposures.

Liquidity risk is also the risk that the Brokerage Firm will be unable to meet all of its obligations due to an unexpected withdrawal of funds from creditors or customers, a decrease in the value of investments, the excessive concentration of liabilities in a single creditor, a mismatch of assets and liabilities, the lack of liquid assets or the financing of long-term assets with short-term liabilities, etc. The Brokerage Firm's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

(Continued)

Risk management has become essential for most entities that operate in financial markets since successful investment portfolio management is directly linked to good risk management practices. These entities have increasingly become aware of the importance of having an adequate system in place to measure and monitor positions assumed in order to manage risk exposures.

The Brokerage Firm has been compelled to increasingly diversify its investments in response to the development of the securities market, which has given rise to the need for a mechanism for making timely decisions to take advantage of investment opportunities in domestic and international markets.

In light of that situation, the Brokerage Firm must have sufficient tools for measuring and monitoring the risks on its investments in order to maximize return while minimizing risk. For such purposes, the Brokerage Firm has documented liquidity risk policies aimed at limiting liquidity risk exposures.

The Brokerage Firm's liquidity policies establish that the trader of the Brokerage Firm's own portfolio is responsible for executing investments and making any investment decisions related to that portfolio, in accordance with the provisions set forth in the guidelines for management of the Brokerage Firm's own portfolio and in compliance with current legal regulations and with the Brokerage Firm's internal and corporate rules, regulations and procedures.

Marketability of instruments is determined based on indicators calculated by the Brokerage Firm for such purposes and on whether they are registered in the National Registry of Securities and Brokers. The Brokerage Firm must comply with maximum and minimum maturity concentrations, which require that a minimum of 20% of the total portfolio correspond to investments with maturities of 12 months or less. The investment portfolio should not include investments in equity instruments or investments in publicly offered real estate funds.

iv. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

Liquidity risk is the risk that the Pension Fund Manager will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Pension Fund Manager's operations and investments.

Liquidity risk management

The liquidity level of the Pension Fund Manager corresponds to the nature of its operations. The entity holds a portfolio of short-term assets as well as liquid investments to ensure it has sufficient liquidity. As part of liquidity controls, cash flows are monitored on a daily basis, taking into consideration checking account balances and projected cash needs for up to three days after the calculation. Accordingly, the entity could sell financial assets or invest surpluses that will not be used in the short term, if necessary.

Risk management policies establish a liquidity limit which determines that a sufficient liquidity level will be maintained to address the investment needs and operations of the Pension Fund Manager and the characteristics of the pension plan, according to the need arising from the nature of the Pension Fund Manager itself.

All policies and procedures are subject to review and approval by the Risk Committee and the Investment Committee. The board of directors has established minimum liquidity levels on the minimum portion of funds available to meet the fund requirements.

Additionally, according to the portfolio's nature, the Pension Fund Manager has established limits to manage liquidity risk that allow determining liquidity levels.

v. *BN Corredora de Seguros, S.A.*

Liquidity risk is the risk that the Insurance Brokerage Firm will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Insurance Brokerage Firm's operations and investments.

Liquidity risk management

The board of directors sets the Insurance Brokerage Firm's strategy for managing liquidity risk and oversight of the implementation is administered by the Corporate Risks Committee. This Committee approves Insurance Brokerage Firm's liquidity policies and procedures. The Financial Administrative Unit manages the liquidity position on a day-to-day basis and reviews daily reports on the liquidity position.

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The Insurance Brokerage Firm's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. A key element of the Insurance Brokerage Firm's liquidity strategy is to carry a portfolio of highly liquid assets that match the maturities of the main liabilities.

c) *Market risks*

i. *Banco Nacional de Costa Rica*

To assess market risk, the Bank analyzes the probability that the value of its own investments will decrease as a result of changes in interest rates, foreign exchange rates, prices of instruments and other economic and financial variables as well as the economic impact of those changes, which could expose the Bank to market risk. The objective of market risk management is to follow-up on and control market risk exposures so as to maintain a risk appetite (risk limits approved by the board of directors).

Indicator	Limit	Level
Consolidated VaR	2.80%	Appetite
Currency risk	3.00%	Appetite
Interest rate risk – colones	1.20%	Appetite
Interest rate risk – foreign currency	1.00%	Appetite

The main indicator used is the market VaR of the Bank's investments, which is quantified by means of an internal methodology and measured for each currency in which the Bank holds positions. That indicator is complemented with the duration and return, which show the Bank's risk-return profile derived from holding an investment portfolio.

The Market Risk Division periodically analyzes and follows-up on the investment portfolio on a periodic basis through the Comprehensive Risk Assessment Report, which is submitted to the Corporate Risk Committee and the board of directors.

The portfolios by currency are as follows:

	Face value of investments by currency		
Currency	March 2025	March 2024	Variation
Colones, expressed in US dollars	1,733,883,486	2,219,977,237	(486,093,751)
US dollars - local issuers	160,043	51,918	108,125
US dollars - international issuers	1,292,912	1,226,066	66,846

The duration by currency has presented variations according to strategic portfolio management, with an increase in the duration of the international portfolios in colones and in US dollars.

Currency	March 2025	March 2024	Variation
Colones	2.53	1.44	1.09
US dollars - local issuers	2.54	0.15	2.39
US dollars - international issuers	1.25	1.32	(0.07)

ii. *BN Sociedad Administradora de Fondos de Inversión, S.A.*

Market risk refers to potential losses in the market value of the financial instruments portfolio or trading position during the time elapsed until the position is liquidated; losses are equivalent to the difference between the opening and closing market values. The magnitude of market risk depends on the liquidation period, market volatility and the instruments' liquidity.

As a systemic risk, market risk depends on a series of factors that are strongly linked to macroeconomic performance and is inherent to the market environment, thereby affecting all participants in a given market.

Market risk management

Market risks have been calculated since late 2003 and a database of those calculations is available for consultation when setting the corresponding risk limits.

Potential losses arising from changes in risk factors, such as changes in interest rates, which affect the valuation of positions, are calculated daily.

For such purposes, the RiMeR methodology is used, which was internally developed by the Mathematical Modeling and Market Risk Divisions of the Bank. This methodology permits calculating the VaR of portfolios comprised of fixed income instruments. The model considers yield curves, rate model parameter estimation, scenario simulations and calculation of VaR. This methodology uses a two-factor rate model (G2++ model), which involves decomposing the short rate into two processes and a deterministic function to be specified.

VaR of price risk and fair value is calculated on a daily basis and all results are reported to the Investment Fund Manager's Financial Resources Investment Committee each month.

The Investment Fund Manager uses the above methods and calculations to analyze the risk on its portfolios and the correlation between risk and return over a given period of time. The Sharpe ratio measures the risk-adjusted return based on the relationship between return and risk-free assets and the volatility of returns.

Market risk exposure – trading portfolio:

The Investment Fund Manager sets VaR limits for all identified market risks. The structure of those limits is subject to review and approval by the Investment Committee and Board of Directors, respectively and is based on the local VaR limits of the trading portfolio, VaR is calculated at each month-end, with reports on the usage of VaR limits submitted to the Investment Committee.

The VaR of the Investment Fund Manager's portfolio is as follows:

	March 2025	March 2024
VaR indicator (99%)	0.26%	0.36%

iii. *BN Valores Puesto de Bolsa, S.A.*

For the Brokerage Firm, market risk is the potential losses due to changes in risk factors that affect the valuation of positions, such as interest rates, foreign exchange rates and price indices, which can result in either loss or gain for the Brokerage Firm. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

All derivatives, trading investments and available-for-sale investments are recognized at fair value; therefore, any changes in market conditions directly affect the Brokerage Firm's net income, Market risk is the risk that the fair value of those instruments will fluctuate as a result of changes in interest rates, foreign exchange rates or equity prices.

Market risk management

Management of the Brokerage Firm controls market risk exposures on a daily basis by applying VaR analyses and other methods supported by the investment parameters under which the Brokerage Firm operates.

Additionally, the Brokerage Firm's approach to market risk management includes aspects such as identifying risk factors, monitoring any such factors identified using market analyses and assessing positions that are subject to price risk using models that measure potential losses on those positions as a result of changes in equity prices, interest rates or foreign exchange rates.

Market risk exposure

The Brokerage Firm mainly measures and controls market risk exposure using VaR, which estimates possible losses in a portfolio over a predetermined time period (holding period). Because the portfolio may be affected by adverse changes in the market, a specific probability is quantified and used as the confidence level applied in the VaR calculation. Price risk exposure is low and has been controlled through investments.

The Brokerage Firm uses the historical method to calculate VaR, as established in the risk regulations issued by SUGEVAL, based on a confidence level of 95% and a 22-day holding period. As a complement to determine price risk exposure, the Brokerage Firm uses the consolidated VaR model, provided by the Bank's Risk Division, which assumes a 99% confidence level and a 30-day holding period, based on the RiMer approach.

iv. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

For the Pension Fund Manager, market risk is the risk that changes in market prices, e.g., interest rates and foreign exchange rates, will affect the Pension Fund Manager's income or the value of its holdings of financial instruments. The objective of the Pension Fund Manager's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Pension Fund Manager's solvency while optimizing the return on risk.

Market risk management

The objective of market risk management is to manage and control market risk exposures to ensure solvency while optimizing the return on risk.

For liquidity risk, the Risk Committee and Investment Committee are responsible for ensuring an efficient market risk management for the Pension Fund Manager. Specific levels of authority and responsibility have been assigned to the appropriate market risk committees regarding market risk management.

Market risks are calculated since the end of 2003. A database is in place to determine the corresponding limits. The potential loss is calculated daily in view of the changes in risk factors that affect the valuation of positions, such as interest rate changes. For such purposes, the RiMeR methodology is used, which was internally developed by the Mathematical Modeling and Market Risk Divisions of the Bank.

This methodology permits calculating the VaR of portfolios comprised of fixed income instruments. The model considers yield curves, rate model parameter estimation, scenario simulations and calculation of VaR. This methodology uses a two-factor rate model (G2++ model), which involves decomposing the short rate into two processes and a deterministic function to be selected.

From November 2022, a total VaR of price and rates is calculated, which includes the VaR of fixed-income instruments and the VaR of variable-income instruments, using methodologies approved for consolidation and estimation of the total VaR, considering the total financial instruments of the investment portfolio.

v. *BN Corredora de Seguros, S.A.*

For the Insurance Brokerage Firm, market risk is the risk that changes in market prices, e.g., interest rates and foreign exchange rates, will affect the Insurance Brokerage Firm’s income or the value of its holdings of financial instruments. The objective of the Insurance Brokerage Firm’s market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Insurance Brokerage Firm’s solvency while optimizing the return on risk.

Market risk management

Management of the Insurance Brokerage Firm controls market risk exposures on a daily basis by applying VaR analyses and other methods supported by the investment parameters under which the Insurance Brokerage Firm operates.

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Additionally, the Insurance Brokerage Firm's approach to market risk management includes aspects, such as identifying risk factors, monitoring any such factors identified using market analyses and assessing positions that are subject to price risk using models that measure potential losses on those positions as a result of changes in prices, interest rates or foreign exchange rates.

- *Market risk of investments*

i. *Banco Nacional de Costa Rica*

The Bank's consolidated VaR regarding the market value of investments had a mixed behavior. Over the last 12 months until March 2025, this indicator continued to have a downward trend, with an annual average VAR of 0.36%. A number of factors explain the behavior of the VaR during the last year, mainly lower volatility in the prices of instruments in the investment portfolio.

Type of risk	March 2025	March 2024	Variation
Consolidated VaR	0.30%	0.39%	(0.08%)

The results of the individual VaR by currency of the market value at the March 2025 close and the variation with respect to the same period of the previous year are as follows:

Currency	March 2025	March 2024	Variation
Colones	0.34%	0.41%	(0.07%)
US dollars - local	0.37%	0.42%	(0.05%)
US dollars - international	0.41%	0.65%	(0.24%)

- *Interest rate risk*

Interest rate risk is the risk of variations in the brokerage margin arising from fluctuations in interest rates when changes in interest rates for the asset and liability portfolios are mismatched and the Bank does not have the necessary flexibility to make a timely adjustment.

The Market Risk Division monitors this risk regularly through the indicators established by SUGEF Directive 24-22 *Regulations for Qualifying Supervised Entities* and reports monthly on its performance to the Bank's Corporate Risk Committee. Interest rate risk is as follows:

Type of risk	March 2025	March 2024	Variation	Level
Interest rate risk in colones	0.17%	0.17%	0.01%	Normal
Interest rate risk in foreign currency	0.06%	0.06%	0.01%	Normal

For the Bank, both indicators closed considerably below SUGEF's regulatory limits.

The stability of those interest rate risk indicators is mainly due to minor expected variations in the interest rates (base deposit rate and 3-month SOFR rate) in both currencies.

As of March 31, 2025, the interest rate terms for the Conglomerate's assets and liabilities are matched as follows (differences between the recovery of assets and the maturity of liabilities):

		Demand	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
Local currency (LC)									
Investments	US$	6,129,801	24,385,604	6,517,584	9,770,347	256,097,388	307,767,016	1,412,450,842	2,023,118,582
Loan portfolio		-	6,601,654,258	265,597,947	253,332,026	35,973,136	37,587,632	282,428,113	7,476,573,113
Recovery of rate-sensitive assets LC (A)		6,129,801	6,626,039,863	272,115,531	263,102,373	292,070,525	345,354,648	1,694,878,954	9,499,691,695
Obligations with the public		-	428,888,512	832,438,172	650,785,055	1,364,946,103	167,366,824	239,936,696	3,684,361,361
Obligations with BCCR		-	85,295,809	-	-	-	-	249,191	85,545,000
Obligations with financial entities LC		-	94,805,004	-	-	-	2,654,936	56,103,992	153,563,932
Maturity of rate-sensitive liabilities LC (B)		-	608,989,325	832,438,172	650,785,055	1,364,946,103	170,021,761	296,289,878	3,923,470,294
Difference in LC, recovery of assets less maturity of liabilities (A - B)	US$	6,129,801	6,017,050,537	(560,322,641)	(387,682,681)	(1,072,875,578)	175,332,887	1,398,589,076	5,576,221,402
Foreign currency (FC)		-	-	-	-	-	-	-	-
Investments	US$	-	6,224,226	26,382,777	91,202,849	187,126,900	173,797,669	270,666,105	755,400,527
Loan portfolio		-	2,332,527,656	86,870,329	50,807,389	5,585,748	46,669,204	134,407,312	2,656,867,638
Recovery of rate-sensitive assets FC (C)		-	2,338,751,882	113,253,106	142,010,237	192,712,648	220,466,874	405,073,418	3,412,268,164
Obligations with the public		-	244,124,130	208,453,842	216,612,459	257,737,092	148,455,866	178,295,407	1,253,678,796
Obligations with entities		-	-	2,663,021	684,000	-	-	174,642,857	177,989,878
Maturity of rate-sensitive liabilities FC (D)		-	244,124,130	211,116,864	217,296,459	257,737,092	148,455,866	352,938,264	1,431,668,674
Difference in FC, recovery of assets less maturity of liabilities (C - D)		-	2,094,627,752	(97,863,757)	(75,286,222)	(65,024,444)	72,011,008	52,135,154	1,980,599,490
Recovery of rate-sensitive assets 1/ (A + C)	US$	6,129,801	8,964,791,745	385,368,637	405,112,611	484,783,172	565,821,522	2,099,952,372	12,911,959,860
Maturity of rate-sensitive liabilities 2/ (B + D)	US$	-	853,113,456	1,043,555,035	868,081,514	1,622,683,194	318,477,627	649,228,142	5,355,138,968
Difference in LC + FC, recovery of assets less maturity of liabilities (item 1 - item 2)	US$	6,129,801	8,111,678,289	(658,186,398)	(462,968,903)	(1,137,900,022)	247,343,895	1,450,724,230	7,556,820,892

(Continued)

As of March 31, 2024, the interest rate terms for the Conglomerate’s assets and liabilities are matched as follows (differences between the recovery of assets and the maturity of liabilities):

		Demand	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
Local currency (LC)									
Investments	US$	8,269,662	372,017,878	50,277,487	60,188,811	240,863,164	811,258,459	954,941,211	2,497,816,672
Loan portfolio		-	6,260,227,720	251,863,768	240,233,287	34,120,888	35,655,263	234,090,339	7,056,191,264
Recovery of rate-sensitive assets LC (A)	US$	8,269,662	6,632,245,598	302,141,255	300,422,097	274,984,052	846,913,722	1,189,031,551	9,554,007,936
Obligations with the public	US$	-	567,740,399	454,921,025	585,614,680	1,276,054,544	248,739,809	187,445,521	3,320,515,977
Obligations with BCCR		-	80,529,017	-	-	283,107,873	-	248,015	363,884,905
Obligations with financial entities LC		-	232,302	-	-	-	-	53,978,311	54,210,613
Maturity of rate-sensitive liabilities LC (B)	US$	-	648,501,718	454,921,025	585,614,680	1,559,162,417	248,739,809	241,671,847	3,738,611,496
Difference in LC, recovery of assets less maturity of liabilities (A - B)	US$	8,269,662	5,983,743,880	(152,779,770)	(285,192,583)	(1,284,178,365)	598,173,913	947,359,704	5,815,396,440
Foreign currency (FC)									
Investments	US$	-	91,901,481	33,540,832	27,438,752	23,792,167	296,099,201	186,333,006	659,105,438
Loan portfolio		-	2,131,913,388	79,398,852	46,437,585	5,105,333	42,655,315	121,667,925	2,427,178,398
Recovery of rate-sensitive assets FC (C)	US$	-	2,223,814,869	112,939,684	73,876,337	28,897,500	338,754,516	308,000,930	3,086,283,836
Obligations with the public	US$	-	269,484,242	230,829,059	264,365,397	249,597,959	89,542,748	209,298,870	1,313,118,275
Obligations with BCCR		-	14,847,000	-	-	-	-	-	14,847,000
Obligations with entities	US$	-	-	1,807,311	-	-	-	80,000,000	81,807,311
Maturity of rate-sensitive liabilities FC (D)	US$	-	284,331,242	232,636,370	264,365,397	249,597,959	89,542,748	289,298,870	1,409,772,586
Difference in FC, recovery of assets less maturity of liabilities (C - D)	US$	-	1,939,483,627	(119,696,686)	(190,489,059)	(220,700,459)	249,211,767	18,702,060	1,676,511,250
Recovery of rate-sensitive assets 1/ (A + C)	US$	8,269,662	8,856,060,467	415,080,938	374,298,435	303,881,552	1,185,668,238	1,497,032,481	12,640,291,772
Maturity of rate-sensitive liabilities 2/ (B + D)	US$	-	932,832,960	687,557,394	849,980,077	1,808,760,375	338,282,558	530,970,717	5,148,384,082
Difference in LC + FC, recovery of assets less maturity of liabilities (item 1 - item 2)	US$	8,269,662	7,923,227,506	(272,476,456)	(475,681,643)	(1,504,878,824)	847,385,680	966,061,764	7,491,907,691

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ii. *BN Sociedad Administradora de Fondos de Inversión, S.A.*

The Investment Fund Manager faces interest rate risk when it holds assets or liabilities subject to interest rate changes. Exposure to losses exist on the value of a financial asset or liability arising from fluctuations in interest rates when interest rates for investments are mismatched and when the Investment Fund Manager does not have the necessary flexibility to make a timely adjustment.

iii. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

The Pension Fund Manager faces interest rate risk when it holds assets or liabilities subject to interest rate changes. Exposure to losses exist on the value of a financial asset or liability that arises from rate fluctuations when mismatches occur in the changes in investment rates, without having the flexibility required for a timely adjustment.

The total VaR of price and rates of the Pension Fund Manager's own funds has a decreasing trend, with a maximum of 8.42% and a minimum of 0.32% for an average of 0.58%, equivalent to US$159 thousand. As of March 31, 2025, the indicator closed at 0.37% (2024: 0.65%), showing an increase due to the higher volatility observed in the prices of the instruments in the investments portfolio.

iv. *BN Corredora de Seguros, S.A.*

The Insurance Brokerage Firm faces interest rate risk when it holds assets or liabilities subject to interest rate changes. Exposure to losses exist on the value of a financial asset or liability arising from fluctuations in interest rates when interest rates for investments are mismatched and when the Insurance Brokerage Firm does not have the necessary flexibility to make a timely adjustment.

The Insurance Brokerage Firm has investments in open investment funds managed by BN Sociedad Administradora de Fondos de Inversiones S.A. which are financial assets measured at FVTPL and subject to interest rate changes due to fluctuations in the stock market since short-term positions are constituted to meet investor's liquidity needs. The remainder of the investment portfolio is kept in financial instruments measured at amortized cost, whose market interest rate variations are monitored on an ongoing basis by Corporate Risk Management, in its role as manager of the portfolio of BN Corredora with quarterly reports to the Insurance Brokerage Firm. The Insurance Brokerage Firm holds no liabilities subject to interest rate variations.

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d) Currency risk

Pursuant to SUGEF Directive 2-10 *Regulation on Comprehensive Risk Management*, an entity faces currency risk when the value of its assets and liabilities in foreign currency is affected by exchange rate variations and the amounts of the corresponding assets and liabilities are mismatched.

i. Banco Nacional de Costa Rica

The Bank is exposed to currency risk when the value of its assets and liabilities in US dollars is affected by variations in the exchange rate, which is recognized in the separate statement of comprehensive income.

The Bank calculates the SUGEF currency risk indicator on a monthly basis, which remains at the appetite level as of March 2025. The indicator has decreased significantly during the last quarter, which is an expected behavior due to the downward trend of the exchange rate (appreciation of the colon in relation to the US dollar) during the first quarter of 2025.

Type of risk	March 2025	March 2024	Variation	Level
Currency risk	0.47%	1.67%	(1.20%)	Normal

In addition to the regulatory currency risk indicator, the Bank's Market Risk Division calculates another currency risk indicator for management and monitoring purposes. A currency risk indicator is created based on the exposure level and foreign exchange rate stress scenarios.

The currency risk indicator measures the losses that a financial entity could have (using a certain probability and a 1-month time horizon) due to a mismatch of its assets and liabilities in foreign currency, in the event of exchange rate fluctuations.

Inputs used to measure the currency risk indicator include the exchange rate at a specific time and time horizon ("t" periods) and the base capital.

The currency risk indicator assumes that the exchange rate risk exists only if there is a mismatch between assets and liabilities in foreign currency. The variation in the exchange rate corresponds to the 5th or 95th percentiles of the distribution of projected variations in exchange rates taken from an exchange rate model.

(Continued)

With the calibrated model and through Montecarlo simulations, exchange rate forecasts are created for different periods. The 5^{th} or 95^{th} percentiles of the distribution of those forecasts are used as the percentage variation of the exchange rate in order to calculate the currency risk indicator. The result is as follows:

Internal currency risk	March 2025	March 2024	Level
5^{th} percentile	0.13%	0.08%	Normal
95^{th} percentile	0.21%	0.16%	Normal

Assets and liabilities denominated in foreign currency are as follows:

		US dollars	
		March 2025	March 2024
Assets:			
Cash and due from banks	US$	1,223,814,020	1,221,988,134
Investments in financial instruments		735,943,524	641,726,903
Loan portfolio		2,717,607,180	2,430,932,327
Accounts and accrued interest receivable		801,411	883,348
Investments in other companies		137,893,206	129,494,448
Other assets		2,537,905	2,600,021
	US$	4,818,597,246	4,427,625,181
Liabilities:			
Obligations with the public	US$	4,125,784,783	3,850,681,047
Obligations with entities		408,138,526	332,796,489
Subordinated obligations		141,449,743	109,251,061
Accounts payable and provisions		19,490,384	14,166,099
Other liabilities		4,545,680	6,124,570
	US$	4,699,409,116	4,313,019,266
Excess of assets over liabilities in US dollars	US$	119,188,130	114,605,915

(Continued)

		Euro	
		March 2025	March 2024
Assets:			
Cash and due from banks	€	53,226,677	46,763,577
	€	53,226,677	46,763,577
Liabilities:			
Obligations with the public	€	52,523,570	46,991,861
Obligations with entities		1,188,343	1,384,478
Accounts payable and provisions		2,435	26,403
Other liabilities		506,202	9,000
	€	54,220,550	48,411,742
Deficit of assets over liabilities in euro	€	(993,873)	(1,648,165)

		DU	
		March 2025	March 2024
Assets:			
Loan portfolio		289,224	393,583
	DU	289,224	393,583
Liabilities:			
Accounts payable and provisions	DU	1,660	13,816
	DU	1,660	13,816
Excess of assets over liabilities in DU	DU	287,564	379,767

The Conglomerate's net position is not hedged. However, the Conglomerate considers its position to be acceptable and in compliance with the internal policy limits established by ALCO.

The valuation in colones of monetary assets and liabilities in foreign currency gave rise to foreign exchange gains and losses, as follows:

		March 2025	March 2024
Foreign exchange gains	US$	80,459,708	161,213,259
Foreign exchange losses		(80,483,758)	(161,672,463)
Net losses	US$	(24,051)	(459,203)

The valuation of other assets and other liabilities gives rise to gains and losses, which are booked in "Other operating income" and "Other operating expenses," respectively, as follows:

		March 2025	March 2024
Gains on valuation of other assets, net (Note 42)	US$	69,351	271,722
Losses on valuation of other liabilities, net		(68,331)	(125,234)
Net gains	US$	1,020	146,489

The value of financial assets and liabilities includes future interest to be earned in the corresponding time frame.

ii. *BN Sociedad Administradora de Fondos de Inversión, S.A.*

For the Investment Fund Manager, currency risk is the risk of a decrease in an investor's purchasing power due to unexpected variations in foreign exchanges rates for the currencies in which the investor holds positions.

The investment funds managed by the Investment Fund Manager are currency specific, i.e., the assets and liabilities of the investment portfolios are denominated in the same currency, Additionally, the investment funds are managed as memoranda accounts rather than as liabilities.

The risk of capital requirement due to currency risk corresponds to the amount resulting from multiplying the absolute value of the total net position in foreign currency by 10%.

iii. *BN Valores Puesto de Bolsa, S.A.*

A significant change in the devaluation rate, depending on the magnitude of such change, could adversely impact the local market and, to a certain degree, counterparty risk in the stock market. Business units, together with the risk management department, monitor market changes on a daily basis and measure the impact of positions acquired on the Brokerage Firm's liquidity and equity based on simulations of extreme conditions.

The Brokerage Firm incurs currency risk mainly on cash and investments in US dollars.

Regarding its assets and liabilities denominated in US dollars, the Brokerage Firm aims to ensure that its net exposure remains at an acceptable level by holding sufficient assets in US dollars to be able to settle its liabilities in that currency.

(Continued)

iv. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

As of March 31, 2025, the Pension Fund Manager's exposure to currency risk, considering its net assets in US dollars, was 13.9% (US$4 million) of total net assets, representing an increase in comparison to March 31, 2024, where it closed at 12.49% (US$3 million).

Sensitivity analysis

In managing interest rates and currency risks, the Pension Fund Manager seeks to reduce the impact of short-term fluctuations on its profit. However, over the long-term permanent changes in foreign currency and interest rates may affect profit.

The Pension Fund Manager performed a sensitivity analysis to determine the effect on profit of interest rate variations of rate-sensitive assets and liabilities.

As of March 31, 2025, an increase of 5% in the exchange rate of the functional currency with respect to the US dollar would generate a loss of US$186 thousand. A decrease of 5% would generate the opposite effect.

As of March 31, 2024, an increase of 5% in the exchange rate of the functional currency with respect to the US dollar would generate a loss of US$172 thousand. A decrease of 5% would generate the opposite effect.

v. *BN Corredora de Seguros, S.A.*

The Insurance Brokerage Firm is exposed to currency risk when the value of its assets and liabilities in US dollars is affected by exchange rate variations. The effect of this risk is recognized in the consolidated statement of comprehensive income.

e) *Operational risk*

i. *Banco Nacional de Costa Rica*

Operational risk is the risk of potential loss resulting from failures or deficiencies in processes, personnel, information systems, internal and external events. This definition includes litigation risk but excludes strategic or business risks and reputational risks.

The policy adopted stipulates that all of the Conglomerate's employees are responsible for managing operational risk. Employees are also required to comply with the policies, regulations, procedures and controls applicable to their positions at all times and to ensure that the institutional values, code of conduct and ethics are adopted across all levels of the organization.

That policy is implemented through a management framework that includes:

- defining operational risk and best practices
- goals of the operational risk function
- institutional principles to manage operational risk
- roles and relationships
- specific framework to manage legal risk.

One of the Conglomerate's fundamental principles for operational risk management is transparency, which means that all risk events should be identified, documented and reported in order to adequately measure risk events and carry out any necessary corrective, preventive or mitigation measures in a timely manner, including insurance claims where applicable.

Operational risk management's main activity is the valuation of risk in institutional processes by applying a specific methodology that controls the frequency, impact and quality of identified risk events. The diagram below shows how such methodology is applied to institutional processes:

Upper management has defined operational risk limits that specifically measure the performance of risk management and total operating losses. These measurements are performed and reported to the upper levels on a monthly basis.

For litigation risk, the Conglomerate applies a model that permits estimating the expected losses and VaR of lawsuits, considering the expert opinion of the legal counsel, the subject matter of the cases when calculating the probability of an unfavorable ruling and a continuous model for the duration of the lawsuits. This model provides a direct estimate of the duration of each lawsuit in the corresponding court and the possible outcomes. In addition, there is another model to calculate litigation provisions based on historical probability, by lawyer and by subject matter, which allows addressing potential unfavorable rulings.

For IT risk, the critical systems supporting the business are identified. System availability is measured on a monthly basis, while risk maps are updated annually based on a methodology established for such purposes. Events affecting normal operations are identified, classified and reported to the Conglomerate's upper management through a periodic information system that determines risk exposure.

ii. *BN Sociedad Administradora de Fondos de Inversiones, S.A.*

For the Investment Fund Manager, operational risk is the risk of possible direct or indirect loss arising from Investment Fund Manager's processes, personnel, technology and infrastructure, in addition to external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Also, the Institutional Risk Assessment System (SEVRI) measures operational risk activities, which are weighted with other risk categories to determine a global rating for institutional risk.

The Investment Fund Manager aims to manage operational risk so to avoid financial losses and damage to its reputation.

The Investment Fund Manager has worked in the following six areas related to operational risk:

- Identification: Tools have been developed to accurately identify the different risks associated with each of the Investment Fund Manager's fundamental processes. Each process was analyzed together with any related processes to formulate a risk portfolio for the entire company. As a first step, the risks included in that portfolio were grouped by type and by class.

- Analysis: Using tools defined by international methods, the Investment Fund Manager analyzed the risks identified for each business unit and determined the degree of impact, the probability of occurrence and the origin of each risk. In addition to this analysis, the Investment Fund Manager assesses aspects of the business that can affect risk such as its image, operations, income, human resources, etc.

- Measurement: Similar to the analysis mentioned above, each risk identified was assessed from two perspectives (its probability of occurrence and its potential impact) in order to determine which risks require the most attention and the formulation of action plans to be carried out in the event that the risk materializes. Such information is included in the Business Continuity Plan (BCP).

- Follow-up: Periodic assessments are made of the institutional risk map to identify changes that could increase or decrease the probability that risk events will occur in order to adapt the Investment Fund Manager's strategies to address areas in which risk exposures are considered unacceptable.

- Control: The Investment Fund Manager's strategies to control and mitigate the potential impact of different operational risks include contingent computer hardware, a redundant power infrastructure, personnel turnover, documentation of the activities performed by each position, specialized training, varied and continually open channels of communication, development of a general culture focused on operational controls, etc.

- Communication: Senior management informs employees of risk management trends and strategies as well the results of assessments through meetings with employees or announcements.

iii. *BN Valores Puesto de Bolsa, S.A.*

For the Brokerage Firm, operational risk is the risk of losses resulting from inadequate or failed internal processes, personnel, information systems and internal controls or from external events.

Management of this risk is the responsibility of all business units within the Brokerage Firm and the following aspects are considered which allow the Brokerage Firm to manage and control the exposure to these risks:

- identification of risk factors
- mapping of the Brokerage Firm's operational risks
- operational risk database of information on risk events, including type, description and number of events, business unit in which the event originated, date and monetary loss incurred
- compliance with corporate governance practices and established conduct guidelines
- compliance with regulatory and other legal or contractual requirements applicable to the Brokerage Firm
- integrity, security and availability of the Brokerage Firm's information technology (IT).

Fair value of financial instruments

Fair value estimates are made at a specific date, based on relevant market information and information concerning the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale a particular financial instrument at a given point in time.

Estimates could vary significantly if changes are made to those assumptions. The following methods and assumptions were used by the Brokerage Firm to estimate the fair value of financial instruments:

(a) The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments.

(b) Investments held for sale are booked at fair value. The fair values are based on quoted market prices or prices quoted by brokers. The fair values of held-to-maturity investments are estimated using discounted cash flow techniques.

iv. *BN Vital Operadora de Planes de Pensiones Complementarias, S.A.*

For the Pension Fund Manager, operational risk is the risk of possible direct or indirect loss arising from the Pension Fund Manager's processes, personnel, technology and infrastructure, in addition to external factors other than credit, market and liquidity risks. Operational risk is an inherent risk for the sector in which the Pension Fund Manager operates and for all of its main activities. It manifests as failures, errors, business interruptions or inappropriate employee behavior and may cause financial loss, penalties from regulatory authorities or damage to the reputation of the Pension Fund Manager.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management in each business area. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- appropriate segregation of duties, including the independent authorization of transactions
- requirements for effective reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- communication and application of conduct guidelines or ethical standards
- monitoring of risks using measurement tools
- reporting of operational losses and proposed remedial action
- comprehensive planning for resuming activities, including plans to restore key operations and internal and external support to ensure services are not interrupted
- personnel training.

Additionally, the General Risk Division of the Bank's Financial Conglomerate furnishes necessary operational risk results. Compliance with the standards established by the Bank at the financial conglomerate level is supported by a program of periodic reviews undertaken by General and Internal Audit, the results of such reviews are discussed with the personnel of the Pension Fund Manager.

Capital risk: This is the risk that the Pension Fund Manager will not have sufficient capital to meet the minimum regulatory requirements in all jurisdictions where regulated activities are performed, so as to support its credit rating and its strategic and growth options.

The Pension Fund Manager is regulated by the Pensions Superintendency (SUPEN), which establishes the capital requirements.

Capital risk management

The General Risk Division (Dirección General del Riesgos, DGR) is responsible for guaranteeing the efficient capital risk management of the Pension Fund Manager. The specific levels of authority and responsibility regarding capital risk management have been assigned to the appropriate committees.

Capital risk is measured and monitored using limits set in relation to capital (Common Equity Tier 1 (CET1), Total Capital Level 1) and the debt-to-equity ratio, which is calculated according to the relevant regulatory requirements.

Legal risk: This risk focuses on the legal contingencies that result from the nature and operation of the industry when applying and interpreting pension legislation and regulations. The Pension Fund Manager is provided with legal advice and agreements authorized by SUPEN.

Risk management is comprised of three types of risk, namely:

Contract risk: This risk is assumed when the Pension Fund Manager makes investments with its own funds or the funds it manages. Accordingly, the contracts must comply with the regulations in effect and the performance bond signed by the parties. To ensure that these actions are executed from a legal standpoint, measures are coordinated and backed by the Conglomerate.

Regulatory compliance risk: This risk refers to the scope and adoption of regulations in effect of the Pension Fund Manager; for such purposes, a Compliance Area is in charge of reviewing in a systematic and comprehensive manner any departure from regulations.

Litigation risk: The General Risk Division follows up monthly on the legal actions filed against the Pension Fund Manager, the legal actions must be timely communicated and fed by management into the database of the Conglomerate's Legal Department. Mathematical models are then applied to estimate the amounts of ECL and VaR.

As of March 31, 2025, the results of the VaR by legal risk for the Pension Fund Manager correspond to an estimate of the provision for pending litigation in the amount of US$569,146 (2024: US$83,677) that covers the lawsuits against the Pension Fund Manager, out of four pending lawsuits.

(Continued)

v. *BN Corredora de Seguros, S.A.*

Operational risk is the risk of possible direct or indirect loss arising from operating processes, personnel, technology and infrastructure, in addition to external factors other than credit, market and liquidity risks. Operational risk is an inherent risk for the sector in which the Insurance Brokerage Firm operates and for all of its main activities. It manifests as failures, errors, business interruptions or inappropriate employee behavior and may cause financial loss, penalties from regulatory authorities or reputational damages.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management in each business area. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- appropriate segregation of duties, including the independent authorization of transactions
- requirements for effective reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- communication and application of conduct guidelines or ethical standards
- monitoring of risks using measurement tools
- reporting of operational losses and proposed remedial action
- comprehensive planning for resuming activities, including plans to restore key operations and internal and external support to ensure services are not interrupted
- personnel training.

At the conglomerate level, the Risk Management Area provides necessary operational risk results. Compliance with the standards established at the financial conglomerate level is supported by a program of periodic reviews undertaken by Internal Audit. The results of such reviews are discussed with the personnel of the Insurance Brokerage Firm.

Capital risk: This is the risk that the Insurance Brokerage Firm will not have sufficient capital to meet the minimum regulatory requirements in all jurisdictions where regulated activities are performed, so as to support its credit rating and its strategic and growth options. CONASSIF establishes the capital adequacy requirements for the Insurance Brokerage Firm, through specific guidelines issued by SUGESE and SUGEF, considering that the entity is part of the financial conglomerate of Banco Nacional de Costa Rica.

Capital risk management

The Corporate Risk Committee is responsible for guaranteeing the efficient capital risk management of the Insurance Brokerage Firm. The specific levels of authority and responsibility regarding capital risk management have been assigned to the appropriate committees.

Capital risk is measured and monitored using limits set in relation to capital (Common Equity Tier 1 (CET1), Total Equity Level 1) and the debt-to-equity ratio, which is calculated according to the relevant regulatory requirements.

Exposure to capital risk

The Insurance Brokerage Firm's regulatory capital consists of:

- Common Equity Tier 1 (CET1), which includes ordinary shares, retained earnings and reserves after the adjustments for dividends declared payable, intangible assets, and other regulatory adjustments related to items included in equity but treated differently for capital adequacy purposes. The Insurance Brokerage Firm's capital plans have the goal of maintaining sufficient capital of adequate quality to support its risk profile and the regulatory and business needs. The Insurance Brokerage Firm has met the minimum capital requirements indicated by the regulator.

Legal risk: Refers to legal contingencies that arise in the entity's operations and due to the nature of the industry in the application and interpretation of the law and the processing of customer claims.

Legal risk management covers three types of events:

i. Contract risk: to the extent that the clauses included in the contracts adhere to the regulations in effect and guarantee compliance by the parties. Legal actions are coordinated and support is obtained from the Bank so that, from a legal perspective, all documents subscribed with third parties are reasonably secure.
ii. Risk of regulatory compliance: regarding the scope and the adoption of regulations in effect on the Insurance Brokerage Firm's operations, there is a Regulatory Compliance area. Its main functions include a systematic and comprehensive review of the elements of specific regulations in the event of a deviation.

(Continued)

iii. Litigation risk: UAIR follows up monthly on the lawsuits in which the Insurance Brokerage Firm is involved. These are duly communicated and registered by management in the database of the Bank's Legal Department. Mathematical models are applied to calculate the amounts of expected losses and value at risk.

The Bank's General Risk Division communicates monthly the results of the VaR due to legal risks for the Brokerage Firm and estimated losses. Currently there is only one lawsuit against the entity.

Capital management:

Regulatory capital

SUGEF Directive 24-22 *Regulations for Qualifying Supervised Entities*, approved on April 25, 2022, published in Alcance 88 of Official Gazette No. 83 dated May 6, 2022, starting January 1, 2025, the assessment of the Conglomerate's level and quality of the capital base will be determined by the result of the following items, based on Article 10:

- result of the Capital Adequacy Ratio (CAR) (as per SUGEF Directive 3-06)
- percentages of minimum capital base composition
- result of the leverage ratio.

The aforementioned items are measured according to the following ranges and percentages:

Rating	Capital adequacy ratio	Capital base composition		Entity's leverage ratio
	CAR	Core Capital Level 1 (CCN1)	Capital Level 1 (CN1)	ELR
Normality 1	≥ 14.00%	≥ 9.00%	≥ 10.50%	≥ 6.00%
Normality 2	< 14.00%; but ≥ 12.00%	< 9.00%; but ≥ 7.75%	< 10.50%; but ≥ 9.25%	< 6.00%; but ≥ 5.50%
Normality 3	< 12.00%; but ≥ 10.00%	< 7.75%; but ≥ 6.50%	< 9.25%; but ≥ 8.00%	< 5.50%; but ≥ 5.00%
Irregularity 1	< 10.00%; but ≥ 9.00%	< 6.50%; but ≥ 5.50%	< 8.00%; but ≥ 7.00%	< 5.00%; but ≥ 4.00%
Irregularity 2	< 9.00%; but ≥ 8.00%	< 5.50%; but ≥ 4.50%	< 7.00%; but ≥ 6.00%	< 4.00%; but ≥ 3.00%
Irregularity 3	< 8.00%	< 4.50%	< 6.00%	< 3.00%

As part of the Bank's approach to capital management, the regulatory capital is monitored monthly and reported to the general board of directors in a detailed financial report that covers all main items of interest: consolidated statement of financial position, consolidated statement of comprehensive income, indicators, budget execution and capital adequacy.

(7) Collateralized or restricted assets

Collateralized or restricted assets are as follows:

Restricted asset	Cause of restriction		March 2025	December 2024	March 2024
Cash and due from banks:					
Checking account - colones expressed in US dollars (Note 9)	Minimum legal deposit	US$	1,448,704,185	1,465,341,710	1,430,803,120
Checking account - US dollars (Note 9)	Minimum legal deposit		655,647,683	610,907,974	593,704,230
Checking account - euro (Note 9)	Minimum legal deposit		8,538,060	8,598,310	7,665,029
Other cash and due from banks (Note 9)	Margin calls – derivative financial instruments		-	-	19,637
Other cash and due from banks (Note 9)	Contingent guarantee of the deposit guarantee fund (FGD)		287,049,652	276,783,610	262,834,726
Other cash and due from banks (Note 9)	Contribution to a FOGABONA *(1)*		3,301,984	311,006	615,500
		US$	2,403,241,564	2,361,942,610	2,295,642,242
Investments in financial instruments:					
Investments in financial instruments	Liquidity market operations	US$	123,607,372	121,767,546	122,974,504
Securities issued by BCCR and the Government	Investments securing repurchase agreements		6,289,460	4,569,266	4,910,317
Sovereign bond in USD	Nomura Bank guarantee		90,967,062	90,729,449	90,308,737
Sovereign bond in USD	JPMIM-ASSET		-	-	34,606
Sovereign bond in USD	SINPE Guarantee		127,832,662	192,659,559	188,247,898
Sovereign bond in USD	JPMIM-ASSET-COMMITTED		147,764	148,767	-
TP CRC	SINPE Guarantee		-	56,630,321	97,796,076
BEM CRC	SINPE Guarantee		-	55,622,533	70,866,433
		US$	348,844,320	522,127,441	575,138,571
Other assets					
Other assets (see Note 17)	Security deposits	US$	1,283,410	1,754,090	2,344,659

(1) On March 14, 2025, the FOGABONA fund is reclassified to the corresponding account.

As of March 31, 2025, the Brokerage Firm has restricted assets in the amount of US$123,607,372 (December and March 2024: US$121,767,546 and US$122,974,504, respectively), corresponding to guarantees for tri-party repurchase agreements, operations in the liquidity market and contributions to the liquidation and compensation risk management fund.

As of March 31, 2025, the Pension Fund Manager has restricted assets in the amount of US$6,289,460 (December and March 2024: US$4,569,266 and US$4,910,317, respectively), corresponding to investments pledged to secure repurchase agreements.

(8) Balances and transactions with related parties

Balances and transactions with related parties are as follows:

		March 2025	December2024	March 2024
Assets:				
Checking accounts in foreign financial entities *(1)* (Note 9)	US$	66,921,430	65,533,071	65,589,691
Investments in financial instruments and accrued interest receivable *(2)*		6,737,173	9,169,061	10,428,578
Accounts receivable		278	-	23,413
Investments in other companies *(2)*		135,966,027	133,716,347	127,321,879
	US$	209,624,908	208,418,480	203,363,560
Liabilities:				
Demand obligations with entities *(3)*		57,322	27,291	23,864
Accounts due to related parties *(4)*		34,741	38,374	41,840
	US$	92,062	65,666	65,704
Income:				
Operating income		71,621	235,997	93,586
Gain on investments in other foreign companies		2,253,745	7,981,488	1,720,267
		2,325,366	8,217,485	1,813,853
Expenses:				
Operating expenses *(5)*		214,558	515,826	127,800
	US$	214,558	515,826	127,800

(Continued)

The aforementioned balances and transactions with related parties correspond to:

(1) Balances in foreign checking accounts with Banco Internacional de Costa Rica, S.A., which bear interest at 2.25% per annum for both years
(2) Investments in the share capital of entities over which the Bank exercises control or significant influence
(3) Movements in transit of the subsidiaries' checking accounts with the Bank
(4) Balance of the subsidiaries' term certificates of deposit with the Bank
(5) Services of the Bank's procedures and self-issue insurance unit (*Unidad de Trámites y Autoexpedibles*) and custody rental system.

a) Compensation to key personnel

Compensation to key personnel is as follows:

		March 2025	December 2024	March 2024
Short-term benefits	US$	1,157,066	4,195,342	1,009,823
Long-term benefits		150,419	545,394	131,277
Per diem – Board of directors		107,050	271,436	63,568
	US$	1,414,534	5,012,172	1,204,668

The price for services in transactions with subsidiaries are established by the Conglomerate at market value. In conformity with Directive 20/03 dated June 10, 2003, Decree No. 37898-H dated June 5, 2013, and judgements of the Constitutional Chamber of the Supreme Court of Justice No. 2012008739 and No. 2012004940, the Conglomerate performs a transfer pricing study.

(9) Cash and cash equivalents

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

		March 2025	December 2024	March2024
Cash and due from banks	US$	2,993,866,832	2,798,980,188	2,859,070,571
Investments with maturities of less than two months		61,972,631	428,969,526	503,523,828
	US$	3,055,839,463	3,227,949,713	3,362,594,399

Cash and due from banks is as follows:

		March 2025	December 2024	March 2024
Cash on hand and in vaults	US$	134,987,025	212,799,007	147,282,056
Cash in transit		17,510,046	15,694,736	42,800,587
Checking account in BCCR *(1)*		128,618,527	80,676,555	91,097,093
Minimum legal deposits in BCCR *(2)*		1,872,867,353	1,819,877,969	1,741,068,811
Checking accounts and demand deposits in State-owned commercial banks and banks created under special laws		578,665	372,850	386,943
Checking accounts and other demand accounts in private financial entities		1,386,151	2,358,712	806,606
Checking accounts in foreign financial entities		442,236,193	305,847,775	488,773,143
Deposits and other demand accounts in foreign financial entities		914,662	16,447	1,669,050
Checking accounts and demand deposits in related parties (Note 8)		66,921,430	65,533,071	65,589,691
Overnight deposits in foreign financial entities		2,784,566	2,790,302	3,699,545
Transfers through the Interbank Electronic Payment System (SINPE)		3,088,807	1,133,132	2,008,356
Local notes receivable		26,884,574	11,120,133	7,562,144
Foreign notes receivable		4,737,197	3,664,883	2,856,683
Margin calls – derivative financial instruments (Note 7)		-	-	19,637
Fondo de Garantía de la Bolsa Nacional de Valores (FOGABONA)		3,301,984	311,006	615,500
Contingent guarantee of the deposit guarantee fund		287,049,652	276,783,610	262,834,726
	US$	2,993,866,832	2,798,980,188	2,859,070,571

(1) Checking accounts and demand deposits in BCCR include the balances of the minimum legal deposits required for each period, 2025 and 2024 (see Note 7).

(2) As per note BCCR JD-6066/08 dated June 17, 2022, as of December, the percentage for the minimum legal deposit in colones is 15%.

(10) Investments in financial instruments

Investments in financial instruments are as follows:

		March 2025	December 2024	March 2024
Investments at FVTPL	US$	37,761,821	31,964,658	49,466,549
Investments at FVOCI		1,552,902,105	1,567,573,074	1,299,822,337
Investments at amortized cost		1,154,964,185	1,505,715,872	1,768,146,164
	US$	2,745,628,111	3,105,253,605	3,117,435,050
Interest rate futures – Hedges		20,484	51,789	-
Sale of FX futures - Other than hedges		-	-	480,757
Allowance for impairment of investments		(1,880,097)	(2,534,038)	(3,055,567)
Allowance for operations with derivatives other than hedges		-	-	(2,404)
Accrued interest receivable on investments		34,871,567	46,783,101	41,409,024
	US$	2,778,640,065	3,149,554,457	3,156,266,860

Investments in financial instruments bear the following minimum and maximum rates of return:

Currency	March 2025	December 2024	March 2024
Colones, expressed in US dollars	3.40% to 10.94%	3.23% to 11.27%	3.23% to 11.48%
US dollars	0.25% to 9.20%	0.25% to 9.20%	0.25% to 9.20%

a) *Investments at FVTPL*

Investments at FVTPL are as follows:

		March 2025	December 2024	March 2024
Local issuers				
Government of Costa Rica	US$	-	606,522	-
Private issuers		37,761,821	31,358,136	48,870,276
BCCR		-	-	596,273
	US$	37,761,821	31,964,658	49,466,549

b) *Investments at FVOCI*

Investments at FVOCI are as follows:

		March 2025	December 2024	March 2024
Local issuers				
Government of Costa Rica	US$	1,055,360,789	1,036,823,208	849,759,351
BCCR		203,954,876	231,299,677	226,133,347
Private issuers		6,289,460	4,569,266	4,910,317
	US$	1,265,605,125	1,272,692,151	1,080,803,015

		March 2025	December 2024	March 2024
Foreign issuers				
Governments	US$	56,207,512	80,951,249	101,518,622
Private issuers		105,769,314	95,970,798	53,168,129
Private banks		125,320,155	117,958,876	64,332,572
		287,296,981	294,880,923	219,019,322
	US$	1,552,902,105	1,567,573,074	1,299,822,337

c) *Investments at amortized cost*

Investments at amortized cost are as follows:

		March 2025	December 2024	March 2024
Local issuers				
Government of Costa Rica	US$	645,471,819	622,659,502	717,929,433
BCCR		142,405,426	212,821,696	653,098,326
State-owned banks		48,591	47,783	48,362
Private banks		-	2,022,688	2,047,163
Private issuers		6,646,465	282,425,448	-
	US$	794,572,301	1,119,977,117	1,373,123,284
Foreign issuers				
Governments	US$	352,391,885	331,002,837	377,724,941
Private issuers		-	-	261,525
Private banks		8,000,000	56,758,606	12,800,000
		360,391,885	387,761,443	390,786,466
	US$	1,154,964,186	1,507,738,560	1,763,909,750

(Continued)

As of March 31, 2025, the valuation of investments available for sale and restricted financial instruments gives rise to unrealized losses, net of deferred tax, in the amount of US$2,723,556 (December and March 2024: unrealized gain, net of deferred tax, in the amount of US$3,273,557 and US$2,155,862, respectively). The cumulative balance of equity adjustments arising from the valuation of those investments is equivalent to unrealized gains amounting to US$7,806,538 (December and March 2024: unrealized gains amounting to US$10,355,116 and US$9,323,109, respectively).

The following table shows the rating of investments by classification:

	March 2025	December 2024	March 2024
Banco Central de Costa Rica			
B	-	-	5,299,465
BB-	340,826,836	398,715,191	475,639,437
F1+	-	42,468,453	42,920,847
Foreign private banks			
A	9,133,249	9,454,806	3,444,777
A2	8,000,000	8,000,000	8,000,000
A-	18,974,517	17,870,372	15,716,333
A+	38,557,595	35,406,375	15,065,424
AA-	2,517,310	2,506,317	3,735,095
AAA	5,052,765	4,976,155	-
BBB	190,711	540,525	541,127
BBB+	26,533,608	22,259,604	13,726,871
P1	-	48,758,606	-
Foreign private issuers			
A	9,075,829	6,033,135	6,393,766
A-	15,852,040	14,628,080	8,239,618
A+	12,508,308	12,378,785	1,616,691
AA+	6,129,801	-	-
AA-	864,963	856,698	786,787
BBB	47,730,861	44,781,510	33,003,625
BBB-	13,864,064	14,871,830	10,692,227
BBB+	30,233,651	27,365,481	10,087,079
Local private issuers			
AA+	-	4,285,819	-
B+	-	-	8,269,676
BB	24,071,819	19,516,140	33,046,405
BB-	7,308,800	7,308,800	7,308,800
Government of Costa Rica			
B	-	-	126,652,577
BB	-	-	24,103,192
BB-	1,685,522,985	1,638,871,405	1,403,640,179
Foreign governments			
A	199,030	196,111	785,195
AA+	403,269,574	385,277,875	442,211,106
A1+	5,130,793	22,862,869	35,760,067
P1	-	3,617,231	-
Unrated			
N/A	34,079,006	311,445,430	380,748,683
	US$ 2,745,628,115	US$ 3,105,253,603	3,117,435,049

(Continued)

(11) Derivative financial instruments

The Conglomerate holds the following types of derivative financial instruments:

i. Derivatives as risk hedging instruments

The Conglomerate obtained interest rate hedges to hedge exposure to the LIBOR rate on the international debt issue made in October 2013 in US dollars at a fixed rate. The purpose of these financial instruments is to offset the changes in fair value attributable to fluctuations in such reference rate.

Derivative financial instruments are as follows:

		March 2025			
Issuing bank		Notional		Valuation	Purpose
Chicago Board of Trade	US$	10,600,000	US$	15,984	Standardized futures contracts (maturing in 2025)
		10,600,000		15,984	

		December 2024			
Issuing bank		Notional		Valuation	Purpose
Chicago Board of Trade	US$	17,500,000	US$	48,039	Standardized futures contracts (maturing in 2024)
		17,500,000		48,039	

		March 2024			
Issuing bank		Notional		Valuation	Purpose
Chicago Board of Trade	US$	15,200,000	US$	(22,250)	Standardized futures contracts (maturing in 2024)
		15,200,000		(22,250)	

Gains and losses on the valuation of derivative financial instruments are booked under asset and liability accounts, respectively.

Regarding the first international issue negotiated in 2013 through a bond for US$500 million, for which Interest Rate Swaps (IRS) were also negotiated to hedge that issue with different counterparties abroad, the issue matured on November 1, 2023. As established in the contract, the outstanding balance of US$174.4 million was paid and the different hedge derivatives (IRS) were liquidated, thus settling the issue, interests, valuation and other corresponding items, thus complying with the bond’s maturity and the corresponding hedge derivatives.

(Continued)

A valuation was performed to calculate the change in the fair value of the primary and derivative instruments based on the following inputs:

- a 10-year or 5-year LIBOR rate at the issue of the bond
- discount rates from Bloomberg
- zero rates corresponding to the swap curve as of March 31, 2025 and 2024
- only a portion of the bond cash flows is hedged (corresponding to the 5-year and 10-year LIBOR rate in effect at the issue of the bond) rather than the total interest rate
- accrued and earned interest were segregated from the instruments to obtain variations in clean prices
- forward rate to calculate variable interest
- the linear regression methodology is taken into account to measure the effectiveness of the derivative financial instrument.

Standardized futures contracts were negotiated as part of the management of the financial derivatives portfolio as follows:

	March 2025
	US dollars
Notional amount	10,600,000
Valuation	
Positive valuation	20,484
Negative valuation	(4,500)
Net valuation	15,984

	December 2024
	US dollars
Notional amount	17,500,000
Valuation	
Positive valuation	51,789
Negative valuation	(3,750)
Net valuation	48,039

	March 2024
	US dollars
Notional amount	15,200,000
Valuation	
Negative valuation	(22,250)
Net valuation	(22,250)

ii. *Derivatives other than hedges*

Currency forwards:

The Conglomerate entered into currency forwards with several clients. Under these derivative financial instruments, the Conglomerate acts as an authorized intermediary (counterparty). These instruments serve as a trading tool that is not used for currency speculation and whereby no risks are hedged.

These types of instruments are products which the Conglomerate can offer to its clients pursuant to the authorization provided by BCCR to operate exchange rate derivatives.

For currency forwards, the Conglomerate considers three risk factors in determining the value of a forward contract: the spot exchange rate and the interest rates in both local and foreign currency. The value of these financial instruments is determined using data related to the average exchange rate at MONEX and market interest rates in colones and in US dollars, applicable to the different terms.

As of March 31, 2025, there is no inventory of forward contracts. As of March 31, 2024, the total amount is as follows:

		March 2024
Total notional amount	US$	9,015,347
Valuation		
Positive valuation		480,757
Negative valuation		(370,477)
Net valuation	US$	110,280

The total notional amount (swaps, standardized futures contracts and forwards contracts) and its valuation is as follows:

		March 2025	December 2024	March 2024
Total notional amount	US$	10,600,000	17,500,000	24,215,347
Positive valuation				
Standardized futures				
Forwards		20,484	51,789	-
		-	-	480,757
Negative valuation		20,484	51,789	480,757
Standardized futures				
Forwards		(4,500)	(3,750)	(22,250)
		-	-	(370,477)
Net valuation		(4,500)	(3,750)	(392,727)
Total notional amount	US$	15,984	48,039	88,030

(Continued)

The effect of derivative financial instruments on profit or loss is as follows:

		March 2025	December 2024	March 2024
Gain on derivative financial instruments	US$	528,334	6,724,912	2,927,115
Loss on derivative financial instruments		(594,257)	(6,603,164)	(2,878,230)
Net loss (gain)	US$	(65,923)	121,748	48,885

(12) Loan portfolio

(a) Loan portfolio by sector

The loan portfolio by sector is as follows:

		March 2025	December 2024	March 2024
Trade	US$	853,642,123	794,643,008	765,506,803
Services *(1)*		2,478,914,265	2,462,568,183	2,328,508,219
Financial services *(1)*		128,247,456	135,575,930	150,456,636
Mining		2,730,185	823,359	846,479
Manufacturing and quarrying		359,899,295	338,336,883	335,886,962
Construction		149,680,785	139,898,894	124,490,613
Agriculture and forestry		210,160,189	226,448,446	208,557,506
Livestock, hunting and fishing		147,130,504	145,333,005	148,558,961
Electricity, water, sanitation and other related sectors		766,275,160	764,185,118	794,052,316
Transportation and telecommunications		88,670,219	87,356,523	75,907,036
Housing		3,091,027,628	3,012,780,093	2,942,805,480
Personal or consumer loans		1,703,664,470	1,646,373,799	1,436,668,895
Tourism		545,870,247	545,567,710	508,042,624
Total direct loans		10,525,912,527	10,299,890,951	9,820,288,530
Incremental direct costs related to loans		15,652,756	14,732,339	12,887,170
(Deferred income from loan portfolio)		(107,777,569)	(104,664,258)	(96,127,269)
Accrued interest receivable		167,241,920	161,917,045	184,579,981
Allowance for loan losses		(365,039,099)	(355,665,710)	(274,687,906)
Loan portfolio	US$	10,235,990,535	10,016,210,368	9,646,940,505

(1) As of March 31, 2025, the portfolio purchased in November 2021 amounts to US$133,075,483, distributed among the services and financial services sectors.

BN Valores Puesto de Bolsa S.A. obtained a revolving line of credit for US$15,000,000 for a term of eight years, maturing on November 1, 2030.

(Continued)

Annual interest rates on loans receivable are as follows:

	March 2025		December 2024		March 2024	
Currency	Rates	Average*(1)*	Rates	Average*(1)*	Rates	Average*(1)*
Colones	0% to 47.50%	13.18%	1% to 47.5%	13.29%	0.55% to 45%	13.64%
US dollars	0% to 30.42%	10.80%	1% to 30.36%	10.97%	1.45% to 30.53%	11.48%
DU	3.85% to 6.91%	4.88%	3.85% to 6.91%	4.68%	3.85% to 6.91%	4.72%

(1) Simple average of the minimum and maximum values of the portfolio at the end of the periods indicated.

(b) *Loan portfolio by arrears*

The loan portfolio by arrears is as follows:

		March 2025	December 2024	March 2024
Current	US$	9,895,423,209	9,722,461,296	9,162,742,528
1 to 30 days		138,188,599	144,494,368	201,879,822
31 to 60 days		191,085,485	138,466,052	187,886,063
61 to 90 days		64,720,596	50,956,254	28,988,100
91 to 120 days		11,533,837	22,795,187	17,542,897
121 to 180 days		28,416,578	40,199,685	24,297,807
More than 180 days		196,544,221	180,518,109	196,951,313
		10,525,912,525	10,299,890,951	9,820,288,530
Incremental direct costs related to loans		15,652,756	14,732,339	12,887,170
(Deferred income from loan portfolio)		(107,777,569)	(104,664,257)	(96,127,270)
Accrued interest receivable		167,241,920	161,917,045	184,579,981
Allowance for loan losses		(365,039,099)	(355,665,710)	(274,687,906)
	US$	10,235,990,533	10,016,210,368	9,646,940,505

(c) *Allowance for loan losses*

For the three months ended March 31, movement in the allowance for loan losses is as follows:

		March 2025	March 2024
Balance at beginning of period	US$	355,665,710	246,161,617
Allowance expense for the period (Note 39)		33,808,153	28,663,251
Write-offs		(30,612,875)	(11,549,579)
Adjustments for reclassification of allowance		-	204,142
Foreign exchange differences		(685,397)	(1,851,433)
Adjustment for translation		6,863,508	13,059,908
Balance at end of period	US$	365,039,099	274,687,906

Management considers the allowance for loan losses to be sufficient based on its assessment of the recoverability of the portfolio and existing guarantees.

(d) *Allowance for impairment of stand-by credits*

For the three months ended March 31, movement the allowance for stand-by credits is as follows:

		March 2025	March 2024
Balance at beginning of period	US$	358,724	2,057,596
Allowance expense for the period (Note 36)		10,196	1,166
Foreign exchange differences		(7,997)	(1,610,852)
Adjustment for translation		6,117	(110,089)
Balance at end of period	US$	367,040	337,821

(13) Accounts and fees and commissions receivable

Accounts and fees and commissions receivable are as follows:

		March 2025	December 2024	March 2024
Fees and commissions	US$	4,629,567	3,743,709	4,067,003
Accounts due from employees		126,757	77,562	96,399
Deferred tax (Note 21-b)		2,990,962	3,120,120	4,548,609
Income tax receivable *(1)*		6,836,130	763,155	19,483,701
Value added tax		37,904	53,868	27,083
Sundry accounts receivable related to credit cards		510,375	478,822	741,702
Other expenses receivable		44,206	43,591	43,585
Credit fraud		719,537	707,580	716,142
Other accounts receivable		4,760,789	5,115,295	4,301,957
Misappropriation and theft		10,731,224	10,770,337	10,880,929
Accrued interest receivable on other sundry accounts receivable		2,990	2,779	4,781
Allowance for impairment of accounts receivable		(15,019,517)	(15,165,113)	(14,965,906)
	US$	16,370,924	9,711,705	29,945,985

(1) Income tax receivable by entity is as follows:

		March 2025	December 2024	March 2024
Banco Nacional de Costa Rica	US$	6,709,375	251,561	19,366,246
BN Sociedad Corredora de Seguros, S.A.		126,755	511,594	117,455
	US$	6,836,130	763,155	19,483,701

Movement in the allowance for impairment of other accounts receivable is as follows:

		March 2025	December 2024	March 2024
Balance at beginning of period	US$	15,165,113	14,450,103	14,450,103
Allowance expense (Note 39)		355,216	3,164,601	1,139,500
Decrease in allowance (Note 40)		(192,232)	(1,089,561)	(796,766)
Write-offs		(554,908)	(1,667,840)	(324,066)
Foreign exchange differences		(13,697)	(112,032)	(122,303)
Adjustment for translation		260,025	419,842	619,438
Balance at end of period	US$	15,019,517	15,165,113	14,965,906

(Continued)

(14) Assets held for sale

Assets held for sale are presented net of the allowance for impairment and per legal requirement, as follows:

		March 2025	December2024	March 2024
Assets acquired in lieu of payment	US$	55,678,755	56,575,664	199,858,083
Allowance for impairment of assets held for sale and per legal requirement		(10,162,543)	(9,057,241)	(114,019,856)
	US$	45,516,212	47,518,423	85,838,227

Movement in the allowance for impairment of assets held for sale and per legal requirement is as follows:

		March 2025	December 2024	March 2024
Balance at beginning of period	US$	9,057,241	118,028,305	118,028,305
Allowance expense (Note 43)		631,837	148,979	2,468
Decrease in allowance		-	(82,242,728)	(7,803,117)
Decrease in impairment		(1,551,164)	(252,530)	-
Initial recognition of impairment of assets not held for sale		-	(29,391,224)	-
Reclassification of assets not held for sale		1,894,793	392,488	-
Adjustment for translation		129,836	2,373,951	3,792,200
Balance at end of period	US$	10,162,543	9,057,241	114,019,856

(15) Investments in other companies

Investments in other companies are as follows:

		March 2025	December 2024	March 2024
Investment in other financial and non-financial entities *(1)*	US$	100,401	98,733	2,172,569
Banco Internacional de Costa Rica, S.A. (BICSA) and Subsidiary *(2)*		137,893,206	135,670,517	129,494,447
	US$	137,993,607	135,769,250	131,667,016

(Continued)

(1) The Conglomerate's investments in other entities are as follows:

		March 2025	December 2024	March 2024	Description
Bolsa Nacional de Valores	US$	29,750	29,255	29,609	To operate in the electronic custody of securities
Central de Valores de la Bolsa Nacional de Valores, S.A.		29,750	29,255	29,609	To operate in the electronic custody of securities
Interclear Central de Valores		29,750	29,255	29,609	To operate in the electronic custody of securities
Depósito Libre Comercial Golfito (Golfito Duty Free Shopping Center) per Article 24 of Law No. 7131		10,311	10,142	10,265	Golfito Duty Free Shopping Center
Other financial entities (cooperatives)		840	826	836	Investments in various cooperatives
Shares in BN Centro de Procesos S.A		-	-	2,072,641	BN Centro de Procesos, S.A.
	US$	100,401	98,733	2,172,569	

(2) The Bank holds 49% ownership interest in BICSA, which for 2025 and 2024, is represented by 6,506,563 ordinary shares with a par value of US$10.

(16) Property, furniture and equipment, net

a) *Historical cost and depreciation*

Property, furniture and equipment, net, is as follows:

		March 2025					
		Land	Buildings	Furniture and equipment	Computer hardware	Vehicles	Total
Cost:							
Historical cost at beginning of period	US$	8,494,568	147,882,334	163,892,964	103,679,620	536,169	424,485,655
Revalued cost at beginning of period		105,696,426	136,385,595	(13,616)	(17,531)	-	242,050,874
Additions		-	-	2,068,696	974,622	-	3,043,318
Revaluation of assets		-	(47,707)	-	-	-	(47,707)
Disposals		-	-	(3,650,200)	(1,273,532)	-	(4,923,732)
Sales		(118,020)	(115,679)	-	-	-	(233,699)
Adjustments		45,920	-	-	-	-	45,920
Adjustment for translation		1,929,568	4,803,479	2,769,188	1,751,653	9,060	11,262,948
Balance at the end of period		116,048,462	288,908,022	165,067,032	105,114,832	545,229	675,683,577
Accumulated depreciation:							
Balance at end of period		-	118,079,600	102,341,961	83,309,007	362,571	304,093,139
Depreciation expense on historical cost		-	781,572	4,290,138	2,148,274	7,640	7,227,624
Depreciation expense on revalued cost		-	574,549	-	-	-	574,549
Disposals		-	-	(3,530,579)	(1,181,724)	-	(4,712,303)
Sales		-	(67,922)	-	-	-	(67,922)
Adjustment for translation		-	1,995,276	1,729,346	1,407,732	6,127	5,138,481
Balance at the end of period		-	121,363,075	104,830,866	85,683,289	376,338	312,253,568
Net balance at the end of period	US$	116,048,462	167,544,947	60,236,166	19,431,543	168,891	363,430,009

(Continued)

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Notes to the Consolidated Financial Statements

		December 2024					
		Land	Buildings	Furniture and equipment	Computer hardware	Vehicles	Total
Cost:							
Historical cost at beginning of year	US$	8,167,390	133,956,612	154,997,068	99,198,748	518,363	396,838,181
Revalued cost at beginning of year		102,956,866	143,044,635	(14,551)	(60,885)	-	245,926,065
Additions		-	-	16,887,554	8,607,515	3,501	25,498,570
Revaluation of assets		-	963,019	-	-	-	963,019
Disposals		-	(422,032)	(12,280,571)	(6,974,696)	-	(19,677,299)
Adjustments		-	(918,811)	12,739	155,463	-	(750,609)
Adjustment for translation		3,066,738	7,644,506	4,277,110	2,735,944	14,305	17,738,603
Balance at the end of year		114,190,994	284,267,929	163,879,349	103,662,089	536,169	666,536,530
Accumulated depreciation:							
Balance at end of year		-	109,580,300	95,489,910	79,292,698	323,537	284,686,445
Depreciation expense on historical cost		-	3,126,485	16,134,106	8,325,130	30,104	27,615,825
Depreciation expense on revalued cost		-	2,302,245	-	-	-	2,302,245
Disposals		-	(319,182)	(11,917,324)	(6,497,091)	-	(18,733,597)
Adjustments		-	365,624	-	-	-	365,624
Adjustment for translation		-	3,024,128	2,635,270	2,188,270	8,930	7,856,598
Balance at the end of year		-	118,079,600	102,341,962	83,309,007	362,571	304,093,140
Net balance at the end of year	US$	114,190,994	166,188,329	61,537,387	20,353,082	173,598	362,443,390

(Continued)

		March 2024					
		Land	Buildings	Furniture and equipment	Computer hardware	Vehicles	Total
Cost:							
Historical cost at beginning of period	US$	8,167,390	133,956,613	154,997,068	99,198,747	518,363	396,838,181
Revalued cost at beginning of period		102,956,866	143,044,635	(14,551)	(60,885)	-	245,926,065
Additions		-	-	145,699	1,647,917	-	1,793,616
Disposals		-	-	(5,270,442)	(2,304,833)	-	(7,575,275)
Adjustments		-	-	-	(1,113)	-	(1,113)
Adjustment for translation		4,448,480	11,088,798	6,204,195	3,968,646	20,751	25,730,870
Balance at the end of year		115,572,736	288,090,046	156,061,969	102,448,479	539,114	662,712,344
Accumulated depreciation:							
Balance at end of year		-	109,580,300	95,489,910	79,292,697	323,537	284,686,444
Depreciation expense on historical cost		-	787,145	4,092,592	2,067,425	7,577	6,954,739
Depreciation expense on revalued cost		-	572,278	-	-	-	572,278
Disposals		-	-	(5,213,098)	(2,110,511)	-	(7,323,609)
Adjustment for translation		-	4,386,673	3,822,612	3,174,212	12,952	11,396,449
Balance at the end of period		-	115,326,396	98,192,016	82,423,823	344,066	296,286,301
Net balance at the end of period	US$	115,572,736	172,763,650	57,869,953	20,024,656	195,048	366,426,043

The Conglomerate's land and buildings were appraised by an independent appraiser. The net realizable value obtained was compared to the carrying amount to determine the equity increase and the effects on the accumulated depreciation and revaluation accounts. Based on the valuation techniques used, those items are classified as Level 3 of the fair value hierarchy.

b) *Right-of-use assets*

The right-of-use assets comprise the lease of land and buildings, as follows:

		March 2025	
		Right of use - buildings	Total
Cost:			
Balance at beginning of period	US$	128,102,843	128,102,843
Additions		813,722	813,722
Adjustments		(121,645)	(121,645)
Adjustment for translation		2,164,647	2,164,647
Balance at end of period		130,959,567	130,959,567
Accumulated depreciation:			
Balance at beginning of period		38,554,425	38,554,425
Depreciation expense		2,286,720	2,286,720
Disposals		(14)	(14)
Adjustments		8,103	8,103
Adjustment for translation		651,482	651,482
Balance at end of period		41,500,716	41,500,716
Net balance at end of period		89,458,851	89,458,851

		December 2024	
		Right of use - buildings	Total
Cost:			
Balance at beginning of year	US$	123,646,563	123,646,563
Additions		247,786	247,786
Disposals		884,919	884,919
Adjustments		(88,746)	(88,746)
Adjustment for translation		3,412,321	3,412,321
Balance at end of period		128,102,843	128,102,843
Accumulated depreciation:			
Balance at beginning of year		28,817,039	28,817,039
Depreciation expense		8,919,796	8,919,796
Disposals		(12,276)	(12,276)
Adjustments		34,591	34,591
Adjustment for translation		795,275	795,275
Balance at end of year		38,554,425	38,554,425
Net balance at end of year	US$	89,548,418	89,548,418

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		March 2024	
		Right of use - buildings	Total
Cost:			
Balance at beginning of period	US$	123,646,563	123,646,563
Disposals		(333,662)	(333,662)
Adjustments		(24,407)	(24,407)
Adjustment for translation		4,949,768	4,949,768
Balance at end of period		128,238,261	128,238,261
Accumulated depreciation:			
Balance at beginning of period		28,817,039	28,817,039
Depreciation expense		2,261,810	2,261,810
Adjustments		(14,615)	(14,615)
Adjustment for translation		32,738,376	32,738,376
Balance at end of year		32,217,826	32,217,826
Net balance at end of year	US$	96,020,436	96,020,436

(Continued)

(17) Other assets

Other assets are as follows:

		March 2025	December 2024	March 2024
Deferred charges:				
Leasehold improvements *(1)*	US$	-	-	601
Cost of subordinated debt project		722,541	746,118	32,840
Other deferred charges		-	-	4,267
		722,541	746,118	37,708
Intangible assets:				
Software *(2)*		8,276,705	7,261,234	9,493,140
Other intangible assets *(2)*		20,381	20,042	18,384
		8,297,086	7,281,276	9,511,524
Other assets held for sale outside the scope of IFRS 5 (3)				
Assets received in lieu of payment		141,061,745	136,264,672	-
Allowance for impairment of other assets held for sale outside the scope of IFRS 5		(27,839,668)	(28,998,736)	-
		113,222,077	107,265,936	-
Other assets:				
Prepaid taxes		35,788,595	87,579,080	15,504,663
Prepaid insurance policy		1,691,023	573,557	1,709,322
Other prepaid expenses		15,721,033	17,060,890	19,407,498
Stationery, office supplies and other materials		2,040,443	1,918,128	1,401,843
Leased assets		252,882	249,096	253,393
Library and artwork		782,343	769,343	798,792
Construction work-in-progress		3,922,004	3,692,961	531,780
Automated applications in development		-	-	261,544
Payments to welfare and trade associations		694	683	691
Other sundry assets		-	-	302,973
Operations pending settlement		23,740,155	11,129,862	22,380,600
Other operations pending application		536,144	92,408	469,940
Security deposits (Note 7)		226,655	790,497	1,572,432
Legal and administrative deposits (Note 7)		1,056,755	963,593	772,227
		85,758,726	124,820,098	65,367,698
	US$	208,000,430	240,113,429	74,916,930

(1) As of March 31, 2025, no amortization expense is recorded for leasehold improvements (December and March 2024: US$1,557 and US$991).

(2) Net intangible assets are as follows:

		March 2025		
		Software	Other intangible assets	Total
Cost:				
Balance at beginning of period	US$	72,418,815	20,042	72,438,857
Additions		2,735,645	20,381	2,756,026
Disposals		(203,336)	-	(203,336)
Adjustments		-	(20,381)	(20,381)
Adjustment for translation		1,223,713	339	1,224,052
Balance at end of period		76,174,837	20,381	76,195,218
Accumulated amortization:				
Balance at beginning of period		65,157,581	-	65,157,581
Expense for the period		1,810,836	20,381	1,831,217
Disposals		(171,299)	-	(171,299)
Adjustments		-	(20,381)	(20,381)
Adjustment for translation		1,101,014	-	1,101,014
Balance at end of period		67,898,132	-	67,898,132
Net balance at end of period	US$	8,276,705	20,381	8,297,086

		December 2024		
		Software	Other intangible assets	Total
Cost:				
Balance at beginning of year	US$	69,082,151	17,676	69,099,827
Additions		3,687,785	82,047	3,769,832
Disposals		(2,194,741)	-	(2,194,741)
Adjustments		(62,866)	(80,169)	(143,035)
Adjustment for translation		1,906,486	488	1,906,974
Balance at end of year		72,418,815	20,042	72,438,857
Accumulated amortization:				
Balance at beginning of year		58,418,271	-	58,418,271
Expense for the year		7,057,674	80,169	7,137,843
Disposals		(1,898,037)	-	(1,898,037)
Adjustments		(32,518)	(80,169)	(112,687)
Adjustment for translation		1,612,191	-	1,612,191
Balance at end of year		65,157,581	-	65,157,581
Net balance at end of year	US$	7,261,234	20,042	7,281,276

(Continued)

		March 2024		
		Software	Other intangible assets	Total
Cost:				
Balance at beginning of period	US$	69,082,151	17,676	69,099,827
Additions		573,521	18,384	591,905
Disposals		(70,270)	-	(70,270)
Adjustments		-	(18,384)	(18,384)
Adjustment for translation		2,765,468	708	2,766,176
Balance at end of period		72,350,870	18,384	72,369,254
Accumulated amortization:				
Balance at beginning of period		58,418,271	-	58,418,271
Expense for the period		2,107,406	18,384	2,125,790
Adjustments		(6,523)	(18,384)	(24,907)
Adjustment for translation		2,338,576	-	2,338,576
Balance at end of period		62,857,730	-	62,857,730
Net balance at end of period	US$	9,493,140	18,384	9,511,524

(3) Other assets held for sale, net of the allowance for impairment, which are determined in conformity with IAS 36 *Impairment of Assets*, are as follows:

		March 2025	December 2024	March 2024
Vehicles	US$	2,719,280	2,352,782	-
Property - Less than 1 year		28,792,477	34,790,768	-
Property - More than 1 year		109,536,180	99,107,544	-
Other		13,808	13,578	-
Other assets held for sale, gross		141,061,745	136,264,672	-
Allowance for impairment		(27,839,668)	(28,998,736)	-
Other assets held for sale, net	US$	113,222,077	107,265,936	-

As of March 31, 2025, 82 assets for a total of US$6,592,507 are reclassified from “Other assets held for sale” to “Assets held for sale” (December 2024: 44 assets for a total of US$2,802,636).

Movement in the allowance for impairment of other assets held for sale is as follows:

		March 2025
Balance at beginning of period	US$	29,488,749
Loss on impairment of other assets held for sale outside of the scope of IFRS 5		483,447
Decrease in allowance for impairment of other assets held for sale outside of the scope of IFRS 5		(237,734)
Reclassification of assets held for sale		(1,894,794)
Balance at end of period	US$	27,839,668

(18) Obligations with the public

Obligations with the public by cumulative amount are as follows:

		March 2025	December 2024	March 2024
Demand deposits:				
Checking accounts	US$	4,266,811,375	4,718,003,710	4,449,343,382
Certified checks		62,221	55,513	7,151
Savings deposits		4,862,668,148	4,765,014,172	4,605,338,298
Matured term deposits		27,209,746	30,367,405	30,620,276
Other demand deposits		229,210	226,590	236,262
Drafts and transfers payable		116,487	49,714	84,698
Cashier’s checks		9,986,891	6,621,071	9,280,659
Advance collections from customers for credit cards		24,219,750	23,866,362	23,462,526
Trust fund obligations		40,434	49,920	54,634
		9,191,344,262	9,544,254,457	9,118,427,886
Term deposits:				
Deposits from the public		4,191,567,918	3,835,308,636	3,862,238,937
Other term deposits		213,073,276	154,295,810	175,502,654
		4,404,641,194	3,989,604,446	4,037,741,591
Other obligations with the public:				
Finance charges payable		100,380,045	104,801,440	112,397,684
	US$	13,696,365,501	13,638,660,343	13,268,567,161

As of Marzo 31, 2025, deposits in checking accounts in colones bear interest at a maximum rate of 1.80% per annum (December and March 2024: at 1.80% and 3.05% per annum, respectively) on full balances and at a minimum rate of 0% per annum (December and March 2024: at 0% per annum, respectively) on balances greater than or equal to ¢500,001, while deposits in checking accounts in US dollars bear interest at a maximum rate of 0.20% per annum (December and March 2024: at 0.20% per annum, respectively) on full balances and at a minimum rate of 0.00% per annum (December and March 2024: at 0% per annum, respectively) on balances greater than or equal to US$1,000.

Term deposits correspond to term certificates of deposit in colones and US dollars. As of March 31, term certificates bear annual interest at the following rates:

Currency	March 2025	December 2024	March 2024
Colones	2.89% to 5.95%	2.89% to 5.95%	3.48% to 6.54%
US dollars	1.24% to 4.89%	1.24% to 4.89%	1.24% to 4.89%

The Conglomerate has term certificates of deposit that are restricted to secure certain loan operations. As of March 31, 2025, the balance of those term certificates of deposit is US$164,712,510 (December and March 2024: US$165,978,087 and US$153,378,868). As of that date, the Conglomerate has no inactive deposits with State-owned entities or other banks.

(19) Obligations with BCCR

Obligations with BCCR are as follows:

		March 2025	December 2024	March 2024
Financing of loans using internal funds - BCCR *(i)*	US$	-	243,594,360	276,587,377
Financing of loans using external funds *(ii)*		249,189	245,050	248,015
Finance charges payable		-	7,202,209	6,520,496
	US$	249,189	251,041,619	283,355,888

i. On January 10, 2025, deferred term obligations were settled.

ii. According to Agreement MAG/AID 515-T-027 signed December 15, 1981, obligations related to financing of loans using external funds correspond to the agreement between the Government of Costa Rica and the Bank regarding management of the funds of the Agricultural Production Systems Project. This loan bears no interest and the agreement shall remain effective until otherwise agreed.

(20) Obligations with financial entities

Obligations with financial entities are as follows:

		March 2025	December 2024	March 2024
Demand:				
Checking accounts with local financial entities	US$	100,402,258	72,863,213	119,717,218
Savings deposits with local financial entities		59,257	101,863	100,026
Outstanding checks		5,148,959	1,535,874	2,893,602
Matured term deposits		6,942	320,950	221,518
Checking accounts and obligations with related parties (Note 8)		57,322	27,290	23,864
		105,674,738	74,849,190	122,956,228
Term:				
Lease liabilities – leased assets received *(1)*		95,541,359	96,563,936	99,111,427
Notes payable for BNCR financing *(3)(4)*		58,758,928	55,696,857	53,978,311
Loans from foreign financial entities *(2)(4)*		174,642,857	124,642,857	80,000,000
Term deposits with local financial entities		127,122,081	83,254,079	159,923,719
Obligations with funds from the liquidity market		90,494,809	88,075,296	84,090,017
Deferred liquidity operations		94,543,940	-	-
Obligations with funds from the Development Credit Fund		260,629,438	269,559,905	273,739,190
		901,733,412	717,792,930	750,842,664
Charges payable for loans with local financial entities *(3)*		94,547	96,120	115,140
Charges payable for other demand and term obligations with financial entities – foreign currency		2,332,646	401,771	1,662,500
Charges payable for other demand and term obligations with financial entities – local currency		1,024,788	208,907	227,946
Charges payable for loans with foreign financial entities		1,489,037	1,449,773	2,127,107
		4,941,018	2,156,571	4,132,693
	US$	1,012,349,168	794,798,691	877,931,585

(l) Lease liabilities

Long-term lease liabilities and their current portion are as follows:

	March 2025	December 2024	March 2024
In colones expressed in US dollars	16,872,320	16,761,335	17,428,845
In US dollars	77,207,496	78,278,516	79,973,027
	94,079,816	95,039,851	97,401,872

As of March 31, 2025, the exchange rate used is ¢504.21 (December and March 2024: ¢512.73 and ¢506.60, respectively).

Lease operations are as follows:

	March 2025			March 2024		
	No. of operations	Interest rates per annum	Maturity	No. of operations	Interest rates per annum	Maturity
In colones	23	6.49% and 15.00%	2026 and 2049	21	5.56 % and 15.00%	2024 and 2048
In US dollars	52	4% and 8.85%	2024 and 2048	52	3.57% and 8.85%	2024 and 2048
	75			73		

Future minimum lease payments are as follows:

		March 2025		
		Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	US$	13,065,422	7,769,779	5,295,645
Between one and five years		63,559,050	30,561,188	32,997,877
More than five years		78,315,349	21,067,551	57,247,837
	US$	154,939,821	59,398,518	95,541,359

		December 2024		
		Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	US$	13,082,858	7,855,395	5,227,467
Between one and five years		63,661,181	31,176,589	32,484,611
More than five years		80,994,229	22,142,410	58,851,858
	US$	157,738,268	61,174,394	96,563,936

(Continued)

		March 2024		
		Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	US$	13,082,858	7,855,395	5,227,467
Between one and five years		63,661,181	31,176,589	32,484,611
More than five years		80,994,229	22,142,410	58,851,858
	US$	157,738,268	61,174,394	96,563,936

The amounts recognized in profit or loss are as follows:

		March 2025	December 2024	March 2024
Interest on lease liabilities	US$	2,086,667	8,490,566	2,183,236
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	US$	157,113	628,741	156,787

The amounts recognized in the statement of cash flows are as follows:

		March 2025	December 2024	March 2024
Cash flows for leases	US$	(2,035,055)	(5,006,588)	(1,559,469)

The reconciliation of the lease obligations with cash flows from financing activities is as follows:

		March 2025	December 2024	March 2024
Balance at beginning of period	US$	96,563,936	99,518,602	99,518,603
Changes due to cash flows from financing activities:				
New financial obligations		813,722	90,984	-
Settlement of financial obligations		(2,035,054)	(5,006,588)	(1,559,469)
Translation effect		1,631,710	2,746,452	3,983,887
Total changes due to cash flows from financing activities		96,974,314	97,349,450	101,943,021
Other changes				
Adjustments		(121,975)	1,456,619	(1,282,487)
Foreign exchange differences		(1,278,696)	(2,218,338)	(1,383,672)
Balance at end of period		(32,284)	(23,795)	(165,435)
Total changes due to cash flows from financing activities	US$	95,541,359	96,563,936	99,111,427

(Continued)

(2) The characteristics of obligations with foreign financial entities are as follows:

Date of issue	Face value (in millions)	Characteristics
12/03/2007	US$75	Traded amount: 100% Term: 22 years Interest rate: 6.65 per coupon
12/14/2022	US$5.0	Traded amount: 100% Term: 8.5 years Interest rate: 9.46 per coupon
12/11/2024	US$45	Traded amount: 100% Term: 6.5 years Interest rate: 7.29 per coupon
01/15/2025	US$50	Traded amount: 100% Term: 3 years Interest rate: 7.48 per coupon

(3) The maturity of loans, term obligations and charges due to financial entities is as follows:

		March 2025		
		Local	Foreign	Total
One to two years	US$	2,749,483	50,684,000	53,433,483
Three to five years		2,063,755	76,648,646	78,712,401
More than five years		54,040,237	50,657,232	104,697,469
	US$	58,853,475	177,989,878	236,843,353

		December 2024		
		Local	Foreign	Total
One to two years	US$	3,118,813	-	3,118,813
Three to five years		-	75,401,771	75,401,771
More than five years		52,674,164	49,836,203	102,510,367
	US$	55,792,977	125,237,974	181,030,951

		March 2024		
		Local	Foreign	Total
One to two years	US$	4,405,339	-	4,405,339
More than five years		49,688,112	81,807,311	131,495,423
	US$	54,093,451	81,807,311	135,900,762

As of March 31, 2025, loans due to foreign financial entities bear interest at rates ranging from 6.65% to 9.46% per annum (December and March 2024: from 6.65% to 9.46% and from 6.65% to 10.43% per annum, respectively).

(4) As of March 31, the reconciliation of notes payable with cash flows from financing activities, as required by IAS 7, is as follows:

		March 2025	December 2024	March 2024
Balance at beginning of period	US$	180,339,714	133,421,532	133,421,532
Changes due to cash flows from financing activities				
New financial obligations		54,811,487	52,209,350	-
Settlement of financial obligations		(1,845,680)	(6,869,074)	(1,581,770)
Effect due to foreign exchange differences		(2,878,394)	(2,081,846)	(2,860,518)
Adjustment for translation		72,672	(22,332)	(342,008)
Changes due to cash flows from financing activities		50,160,085	43,236,098	(4,784,296)
Effect due to translation		(3,047,330)	(3,682,084)	(5,341,075)
Balance at end of period	US$	233,401,785	180,339,714	133,978,311

(21) Income tax

Pursuant to the Costa Rican *Income Tax Law*, the Conglomerate is required to file income tax returns each year.

As of March 31, income tax is as follows:

a) *Income tax for the year*

For the three months ended March 31, the income tax expense is as follows:

		March 2025	March 2024
Current tax:			
Current tax expense for the period	US$	10,992,325	7,682,144
Prior-period income tax expense		-	538
Decrease in prior-period income tax		-	-
		10,992,325	7,682,682
Deferred tax:			
Deferred tax expense		471,209	721,352
Deferred tax income		(187,747)	(226,031)
Deferred tax expense, net		283,462	495,321
Income tax expense, net	US$	11,275,787	8,178,003

The difference between the income tax expense and the amount that would result from applying the corresponding tax rate to pre-tax income (30%) is reconciled as follows:

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Notes to the Consolidated Financial Statements

		March 2025		March 2024	
Income before income tax	US$	51,448,447		57,035,522	
Plus (less) tax effect of:					
Non-deductible expenses		99,215,939	271%	197,340,833	771%
Deductible expenses		(9,991,434)	27%	(9,928,250)	39%
Non-taxable income		(104,031,868)	284%	(218,840,958)	855%
Tax base		36,641,084		25,607,147	
Tax rate		30%		30%	
Income tax expense		10,992,325	30%	7,682,144	30%
Prior-period income tax expense		-		538	
Deferred tax expense		471,209		721,352	
Deferred tax income		(187,747)		(226,031)	
Deferred tax, net		283,462		495,321	
Income tax, net	US$	11,275,787	22%	8,178,003	14%

Deferred tax

Deferred tax assets and liabilities are as follows:

		March 2025		
		Assets	Liabilities	Net
Unrealized losses on valuation of Investments	US$	4,055,648	-	4,055,648
Provisions		(2,856,380)	-	(2,856,380)
Right-of-use assets *(1)*		1,791,694	-	1,791,694
Unrealized gains on valuation of investments		-	(2,518,284)	(2,518,284)
Revaluation of property		-	(21,710,877)	(21,710,877)
Tax base of property and equipment		-	(9,857,360)	(9,857,360)
	US$	2,990,962	(34,086,521)	(31,095,559)

(Continued)

		December 2024		
		Assets	Liabilities	Net
Unrealized losses on valuation of Investments	US$	3,968,496	-	3,968,496
Provisions		(2,922,548)	-	(2,922,548)
Right-of-use assets *(1)*		2,074,172	-	2,074,172
Unrealized gains on valuation of investments		-	(3,344,814)	(3,344,814)
Revaluation of property		-	(21,528,819)	(21,528,819)
Tax base of property and equipment		-	(9,592,760)	(9,592,760)
	US$	3,120,120	(34,466,393)	(31,346,273)

		March 2024		
		Assets	Liabilities	Net
Unrealized losses on valuation of investments	US$	3,838,241	-	3,838,241
Provisions		(197,749)	-	(197,749)
Right-of-use assets *(1)*		908,118	-	908,117
Unrealized gains on valuation of investments		-	(6,300,620)	(6,300,620)
Revaluation of property		-	(22,094,815)	(22,094,815)
Tax base of property and equipment		-	(9,369,855)	(9,369,855)
	US$	4,548,610	(37,765,290)	(33,216,680)

(Continued)

(1) As of March 31, 2025, the deferred income tax, net, arises from the right-of-use assets and lease liabilities in the amount of US$28,223,945 and US$ 26,432,251, respectively (December and March 2024: assets and liabilities in the amount of US$28,511,955 and US$26,437,783; and US$29,220,561 and US$28,312,445, respectively).

Deferred tax assets and liabilities are as follows:

		December 2024	Included in the income statement	Included in equity	Effect due to translation	March 2025
Unrealized losses on valuation of investments	US$	3,968,495	-	20,094	67,059	4,055,648
Provisions		(2,922,548)	115,552	-	(49,384)	(2,856,380)
Right-of-use assets		2,074,172	(317,527)	-	35,049	1,791,694
Unrealized gains on valuation of investments		(3,344,814)	153,070	729,980	(56,520)	(2,518,284)
Revaluation of property		(21,528,818)	-	181,729	(363,789)	(21,710,878)
Tax base of property and equipment		(9,592,760)	(102,504)	-	(162,096)	(9,857,360)
	US$	(31,346,273)	(151,409)	931,803	(529,681)	(31,095,560)

		December 2023	Included in the income statement	Included in equity	Effect due to translation	December 2024
Unrealized losses on valuation of investments	US$	2,845,580	-	1,044,385	78,531	3,968,496
Provisions		33,298	(2,956,765)	-	919	(2,922,548)
Right-of-use assets		1,383,496	652,495	-	38,181	2,074,172
Unrealized gains on valuation of investments		(3,533,264)	3,162,476	(2,876,517)	(97,509)	(3,344,814)
Revaluation of property		(21,408,077)	-	470,065	(590,807)	(21,528,819)
Tax base of property and equipment		(8,887,910)	(459,567)	-	(245,283)	(9,592,760)
	US$	(29,566,877)	398,639	(1,362,067)	(815,968)	(31,346,273)

		December 2023	Included in the income statement	Included in equity	Effect due to translation	March 2024
Unrealized losses on valuation of investments	US$	2,845,580	-	878,748	113,913	3,838,241
Provisions		33,298	(232,380)	-	1,333	(197,749)
Right-of-use assets		1,383,496	(530,763)	-	55,384	908,117
Unrealized gains on valuation of investments		(3,533,264)	27,943	(2,653,856)	(141,443)	(6,300,620)
Revaluation of property		(21,408,077)	-	170,261	(856,999)	(22,094,815)
Tax base of property and equipment		(8,887,910)	(126,148)	-	(355,797)	(9,369,855)
	US$	(29,566,877)	(861,348)	(1,604,847)	(1,183,609)	(33,216,681)

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

As of March 31, 2025, the Bank has not recognized a deferred tax liability in the amount of US$14,941,445 (December and March 2024: US$8,234,238 and US$14,469,735, respectively), given that it controls the moment when the subsidiaries pay dividends.

Tax returns filed by the Conglomerate for the years ended December 31, 2024 and the tax return that will be filed for the year ended December 31, 2025 are open to review by the Tax Authorities.

(22) Provisions

Provisions are as follows:

		March 2025	December 2024	March 2024
Severance benefits	US$	733,520	641,792	660,905
Litigation		24,964,434	21,417,835	16,464,331
Inactive checking and savings accounts liquidated		1,157,649	1,161,080	1,175,476
Variation in RIVM methodology		3,571,676	955,675	967,239
Notice of deficiency		-	-	32,769,754
Deposit Guarantee Fund		686,119	645,354	738,167
Other		831,742	783,319	826,553
	US$	31,945,140	25,605,055	53,602,425

Movement in provisions is as follows:

		March 2025			
		Severance benefits	Litigation	Other	Total
Balance as of March 31, 2024	US$	649,557	21,676,997	3,588,329	25,914,883
Increase in provision		96,345	3,358,312	12,003,754	15,458,411
Used		(9,750)	(95,679)	(9,360,818)	(9,466,247)
Decrease in provision		(5,711)	(77,947)	(1,088)	(84,746)
Translation effect		3,079	102,751	17,009	122,839
Balance as of March 31, 2025	US$	733,520	24,964,434	6,247,186	31,945,140

		December 2024			
		Severance benefits	Litigation	Other	Total
Balance as of December 31, 2023	US$	614,678	15,021,907	28,560,517	44,197,102
Increase in provision		97,933	14,229,181	36,054,444	50,381,558
Used		(29,385)	(6,887,205)	(61,838,154)	(68,754,744)
Decrease in provision		(58,397)	(1,360,613)	(19,574)	(1,438,584)
Translation effect		16,963	414,565	788,195	1,219,723
Balance as of December 31, 2024	US$	641,792	21,417,835	3,545,428	25,605,055

		March 2024			
		Severance benefits	Litigation	Other	Total
Balance as of March 31, 2023	US$	593,207	14,497,192	27,562,900	42,653,299
Increase in provision		27,261	2,640,704	9,257,297	11,925,262
Used		(5,640)	(422,554)	(2,483,552)	(2,911,746)
Decrease in provision		-	(1,377,076)	(396)	(1,377,472)
Translation effect		46,077	1,126,065	2,140,940	3,313,082
Balance as of March 31, 2024	US$	660,905	16,464,331	36,477,189	53,602,425

The Conglomerate is a defendant in pending lawsuits, for which the potential outflow of economic benefits is considered. As of March 31, the Conglomerate has estimated future outflows and made the following provisions:

	Claimed amount			Provision		
Type	March 2025	December 2024	March 2024	March 2025	December 2024	March 2024
Ordinary - in colones expressed in US dollars	23,187,943	21,692,157	16,113,496	14,118,178	11,629,501	9,424,700
Ordinary - in US dollars	86,840,317	-	90,007,786	2,926,080	2,485,886	1,434,060
Criminal - in colones expressed in US dollars	2,144,344	2,108,711	2,134,228	101,420	62,643	-
Labor - in colones expressed in US dollars	788,500	672,387	488,551	7,818,756	7,239,805	5,605,571
	112,961,104	24,473,255	108,744,061	24,964,434	21,417,835	16,464,331

(23) Other sundry accounts payable

Other sundry accounts payable are as follows:

		March 2025	December 2024	March 2024
Professional fees	US$	52,777	8,159	28,369
Creditors - goods and services		27,593,287	27,079,531	16,718,827
Income tax payable		11,066,013	49,446,034	7,838,941
Value-added tax		747,268	616,273	486,103
Employer contributions		26,640,852	29,591,867	22,949,780
Court-ordered withholdings		9,671,350	8,678,976	8,892,847
Tax withholdings		3,872,400	4,274,381	4,162,320
Employee withholdings		1,702,923	1,742,333	1,874,318
Other third-party withholdings		318,636	128,985	251,924
Compensation		44,872,628	52,259,793	35,336,303
Statutory allocations		14,480,682	59,481,989	31,493,240
Clearing house operations		-	34,965	61,089
Accrued vacation		13,646,141	12,935,175	12,640,455
Accrued statutory Christmas bonus		9,997,671	5,406,395	9,215,258
Accounts payable – assets held for sale		525,908	237,641	105,910
Commissions payable to related parties		-	99,153	-
Provisional deposits for the payment of premiums		4,203,541	3,055,714	4,487,593
SICOP guarantees		1,569,511	1,636,346	2,276,346
Property		1,207,522	894,836	1,202,956
Amounts received for partial sales of assets held for sale		2,551,793	2,489,302	1,737,862
Master Card and Visa payments		5,019,318	4,924,098	4,579,285
Fee payable to international organizations		1,102,021	-	1,007,402
Other various creditors		12,141,440	6,811,501	11,341,345
Interest rate futures - Hedges (Note 9)		4,500	3,750	22,250
Purchase of FX futures		-	-	370,477
	US$	192,988,182	271,837,195	179,081,200

(24) Other liabilities

Other liabilities are as follows:

		March 2025	December 2024	March 2024
Deferred income:				
Deferred fees and commissions for trust management	US$	135,415	143,765	172,117
		135,415	143,765	172,117
Operations pending application:				
Operations pending settlement		5,438,017	15,214,720	7,616,690
Other operations pending application		55,854,433	23,132,068	34,063,326
		61,292,450	38,346,788	41,680,016
	US$	61,427,865	38,490,553	41,852,133

(Continued)

(25) Subordinated obligations

The Conglomerate's subordinated obligations are as follows:

Entity	Interest per annum	Term	Maturity		March 2025	December 2024	March 2024
IDB	6-month TSFR + 6.30% during the first 5 years, and 6-month TSFR + 6.80% thereafter	10	18/02/2032	US$	45,000,000	45,000,000	45,000,000
CABEI	6-month TSFR + 5.25% during the first five years and 6-month TSFR + 5.75% thereafter *(2)*	15	23/10/2029		-	-	17,250,000
AFD	Fixed rate of 8.28% over the entire term	10	29/09/2031		15,000,000	15,000,000	15,000,000
FINDEV	6-month TSFR + 6.30% during the first five years and 6-month TSFR + 6.80% thereafter	10	18/02/2032		30,000,000	30,000,000	30,000,000
IDB BLUE BOND	Term SOFR + relevant differential Relevant differential: 4.50% per annum during the first five years, and 4.75% per annum thereafter *(1)*	10	22/08/2034		25,000,000	25,000,000	-
FINANCE BLUE BOND (LA Green Fund – BLUE BOND)	Term SOFR + relevant differential Relevant differential: 4.50% per annum during the first five years, and 4.75% per annum thereafter *(1)*	10	22/08/2024		5,000,000	5,000,000	-
FINDEV BLUE BOND	Term SOFR + relevant differential Relevant differential: 4.50% per annum during the first five years, and 4.75% per annum thereafter *(1)*	10	22/08/2024		20,000,000	20,000,000	-
				US$	140,000,000	140,000,000	107,250,000
			Finance charges payable		1,449,743	5,177,144	2,001,061
				US$	141,449,743	145,177,144	109,251,061

(Continued)

(1) On August 22, 2024, the subordinated debt was negotiated in the amount of US$50,000,000, with a maturity of 10 years, between the Interamerican Development Bank (IDB), Finance in Motion Germany and FINDEV Canada.

(2) On October 18, 2024, the Bank paid in advance the obligation with CABEI in the total amount owed at the cutoff date.

Through Note SGF 1878-2023 dated July 28, 2023, SUGEF authorizes the proposed changes to the provisions on the inclusion of the secured overnight financing rate (SOFR) as a benchmark rate to replace LIBOR, modifying debt agreement No. 2137 subscribed by the Central American Bank for Economic Integration (CABEI) and Banco Nacional de Costa Rica.

In accordance with Article 4, IRNBS (Law No. 1644), the debt of State-owned commercial banks will be secured with guarantees issued by the Government and all its divisions and institutions. Government guarantees provided for in this article do not apply to subordinated loans subscribed by State-owned commercial banks or rights and obligations derived therefrom. Subordinated financial instruments or loans (and the rights and obligations derived therefrom) may only be subscribed by multilateral development banks or bilateral development organizations.

Pursuant to SUGEF's prudential regulations on full unsubordinated debt prepayment by borrowers, if classified as Tier II capital, loans (including principal and interest) will be categorized as subordinated debt and ranked below other loans, such that borrowers will first fully repay any unsubordinated debt (existing on the effective date, or subsequently subscribed, assumed, or secured) in accordance with banking regulations.

(26) Equity

(a) Share capital

The Conglomerate's share capital is as follows:

		March 2025	December 2024	March 2024
Capital under Law No. 1644	US$	284,911,193	279,061,560	279,757,945
Bank capitalization bonds		54,411,942	53,294,788	53,427,782
Translation adjustment		(10,244,314)	(3,277,527)	(4,106,906)
	US$	329,078,821	329,078,821	329,078,821

(b) Capital reserves

Capital reserves are as follows:

		March 2025	December 2024	March 2024
Legal reserve	US$	11,366,802	11,460,396	10,581,361
Statutory reserve for assets held for sale		15,826,796	13,535,116	10,324,016
Excess of statutory reserve for loans		20,485,745	20,113,687	18,322,187
Statutory dynamic provision		997,883,405	899,226,876	895,476,653
Translation adjustment		(92,483,262)	(71,063,704)	(67,215,098)
	US$	953,079,487	873,272,371	867,489,119

(c) Equity of the Development Financing Fund

As of March 31, 2025, the allocation of the Bank's earnings for the creation of the Development Financing Fund (FOFIDE) amounts to US$103,305,951 (December and March 2024: US$90,252,247 and US$90,286,605, respectively).

(27) Memoranda accounts

The Conglomerate has off-balance sheet commitments and contingencies that arise in the normal course of business and involve elements of credit and liquidity risk. The notional amounts of foreign exchange derivatives are as follows:

		March 2025	December 2024	March 2024
Sureties	US$	-	2,710	3,084
Performance bonds		52,164,749	53,420,667	62,796,145
Bid bonds		5,174,600	4,660,111	1,940,968
Other guarantees		1,326,166	1,803,001	1,324,094
Letters of credit		2,974,294	3,105,414	2,262,167
Credits pending disbursement		224,872	221,137	227,464
		61,864,681	63,213,040	68,553,922
Pre-approved lines of credit		711,034,944	689,318,805	620,553,033
Other contingencies not related to credits		13,057	12,840	12,996
Other contingencies - Pending litigation and lawsuits (Note 51)		113,687,007	111,737,090	109,038,448
		824,735,008	801,068,735	729,604,477
Sale of FX futures – Other than hedges		-	-	9,015,347
	US$	886,599,689	864,281,775	807,173,746

Letters of credit, guarantees and sureties granted expose the Bank to credit loss in the event of noncompliance by the customer. The Conglomerate's policies and procedures for approving credit commitments and financial guarantees are the same as those for granting loans booked. Guarantees and sureties granted have fixed maturity dates and, in most cases, no funds are disbursed on maturity. Therefore, they do not represent a significant exposure to liquidity risk for the Conglomerate. Most letters of credit are used and those used are generally available on demand, issued and confirmed by correspondent banks and payable immediately.

These commitments and contingent liabilities expose the Bank to credit risk since fees and commissions and losses are recognized in the consolidated statement of financial position until the commitments are fulfilled or expire.

The Conglomerate has off-balance sheet financial instruments (stand-by and without prior deposit) that arise in the ordinary course of business and involve elements of credit and liquidity risk. Those financial instruments include letters of credit, guarantees and sureties without prior deposit.

(28) Trust assets

The Conglomerate provides trust services whereby it manages assets per the instructions of the customer. It receives a fee for providing those services. Those assets, liabilities and equity are not recognized in the consolidated financial statements. The Conglomerate is not exposed to any credit risk relating to such placements, as it does not guarantee these assets.

The types of trusts managed are as follows:

- Management and investment trusts
- Management trusts with a testamentary clause
- Guaranty trusts
- Housing trusts
- Management and investment public trusts.

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Notes to the Consolidated Financial Statements

As of March 31, 2025, trust capital is invested in the following assets:

Nature of trust		Cash or property management	Management and investment	Guaranty	Testamentary	Custody of stock	Custody of stock and cash management	Guaranties and cash management	Management, custody and guaranty	Public works	Trusts with public funds	Guaranty and custody of stock	Rentier management and investment	Premium protection	Equity planning	Total
Trust assets																
Cash and due from banks	US$	83,904	60,864	2,000	6,018	-	-	-	-	149	191,726	-	3,014	493,042	-	840,717
Investments in financial instruments		3,469,044	28,654,642	3,959,729,766	5,454,166	3,958	1,679	-	-	-	27,672,011	-	556,746	6,144,767	-	4,031,686,779
Loan portfolio		-	-	-	-	-	-	-	-	-	11,122,725	-	-	-	-	11,122,725
Accounts and accrued interest receivable		17,484,210	313,694	195,567	3,629	-	-	454,795	-	95,638,011	116,546,732	498	-	-	-	230,637,136
Assets held for sale		-	-	-	-	-	-	-	-	-	167,206	-	-	-	-	167,206
Investments in other companies		-	-	9,615,061	28,045	49,900	-	-	-	-	-	-	-	-	912	9,693,918
Property and equipment		14,230,845	-	233,074,867	2,121,696	-	-	3,062,298	-	-	897,848	562,384	-	-	-	253,949,938
Other assets		164,245	158,306	7,223,855	12,293	-	-	-	9,404,567	39,308,316	239,439	-	-	-	-	56,511,021
	US$	35,432,248	29,187,506	4,209,841,116	7,625,847	53,858	1,679	3,517,093	9,404,567	134,946,476	156,837,687	562,882	559,760	6,637,809	912	4,594,609,440

As of December 31, 2024, trust capital is invested in the following assets:

Nature of trust		Cash or property management	Management and investment	Guaranty	Testamentary	Custody of stock	Custody of stock and cash management	Guaranties and cash management	Management, custody and guaranty	Public works	Trusts with public funds	Guaranty and custody of stock	Rentier management and investment	Premium protection	Equity planning	Total
Trust assets																
Cash and due from banks	US$	292,084	60,103	2,000	850	-	-	-	-	7,507	364,438	-	2,626	635,277	4,820	1,369,705
Investments in financial instruments		3,432,334	420,330	4,946,023,434	5,422,115	3,862	1,638	-	-	-	31,133,571	-	639,062	4,387,467	-	4,991,463,813
Loan portfolio		-	-	-	-	-	-	-	-	-	10,717,677	-	-	-	-	10,717,677
Accounts and accrued interest receivable		1,767,672	-	189,953	7,407	-	-	438,878	-	102,913,725	125,993,850	1,960	-	-	-	231,313,445
Assets held for sale		-	-	-	-	-	-	-	-	-	65,776	-	-	-	-	65,776
Investments in other companies		-	-	9,455,288	27,580	49,071	-	-	-	-	-	-	-	-	897	9,532,836
Property and equipment		13,994,372	-	229,753,372	2,086,441	-	-	3,011,412	-	-	910,236	553,039	-	-	-	250,308,872
Other assets		159,308	-	8,543,080	9,292	-	-	-	9,599,109	38,612,763	222,064	-	-	-	-	57,145,616
	US$	19,645,770	480,433	5,193,967,127	7,553,685	52,933	1,638	3,450,290	9,599,109	141,533,995	169,407,612	554,999	641,688	5,022,744	5,717	5,551,917,740

(Continued)

As of March 31, 2024, trust capital is invested in the following assets:

Nature of trust		Cash or property management	Management and investment	Guaranty	Testamentary	Custody of stock	Custody of stock and cash management	Guaranties and cash management	Management, custody and guaranty	Public works	Trusts with public funds	Guaranty and custody of stock	Rentier management and investment	Premium protection	Equity planning	Total
Trust assets																
Cash and due from banks	US$	39,977	60,620	2,000	849	-	-	-	-	15,378	237,358	-	62,976	565,117	-	984,275
Investments in financial instruments		3,205,402	387,417	5,056,594,876	5,339,650	3,812	1,617	-	-	23,729,993	30,560,348	-	1,082,569	4,586,886	129,664	5,125,622,234
Loan portfolio		-	-	-	-	-	-	-	-	-	10,365,223	-	-	-	-	10,365,223
Accounts and accrued interest receivable		75,223	-	183,804	17,901	-	-	413,744	-	109,317,567	179,837,482	496	10,480	-	920	289,857,617
Assets held for sale		-	-	-	-	-	-	-	-	-	100,515	-	-	-	-	100,515
Investments in other companies		-	-	9,678,267	21,991	49,664	-	-	-	-	-	-	-	-	26,008	9,775,930
Property and equipment		14,163,707	-	236,269,782	2,111,687	-	-	3,047,851	-	60,097,523	913,732	559,731	-	-	666,336	317,830,349
Other assets		163,513	-	5,864,471	10,460	-	-	-	9,942,616	44,486,236	2,986,876	-	-	-	59	63,454,231
	US$	17,647,822	448,037	5,308,593,200	7,502,538	53,476	1,617	3,461,595	9,942,616	237,646,697	225,001,534	560,227	1,156,025	5,152,003	822,987	5,817,990,374

(Continued)

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

a) Housing mortgage

These trusts are exclusively dedicated to managing housing loan portfolios.

b) Cash or property management

These trusts are dedicated to managing cash or property for any of several purposes, including investing the cash or property placed in the trust and making payments.

c) Securitization

These trusts are used to obtain funds from liquid assets by issuing asset-backed securities.

d) Portfolio management

These trusts are dedicated to managing portfolios of loans granted for housing, agriculture, or reforestation projects or for any other activity aimed at promoting the country's socioeconomic development.

e) Special accounts

These accounts are "special" funds (not trusts) managed by BN-Fiduciaria that are created for different purposes in order to help facilitate the control, management, location and future settlement of certain accounting items used to settle trust contingencies, the maturity of mortgage investment certificates (CIH), the management of fixed assets, etc.

f) Guaranty

These trusts hold trust property that is to be transferred as a guaranty for loan operations per the instructions of the trustor.

g) Testamentary

The purpose of these trusts is to meet the listed needs of individuals identified by the trustors upon their death. Testamentary trusts include life insurance policies, wills and inheritances.

(29) Other debit memoranda accounts

Other debit memoranda accounts are as follows:

		March 2025	December 2024	March 2024
Pension Fund Manager's own investments in custody – Face value of principal	US$	25,941,995	27,336,454	26,177,498
Pension Fund Manager's own investments in custody – Coupons		5,918,973	7,279,912	6,307,254
Guarantees received in the Bank's custody		226,119,392	215,656,245	41,347,033
Guarantees on financial instruments		-	-	1,532,685
Other guarantees received in the Bank's custody		24,133,010,309	25,091,373,534	20,910,517,149
Lines of credit granted but unused		761,359,907	862,561,846	824,248,969
Loans pending disbursement		240,299,744	249,349,954	282,507,841
Unused overdrafts		109,082	107,269	108,541
Loans settled		984,450,844	949,613,753	897,519,510
Other accounts receivable settled		56,343,061	54,493,394	50,831,856
Accrued interest receivable settled		97,012,985	92,568,622	87,086,428
Interest income on non-accrual loans of loan portfolio		81,381,416	78,543,319	75,168,340
Supporting documentation received in the Bank's custody		8	783	12
Securities issued pending placement		3,375,578	-	136,275,168
Lines of credit or overdrafts obtained but unused		3,730,000	3,726,000	3,714,000
Notified letters of credit		3,368,030	1,718,030	2,765,000
Notional value subject to interest rate futures (Note 11)		10,600,000	17,500,000	15,200,000
Reversals made to income accounts for the year		8,019,058	57,260,153	12,838,798
Reversals made to expense accounts for the year		38,406,973	377,611,402	93,178,450
Non-deductible expenses		673,377,270	662,187,805	1,048,610,001
Non-taxable income		716,210,613	704,309,389	1,070,527,932
Other memoranda accounts		265,176,343	267,112,057	285,412,860
		28,334,211,581	29,720,309,921	25,871,875,325
Third-party debit memoranda accounts *(1)*		10,683,204,624	10,592,463,591	10,073,300,692
Own debit memoranda accounts for custodial activities		1,525,891,023	1,499,668,913	1,264,386,293
Third-party debit memoranda accounts for custodial activities		37,305,371,145	36,724,352,581	35,047,810,805
		49,514,466,792	48,816,485,085	46,385,497,790
	US$	77,848,678,373	78,536,795,006	72,257,373,115

(Continued)

(1) Third-party debit memoranda accounts are as follows:

		March 2025	December 2024	March 2024
Management of banking mandates	US$	3,273,929,612	3,194,099,087	3,344,162,806
"TUDES" securities received in custody from affiliates under Article 75 of Law No. 7531		2,247,799	2,198,902	2,069,259
Pension funds (Note 32)		5,568,760,231	5,564,380,665	5,149,101,795
Investment funds (Note 31)		1,626,510,229	1,655,887,805	1,425,304,090
Portfolio management		211,756,753	175,897,132	152,662,742
	US$	10,683,204,624	10,592,463,591	10,073,300,692

Other memoranda accounts by entity are as follows:

		March 2025	December 2024	March 2024
Banco Nacional de Costa Rica	US$	68,215,312,650	69,017,899,400	63,504,361,512
BN Valores Puesto de Bolsa, S.A. (Note 30)		2,403,813,999	2,261,644,649	2,143,784,476
BN Sociedad Administradora de Fondos de Inversión, S.A. (Note 31)		1,626,603,901	1,655,981,711	1,425,474,785
BN Vital Operadora de Planes de Pensiones Complementarias, S.A. (Note 32)		5,602,947,823	5,601,269,246	5,183,752,342
	US$	77,848,678,373	78,536,795,006	72,257,373,115

(Continued)

(30) Current and term brokerage operations and security portfolio management

As of December 31, memoranda accounts for brokerage operations are summarized below:

		March 2025	December 2024	March 2024
Own				
Trading securities pending delivery	US$	2,194,844	-	-
Confirmed cash agreements pending settlement		2,249,199	-	-
Futures contracts pending settlement		102,723,513	99,674,732	95,812,555
Own trading securities (Note 30-a)		20,741,490	18,178,338	14,609,728
Other own memoranda accounts		3,796,283	3,791,905	3,757,817
	US$	131,705,330	121,644,975	114,180,100
Third party				
Trading securities received as guarantees		40,811,113	48,515,920	43,062,879
Trading securities pending receipt		109,450	1,931,387	-
Signed contracts pending settlement		140,748	1,967,125	-
Futures contracts pending settlement		82,807,785	83,613,814	69,055,284
Third-party trading securities (Note 30-a)		1,935,648,088	1,827,016,643	1,763,736,400
Cash and accounts receivable		834,732	1,057,652	1,087,071
Portfolio management		211,756,753	175,897,133	152,662,741
		2,272,108,669	2,139,999,674	2,029,604,375
Memoranda accounts (Note 29)	US$	2,403,813,999	2,261,644,649	2,143,784,475

In accordance with the *Regulations on Repurchase Agreements and the Regulations on Term Operations*, all operations are backed by guarantees in order to cover any related contingencies.

Securities that back repurchase agreements are held in the custody of CEVAL or in foreign entities with which CEVAL has custody agreements.

a) Securities held in custody are as follows:

Location	Type of custody		March 2025	December 2024	March 2024
Own custodial activities					
Local	CEVAL - public	US$	4,817,275	3,468,158	-
Local	International custody - vault		15,894,465	14,680,925	14,580,119
Local	Vault		29,750	29,255	29,609
			20,741,490	18,178,338	14,609,728
Custodial activities on behalf of third parties					
Local	CEVAL - private		255,561,729	252,700,939	195,128,328
Foreign	CEVAL - private		469,246,727	400,123,494	333,566,506
Local	CEVAL - public		1,051,578,833	1,003,724,013	1,044,861,692
Foreign	International custody		158,801,731	170,075,795	189,779,955
Local	Vault		16,093	15,822	16,111
Local and foreign	Securities that are doubtful, in arrears or in litigation		442,975	376,580	383,808
			1,935,648,088	1,827,016,643	1,763,736,400
		US$	1,956,389,578	1,845,194,981	1,778,346,128

b) Term buyer and seller positions in tri-party repurchase agreements involving the Brokerage Firm are as follows:

	March 2025							
	Term buyer				Term seller			
	Colones expressed in US dollars	US dollars	Balance in US dollars	Total	Colones expressed in US dollars	US dollars	Balance in US dollars	Total
Own	85,551,121	16,520,652	16,520,652	102,071,774	394,721	257,018	257,018	651,739
Third parties	4,401,708	49,887,157	49,887,157	54,288,865	2,215,430	26,303,490	26,303,490	28,518,920
	89,952,829	66,407,809	66,407,809	156,360,639	2,610,151	26,560,508	26,560,508	29,170,659

	December 2024							
	Term buyer				Term seller			
	Colones expressed in US dollars	US dollars	Balance in US dollars	Total	Colones expressed in US dollars	US dollars	Balance in US dollars	Total
Own	84,664,633	15,010,098	15,010,098	99,674,732	-	-	-	-
Third parties	4,838,684	44,117,682	44,117,682	48,956,366	4,312,811	30,344,637	30,344,637	34,657,448
	89,503,317	59,127,780	59,127,780	148,631,098	4,312,811	30,344,637	30,344,637	34,657,448

	March 2024							
	Term buyer				Term seller			
	Colones expressed in US dollars	US dollars	Balance in US dollars	Total	Colones expressed in US dollars	US dollars	Balance in US dollars	Total
Own	80,910,934	14,901,621	14,901,621	95,812,555	-	-	-	-
Third parties	4,236,170	33,202,049	33,202,049	37,438,219	2,520,298	29,096,766	29,096,766	31,617,065
	85,147,104	48,103,670	48,103,670	133,250,774	2,520,298	29,096,766	29,096,766	31,617,065

As of March 31, 2025, term buyer and seller positions in tri-party repurchase agreements in US dollars were valued at the exchange rate of ¢504.21 to US$1.00 (December and March 2024: ¢512.73 and ¢506.60 to US$1.00, respectively).

(Continued)

The maturity structure of term buyer and seller positions in tri-party repurchase agreements involving the Brokerage Firm is as follows:

		March 2025			
		Term buyer		Term seller	
		Colones expressed in US dollars	US dollars	Colones expressed in US dollars	US dollars
Own					
1 to 30 days	US$	79,777,182	5,211,121	394,721	257,018
31 to 60 days		5,773,939	11,309,532	-	-
		85,551,121	16,520,653	394,721	257,018
Third-party					
1 to 30 days		-	1,382,105	-	840,602
31 to 60 days		1,887,902	30,532,899	708,094	10,294,369
61 to 90 days		1,321,980	10,908,690	315,511	8,105,056
More than 91 days		1,191,826	7,063,463	1,191,825	7,063,463
		4,401,708	49,887,157	2,215,430	26,303,490
	US$	89,952,829	66,407,810	2,610,151	26,560,508

		December 2024			
		Term buyer		Term seller	
		Colones expressed in US dollars	US dollars	Colones expressed in US dollars	US dollars
Own					
1 to 30 days	US$	75,788,989	3,694,733	-	-
31 to 60 days		8,875,644	11,315,365	-	-
		84,664,633	15,010,098	-	-
Third-party					
1 to 30 days		983,907	419,470	983,907	1,063,375
31 to 60 days		344,325	10,655,788	344,325	4,679,259
61 to 90 days		2,217,693	26,568,829	1,691,820	18,437,657
More than 91 days		1,292,759	6,473,595	1,292,759	6,164,346
		4,838,684	44,117,682	4,312,811	30,344,637
	US$	89,503,317	59,127,780	4,312,811	30,344,637

		March 2024			
		Term buyer		Term seller	
		Colones expressed in US dollars	US dollars	Colones expressed in US dollars	US dollars
Own					
1 to 30 days	US$	68,918,140	3,576,417	-	-
31 to 60 days		11,992,794	11,325,204	-	-
		80,910,934	14,901,621	-	-
Third-party					
1 to 30 days		-	1,029,364	-	-
31 to 60 days		1,715,872	11,034,689	-	9,453,723
61 to 90 days		715,913	18,495,823	715,913	17,000,870
More than 91 days		1,804,385	2,642,173	1,804,385	2,642,173
		4,236,170	33,202,049	2,520,298	29,096,766
	US$	85,147,104	48,103,670	2,520,298	29,096,766

In tri-party repurchase agreements and term operations, the Brokerage Firm is contingently liable for the short balance that arises when a security is sold for an amount that is less than the amount payable to the respective term seller. In accordance with the Regulations on Repurchase Agreements and the Regulations on Term Operations, all operations are backed by guarantees in order to cover any related contingencies.

Securities that back tri-party repurchase agreements are held in the custody of CEVAL or in foreign entities with which CEVAL has custody agreements.

(31) Investment fund management agreements

The Investment Fund Manager's memoranda accounts are as follows:

		March 2025		
Fund		Net value	Shares	Value per share
Funds in colones:				
Súper Fondo colones expressed in US dollars	US$	542,870,491	109,129,802	4.97
Fon Depósito colones expressed in US dollars		126,632,975	71,102,047	1.78
Creci Fondo colones expressed in US dollars		13,905,142	1,809,376	7.69
Redi Fondo colones expressed in US dollars		48,283,947	8,796,025	5.49
Diner Fondo colones expressed in US dollars		167,149,856	50,495,301	3.31
	US$	898,842,411	241,332,551	
Funds in US dollars:				
Creci Fondo US dollars		19,593,016	7,762,723	2.52
Redi Fondo US dollars		49,916,497	24,397,484	2.05
Diner Fondo US dollars		123,800,639	84,301,425	1.47
Fon Depósito US dollars		41,342,455	34,413,353	1.20
Súper Fondo Plus US dollars		370,700,420	299,504,202	1.24
Fondo Internacional - liquidity		50,742,632	46,101,481	1.10
BN internacional Valor		1,415,101	1,361,785	1.04
BN internacional Suma		4,123,287	3,696,694	1.12
BN internacional Crece		5,965,325	5,177,595	1.15
BN Infraestructura Pública -1		34,903,724	21,750	1,604.77
FI Desarrollo de Proyecto BN I		24,600,397	19,795	1,242.76
ETF Bitcoin no diversificado		101,426	103,661	0.98
BN ETF500 no diversificado		462,898	472,027	0.98
	US$	727,667,817	507,333,975	
Assets of managed funds	US$	1,626,510,228	748,666,526	
Guarantees:				
Performance bonds		89,755	-	
Outstanding checks		3,918	-	
		93,673	-	
Memoranda accounts (Note 29)	US$	1,626,603,901	-	

		December 2024		
Fund		Net value	Shares	Value per share
Funds in colones:				
Súper Fondo colones expressed in US dollars	US$	509,107,625	102,940,211	4.95
Fon Depósito colones expressed in US dollars		129,679,108	73,195,943	1.77
Creci Fondo colones expressed in US dollars		12,510,933	1,646,425	7.60
Redi Fondo colones expressed in US dollars		49,550,563	9,115,424	5.44
Diner Fondo colones expressed in US dollars		224,337,362	68,130,162	3.29
	US$	925,185,591	255,028,165	
Funds in US dollars:				
Creci Fondo US dollars		20,537,773	8,237,351	2.49
Redi Fondo US dollars		46,437,084	22,972,733	2.02
Diner Fondo US dollars		125,364,054	85,941,243	1.46
Fon Depósito US dollars		43,587,905	36,479,875	1.19
Súper Fondo Plus US dollars		373,209,580	303,777,867	1.23
Fondo Internacional - liquidity		50,314,792	46,099,931	1.09
BN internacional Valor		1,640,668	1,615,407	1.02
BN internacional Suma		4,446,476	3,957,318	1.12
BN internacional Crece		6,101,464	5,131,493	1.19
BN Infraestructura Pública -1		34,702,570	21,75	1,595.52
FI Desarrollo de Proyecto BN I		24,359,847	19,795	1,230.61
	US$	730,702,213	514,254,763	
Assets of managed funds	US$	1,655,887,805	769,282,928	
Guarantees:				
Performance bonds		90,054	-	
Outstanding checks		3,853	-	
		93,906	-	
Memoranda accounts (Note 29)	US$	1,655,981,711	-	

Fund		March 2024 Net value	Shares	Value per share
Funds in colones:				
Súper Fondo colones expressed in US dollars	US$	449,884,198	92,829,070	4.85
Fon Depósito colones expressed in US dollars		117,767,309	67,767,171	1.74
Creci Fondo colones expressed in US dollars		10,984,918	1,497,367	7.34
Redi Fondo colones expressed in US dollars		38,965,089	7,413,712	5.26
Diner Fondo colones expressed in US dollars		151,797,917	47,010,616	3.23
	US$	769,399,431	216,517,936	
Funds in US dollars:				
Creci Fondo *US dollars*		17,131,425	7,126,848	2.40
Redi Fondo *US dollars*		33,823,652	17,312,568	1.95
Diner Fondo *US dollars*		120,564,829	84,598,101	1.43
Fon Depósito *US dollars*		41,061,790	34,875,979	1.18
Súper Fondo Plus *US dollars*		353,242,366	295,127,438	1.20
Fondo Internacional - liquidity		32,613,085	21,75	1,499.45
BN internacional Valor		634,962	632,398	1.00
BN internacional Suma		3,652,950	3,423,565	1.07
BN internacional Crece		4,133,483	3,735,555	1.11
BN Infraestructura Pública -1		23,060,674	21,758,024	1.06
FI Desarrollo de Proyecto BN I		25,985,443	19,795	1,312.73
	US$	655,904,659	468,632,021	
Assets of managed funds	US$	1,425,304,090	685,149,957	
Guarantees:				
Performance bonds		166,796	-	
Outstanding checks		3,899	-	
		170,695	-	
Memoranda accounts (Note 29)	US$	1,425,474,785	-	

The main activity of the Investment Fund Manager is managing funds and securities in investment funds.

An investment fund is capital formed by contributions from individuals or legal entities for the purpose of investing such capital in securities or in other assets authorized by SUGEVAL, which is managed by a company dedicated to such activities on behalf of fund participants, who assume all related risks. Contributions are documented in share certificates. The objective of investment funds is to maximize goodwill on the invested amount by managing securities or other assets for which the respective return depends on changes in the fair value of the assets.

The Investment Fund Manager has registered the following funds with SUGEVAL:

- *BN SuperFondo colones no diversificado* (non-diversified - colones): This is an open-end (floating number of outstanding shares) money market fund with a variable income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN CreciFondo colones no diversificado* (non-diversified - colones): This is an open-end (floating number of outstanding shares) growth fund with a variable income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN RediFondo mensual colones no diversificado* (monthly, non-diversified - colones): This is an open-end (floating number of outstanding shares) income fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN DinerFondo colones no diversificado* (non-diversified - colones): This is an open-end (floating number of outstanding shares) money market fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN FonDepósito colones no diversificado* (non-diversified - colones): This is an open-end (floating number of outstanding shares) money market fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

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- *BN CreciFondo US dólares no diversificado* (non-diversified - US dollars): This is an open-end (floating number of outstanding shares) growth fund with a variable income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN RediFondo mensual US dólares no diversificado* (monthly, non-diversified - US dollars): This is an open-end (floating number of outstanding shares) income fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN DinerFondo US dólares no diversificado* (non-diversified - US dollars): This is an open-end (floating number of outstanding shares) money market fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN FonDepósito US dólares no diversificado* (non-diversified - US dollars): This is an open-end (floating number of outstanding shares) money market fund with a fixed income portfolio. Returns on the investment portfolio are not distributed until the customer requests partial or full redemption of shares.

- *BN SuperFondo US dólares plus no diversificado* (non-diversified - US dollars): This fund is aimed at conservative investors looking for short-term investments and who are to manage capital or funds in transit, with a minimum recommended period of 5 days. The funds can be requested at any time and are deposited on the next day, complying with the cutoff time and generating no withdrawal commissions. Benefits are calculated and applied on a daily basis but are effective when a partial or total withdrawal of the investment takes place. The fund has monthly statements of account.

- *Fondo de Inversión de Desarrollo de Proyectos de Infraestructura Pública-1* (real estate development - US dollars): This fund will invest in the construction of buildings to be occupied by the Maximum Deconcentration Organizations and other entities of BCCR. Once the works are completed, the buildings will be leased with a purchase option to BCCR or sold to BCCR or to a real estate fund managed by BN Fondos and investors thus realize their potential gains. If the buildings are sold to a real estate fund, such fund will lease the buildings to BCCR.

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- *BN Internacional Valor no diversificado* (non-diversified - US dollars): This is an international, mixed portfolio investment fund, ideal for conservative customers who primarily seek to maintain their capital, even if it entails obtaining returns much lower than those of the market. It is addressed to the investor that would like to invest in a portfolio comprised of debt securities issued by the public or private sector and investment funds.

- *BN Internacional Suma no diversificado* (non-diversified - US dollars): This is an international, mixed portfolio investment fund, addressed to investors with a balanced-risk profile, that is, willing to assume losses in the short- and mid-term to obtain returns higher than those of the market in the mid- and long-term. It is addressed to the investor that would like to invest in a portfolio comprised of debt securities issued by the public or private sector and in variable-return instruments and investment funds.

- *BN Internacional Crece no diversificado* (non-diversified - US dollars): This is a long-term, international, mixed portfolio investment fund addressed to investors with an aggressive-risk profile, i.e., willing to assume significant losses while aiming to obtain returns higher than those of the market. It is addressed to the investor that would like to invest in a portfolio comprised of debt securities issued by the public or private sector and in variable-return instruments and investment funds.

- *BN Internacional Liquidez no diversificado* (non-diversified liquidity investment fund – US dollars): This is an international investment fund intended for conservative investors looking for short-term investments. It is a good alternative for meeting present or future liquidity needs. The long-term fund is aimed at investors looking for meeting future liquidity needs.

- *Fondo de Inversión de Desarrollo de Proyectos BN I* (real estate development): This fund invests in the development and operation of several buildings that will be leased for a definite term. It is addressed to both local and foreign investors who wish to participate in a project development investment fund dedicated to the construction of eight buildings on land owned by the Bank. For the development of this project, the land was assigned to the fund through the assignment of usufruct rights, for subsequent leasing to the Bank or to third parties and, ultimately, sale of the buildings. Information on the main conditions of the agreement of assignment of usufruct rights and lease agreements, which were signed as of August 2018, is included in the prospectus. Furthermore, information is provided on the situations in which the usufruct rights may be revoked; conditions for use of the assets and limitations on their use, asset restrictions or commitments, administrative contract and appeals regimes applicable to the fund.

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- *Fondo de Inversión BN ETF500 no diversificado* (non-diversified ETF500 investment fund): This fund is for investors with a long-term investment horizon, who wish to invest their funds for terms no less than five years. It is for investors who wish to invest in a portfolio of ETFs (Exchange Traded Funds) with exposure to the Standard & Poor's 500 index (S&P 500), which is considered one of the main indicators of the shares of large companies in the United States of America.

- *Fondo de Inversión ETF Bitcoin no diversificado* (non-diversified ETF Bitcoin fund): This fund is for investors with a long-term investment horizon, who wish to invest their funds for terms no less than five years. It is for investors who wish to invest in a portfolio of ETFs (Exchange Traded Funds) with exposure to Bitcoin, a digital asset, classified as a cryptocurrency, which has highly volatile variations in price. As part of the management of the fund's liquidity, it may acquire debt securities from the public sector in the United States and Costa Rica. Securities are denominated in US dollars and registered in the international and national market.

- *Fondo de inversión de Electromovilidad, Fondo de capital de Riesgo* (electromobility investment fund, risk capital fund): The fund is intended for investors who seek to participate in the income generated by the financing of the promoted companies. The promoted companies are transport operators (buses), duly authorized by the Public Transport Council of Costa Rica (CTP), under several contract modalities in which they operate according to the nomenclature used by CTP and in conformity with the Law on Paid Transport of People in Automotive Vehicles, Law No. 3503, for the purposes of this prospect they will be called operators. As of March 31, 2025, this fund has no operations.

(32) Pension fund management agreements

The Pension Fund Manager's memoranda accounts are as follows:

		March 2025	December 2024	March 2024
Mandatory Pension Fund (ROP)	US$	4,684,946,359	4,695,215,861	4,333,368,635
Mandatory Retirement Savings Account (FCL)		230,729,616	227,347,814	215,900,046
Employee Protection and Retirement Fund		236,841,104	224,449,575	214,680,940
Voluntary Pension Fund in Colones A (FPC A)		225,087,383	92,479,552	205,882,737
Voluntary Pension Fund in Colones B (FPC B)		95,170,968	229,985,396	93,502,707
Voluntary Pension Fund in US dollars A (FPD A) *(i)*		50,602,269	50,730,189	45,215,122
Voluntary Pension Fund in US dollars B (FPD B) *(ii)*		33,084,691	31,848,219	29,187,522
ICT employee pension fund		12,297,841	12,324,058	11,364,086
Assets of managed funds (Note 29)	US$	5,568,760,231	5,564,380,664	5,149,101,795
Securities and assets in own custody		31,860,968	34,616,366	32,484,752
Bid and performance bonds – colones		51,955	46,224	44,155
Bid and performance bonds – US dollars (*iii*)		26,870	27,091	52,381
Securities in DU		2,247,799	2,198,902	2,069,259
Memoranda accounts (Note 29)	US$	5,602,947,823	5,601,269,247	5,183,752,342

i. As of March 31, 2025, this fund amounts to US$50,602,269 (December and March 2024: US$50,730,189 and US$45,215,122, respectively), and is valued at the exchange rate of ¢504.21 to US$1.00 (December and March 2024: ¢512.73 and 506.60 to US$1.00, respectively).

ii. As of March 31, 2025, this fund amounts to US$33,084,691 (December and March 2024: US$31,848,219 and US$29,187,522, respectively), and is valued at the exchange rate of ¢504.21 to US$1.00 (December and March 2024: ¢512.73 and 506.60 to US$1.00, respectively).

iii. As of March 31, 2025, this fund amounts to US$26,870 (December and March 2024: US$27,091 and US$52,381, respectively), and is valued at the exchange rate of ¢504.21 to US$1.00 (December and March 2024: ¢512.73 and 506.60 to US$1.00, respectively).

(Continued)

(33) Income from financial instruments

For the three months ended March 31, income from financial instruments is as follows:

		March 2025	March 2024
Cash and due from banks:			
Deposits in BCCR	US$	51,567	62,053
Checking accounts and demand deposits in local entities		19,961	40,621
Checking accounts and demand deposits in foreign entities		6,122,292	7,416,021
		6,193,820	7,518,695
Financial instruments:			
Investments at FVTPL		106,866	175,059
Investments at FVOCI		23,907,702	19,145,906
Investments at amortized cost		20,327,442	24,072,020
Investments in past due and restricted securities		2,077,805	3,715,520
		46,419,815	47,108,505
	US$	52,613,635	54,627,200

(34) Income from loan portfolio

For the three months ended March 31, income from the loan portfolio is as follows:

		March 2025	March 2024
Current loans:			
Individuals	US$	107,870,343	102,369,847
Development Banking System		4,525,123	4,749,230
Business		38,485,925	41,713,662
Corporate		47,049,261	47,433,865
Public sector		7,788,833	7,074,664
Financial sector		1,203,821	2,231,413
		206,923,306	205,572,681
Past due loans and loans in legal collection:			
Individuals		13,468,780	10,826,778
Development Banking System		234,424	230,518
Business		3,425,101	3,486,474
Corporate		1,592,001	781,691
Public sector		108,389	26,744
In legal collection		1,988,949	2,546,537
Amortization of net commission of incremental direct costs related to credits		800,835	441,407
		21,618,479	18,340,149
	US$	228,541,785	223,912,830

(35) Other finance income

For the three months ended March 31, other finance income is as follows:

		March 2025	March 2024
Fees and commissions on letters of credit	US$	3,515	8,527
Fees and commissions on guarantees granted		154,000	139,448
Gain on sale of financial instruments		897,411	-
Other sundry finance income		58,199	32,337
Charges for overdue operations		996,132	854,721
Sundry finance income from late fees		181,488	793,468
	US$	2,290,745	1,828,501

(36) Finance costs for obligations with the public

For the three months ended March 31, finance costs for obligations with the public are as follows:

		March 2025	March 2024
Demand deposits	US$	39,619,769	48,354,705
Term deposits		55,278,909	60,289,727
	US$	94,898,678	108,644,432

(37) Finance costs for obligations with financial entities

For the three months ended March 31, finance costs for obligations with financial entities are as follows:

		March 2025	March 2024
Demand obligations	US$	1,650,794	2,109,550
Term obligations		8,375,917	8,320,929
	US$	10,026,711	10,430,479

(38) Other finance costs

For the three months ended March 31, other finance costs are as follows:

		March 2025	March 2024
Fees and commissions on letters of credit obtained	US$	117,651	112,557
Other sundry finance costs		186,072	185,425
	US$	303,723	297,982

(39) Expenses for allowance for impairment of assets

For the three months ended March 31, expenses for allowance for impairment of assets are as follows:

		March 2025	March 2024
Allowance for loan losses (Note 12)	US$	32,876,695	22,937,044
Allowance for impairment of other accounts receivable (Note 13)		361,759	1,250,223
Allowance for stand-by credit losses (Note 12)		10,344	1,279
General and counter-cyclical allowance for loan portfolio (Note 12)		1,543,833	8,510,077
General and counter-cyclical allowance for stand-by credits (Note 12)		40	-
Allowance for impairment of investments at fair value through other comprehensive income		233,892	290,024
Allowance for impairment of financial instruments at amortized cost		7,835	386,079
Allowance for impairment of operations with derivative financial instruments (Note 10)		-	997
	US$	35,034,398	33,375,723

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

For the three months ended March 31, income from recovery of assets and decreases in allowances and provisions is as follows:

		March 2025	March 2024
Recovery of loan write-offs	US$	4,065,347	5,950,457
Recovery of accounts receivable write-offs		7,223	9,371
Decrease in allowance for impairment of other accounts receivable (Note 13)		195,773	874,187
Decrease in allowance for impairment of investments in financial instruments (Note 10)		1,614,578	752,728
	US$	5,882,921	7,586,743

(41) Income from service fees and commissions

For the three months ended March 31, operating income from service fees and commissions is as follows:

		March 2025	March 2024
Drafts and transfers	US$	6,340,109	5,523,848
Certified checks		251	444
Trusts		793,376	826,770
Custodial services		1,299,161	1,118,790
Collections		4,445	5,960
Credit cards		31,814,553	31,927,648
Management services		1,608,840	1,264,662
Management of investment funds		4,821,961	3,987,816
Management of pension funds		5,848,276	5,765,397
Insurance underwriting		5,596,829	4,764,899
Brokerage operations (third parties in local market)		530,456	1,078,841
Brokerage operations (third parties in other markets)		293,991	516,236
Management of individual portfolios		271,459	-
Transactions with related parties		168,113	115,683
Commissions charged to other affiliates		6,909,991	6,704,122
Servibanca local interchange		10,880,532	11,639,358
Other service fees and commissions		7,599,084	7,055,097
	US$	84,781,427	82,295,571

(42) Other operating income

For the three months ended March 31, other operating income is as follows:

		March 2025	March 2024
Recovery of expenses *(1)*	US$	1,248,433	1,835,187
Net valuation of other assets (Note 6)		70,628	298,125
Other income from accounts receivable		569	1,381
Savings accounts liquidation		87,869	90,675
Administrative charges - PMEP		221,535	138,967
Liquidation of term certificate of deposit not claimed		531,200	565,151
Liquidation of checks		42,095	76,551
Fines applied to vendors		152,142	194,965
Excess cash from human teller		83,616	96,155
Commission due to markup of BN cards		522,078	523,657
Other operating income		435,870	582,545
Decrease in provisions		84,183	1,349,918
	US$	3,480,218	5,753,277

(1) When the *Law of Public Administration's Salaries* (Law No. 9908) became effective, the provision for the payment of employee annuities was reversed.

(43) Expenses for assets held for sale and assets held for sale outside the scope of IFRS 5

For the three months ended March 31, expenses for assets held for sale and assets held for sale outside the scope of IFRS 5 are as follows:

		March 2025	March 2024
Expenses for assets held for sale			
Properties and other assets received in lieu of payment		75,841	-
Loss on sale of assets awarded in judicial auctions	US$	1,364,484	1,390,548
Management of assets received in lieu of payment		3,823	2,080
Management of assets awarded in judicial auctions		1,193,407	3,108,687
Loss on impairment of assets held for sale *(Note 14)*		643,475	2,708
Other expenses for assets held for sale		2,061	12,991
	US$	3,283,091	4,517,014
Other assets held for sale outside the scope of IFRS 5			
Expense for management of assets received in lieu of payment		1,711,042	-
Loss on impairment of other assets available for sale outside of the scope of IFRS 5		480,228	-
	US$	2,191,270	-
	US$	5,474,361	4,517,014

(44) Provision expenses

For the three months ended March 31, provision expenses are as follows:

		March 2025	March 2024
Severance benefits	US$	95,703	26,716
Pending litigation		3,335,949	2,587,884
“BN Premios” points program		2,361,819	1,780,263
RIVM case *(1)*		2,582,541	-
Notice of deficiency		6,296,028	6,562,331
Deposit Guarantee Fund		683,434	729,535
	US$	15,355,474	11,686,729

(1) Additional provision record for RIVM parafiscal case.

(45) Other operating expenses

For the three months ended March 31, other operating expenses are as follows:

		March 2025	March 2024
Penalties for noncompliance with regulatory legal provisions	US$	5,701	9
Net valuation of other liabilities (Note 6)		69,590	137,402
Value-added tax expense		626,702	672,667
Income tax on foreign remittances		72,178	3,051
8% and 15% tax on income from interest on investments in financial instruments		1,513	72,663
Property tax		153,280	148,317
Patents		945,783	683,756
Other local taxes		66,816	54,273
Other foreign taxes		11	14
Transfer to FINADE		642,064	2,359,056
Costs of microfinance insurance policies		2,354,427	2,190,994
Customer remittances		983,077	851,163
Amortization of deferred direct costs related to loans		329,263	297,811
Authorization abroad		1,712,962	1,570,288
Cost of quarterly processing of credit cards		13,745,563	12,466,026
Life insurance unpaid balance		7,453,067	6,655,126
Software maintenance and licenses		8,109,262	6,995,501
Sundry operating expenses		3,130,888	3,308,017
	US$	40,402,147	38,466,134

(46) Personnel expenses

For the three months ended March 31, personnel expenses are as follows:

		March 2025	March 2024
Salaries and bonuses, permanent staff	US$	39,228,812	37,960,243
Salaries and bonuses, contractors		1,700,079	1,131,611
Compensation for directors and statutory examiners		100,763	93,263
Overtime		418,737	476,243
Travel expenses		238,751	183,172
Statutory Christmas bonus		4,520,113	4,376,861
Vacation		3,581,409	3,945,593
Incentives		2,391,641	2,998,447
Other compensation		3,912,540	3,705,142
Severance benefits		2,681,797	2,587,701
Employer social security taxes		17,919,860	17,621,756
Refreshments		70,837	23,375
Uniforms		24,100	3,997
Training		149,673	79,543
Employee insurance		132,991	144,548
Back-to-school bonus		4,074,271	3,997,221
Mandatory retirement savings account		878,690	857,234
Other personnel expenses		216,419	225,496
	US$	82,241,483	80,411,446

(47) Other administrative expenses

For the three months ended March 31, other administrative expenses are as follows:

		March 2025	March 2024
Outsourcing	US$	17,715,526	13,150,639
Transportation and communications		1,869,645	2,112,575
Infrastructure		14,953,173	14,758,766
Overhead		9,584,098	8,575,450
	US$	44,122,442	38,597,430

(48) Statutory allocations

For the three months ended March 31, statutory allocations are as follows:

		March 2025	March 2024
CONAPE 5%	US$	2,362,497	2,579,794
CNE 3%		1,545,242	1,692,214
INFOCOOP 10%		3,596,815	4,362,588
Public capital pension operators		714,003	1,603,405
RIVM 15%		6,165,700	6,719,667
	US$	14,384,257	16,957,668

(49) Fair value of financial instruments

The carrying amounts and fair values of all financial assets and liabilities that are not carried at fair value are compared in the following table:

		March 2025	
		Carrying amount	Fair value
Financial assets:			
Cash and due from banks	US$	2,993,866,832	2,993,866,832
Investments at amortized cost		1,154,964,185	1,169,084,841
Loan portfolio		10,601,029,633	9,493,917,906
	US$	14,749,860,650	13,656,869,579
Financial liabilities:			
Demand deposits from the public and financial entities	US$	9,363,035,482	9,363,035,482
Other demand obligations with the public		34,363,562	34,363,562
Term deposits from the public and financial entities		5,306,623,797	5,234,802,127
	US$	14,704,022,841	14,632,201,171

		December 2024	
		Carrying amount	Fair value
Financial assets:			
Cash and due from banks	US$	2,798,980,188	2,798,980,188
Investments at amortized cost		1,505,715,872	1,519,875,187
Loan portfolio		10,371,876,078	10,324,827,435
	US$	14,676,572,138	14,643,682,810
Financial liabilities:			
Demand deposits from the public and financial entities	US$	9,693,318,019	9,693,318,019
Other demand obligations with the public		30,587,067	30,587,067
Term deposits from the public and financial entities		4,958,438,995	4,905,990,904
	US$	14,682,344,081	14,629,895,990

		March 2024	
		Carrying amount	Fair value
Financial assets:			
Cash and due from banks	US$	2,859,070,571	2,859,070,571
Investments at amortized cost		1,768,146,164	1,775,843,482
Loan portfolio		9,921,628,410	9,805,985,067
	US$	14,548,845,145	14,440,899,120
Financial liabilities:			
Demand deposits from the public and financial entities	US$	9,320,899,281	9,320,899,281
Other demand obligations with the public		32,882,516	32,882,516
Term deposits from the public and financial entities		5,071,940,144	5,022,943,826
	US$	14,425,721,941	14,376,725,623

Fair value estimates

i. Valuation techniques and significant unobservable inputs

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

(a) Cash and due from banks, accrued interest receivable, demand deposits from the public and accrued interest payable.

The carrying amounts approximate fair value due to the short-term nature of these instruments.

(b) Loan portfolio

The fair value of loans is calculated by discounting future cash flows expected for principal and interest. Loan payments are assumed to be made on the contractually agreed payment date. Future expected cash flows for loans are discounted at the interest rates offered for similar loans to new borrowers as of March 31, 2025 and 2024.

(c) Term deposits

The fair value of term deposits is calculated by discounting cash flows at the interest rates offered for term deposits with similar maturities.

(d) Obligations with entities

The fair value of obligations with entities is based on discounting cash flows at the interest rates in effect.

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

(Continued)

Financial instruments measured at fair value by level in the fair value hierarchy are as follows:

		March 2025			
		Level 1	Level 2	Level 3	Total
FVPTL	US$	177,801	30,201,620	7,382,400	37,761,821
FVOCI	US$	1,552,902,106	-	-	1,552,902,106
Derivative financial instruments	US$	-	-	36,469	36,469

		December 2024			
		Level 1	Level 2	Level 3	Total
FVPTL	US$	173,778	24,408,480	7,382,400	31,964,658
FVOCI	US$	1,567,573,075	-	-	1,567,573,075
Derivative financial instruments	US$	-	-	99,828	99,828

		March 2024			
		Level 1	Level 2	Level 3	Total
FVPTL	US$	171,796	41,912,353	7,382,400	49,466,549
FVOCI	US$	1,299,822,337	-	-	1,299,822,337

The table above sets out information about financial instruments measured at fair value using a valuation method. The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

i. Recurring Level 3 fair values

Financial instruments categorized as Level 3 in the fair value hierarchy are measured as follows:

		March 2025			March 2024		
		FVTPL	Derivative financial instruments	Term obligations with foreign financial entities	FVTPL	Derivative financial instruments	Term obligations with foreign financial entities
Opening balance	US$	7,471,729	101,036	-	6,990,948	187,533	-
Valuation		721	(32,055)	-	140,184	(39,672)	-
Exchange differences		(124,631)	(32,772)	-	(285,916)	(159,178)	-
		34,581	260	-	537,184	11,317	-
Closing balance	US$	7,382,400	36,469	-	7,382,400	-	-

(50) Segments

The Conglomerate has defined its business segments based on the administrative and reporting structure and the services provided by the Bank, the Brokerage Firm, the Investment Fund Manager, the Pension Fund Manager and the Insurance Brokerage Firm. Profit or loss, assets and liabilities of each segment are as follows:

		As of March 31, 2025								
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	BN Centro Procesos	Total	Eliminations and reclassifications	Consolidated
ASSETS										
Cash and due from banks	US$	2,989,512,439	3,009,278	752,686	1,405,730	293,091	1,839,361	2,996,812,584	2,945,752	2,993,866,832
Investments in financial instruments		2,572,779,923	131,965,654	28,126,062	27,774,769	18,086,772	-	2,778,733,181	93,116	2,778,640,065
Loan portfolio, net		10,247,260,533	-	-	-	-	-	10,247,260,533	11,270,000	10,235,990,533
Accounts and fees and commissions receivable, net		11,419,540	451,814	289,118	2,416,394	1,958,351	29	16,535,248	164,324	16,370,924
Fees and commissions receivable		1,107,130	58,790	64,689	1,895,986	1,658,786	-	4,785,381	155,814	4,629,567
Accounts due from related parties		122,951	8,764	-	2,822	731	-	135,267	8,510	126,757
Deferred tax and income tax receivable		8,501,069	381,361	221,947	516,621	243,969	29	9,864,997	-	9,864,997
Other accounts receivable		16,566,440	2,900	12,805	129,119	54,866	-	16,766,130	-	16,766,130
Accrued interest receivable		2,990	-	-	-	-	-	2,990	-	2,990
Allowance for impairment		(14,881,039)	-	(10,323)	(128,154)	-	-	(15,019,517)	-	(15,019,517)
Assets held for sale, net		45,516,212	-	-	-	-	-	45,516,212	-	45,516,212
Investments in other companies		246,705,385	59,499	-	-	-	-	246,764,884	108,771,276	137,993,607
Property, furniture and equipment, net		450,282,388	338,872	977,953	680,147	609,501	-	452,888,860	-	452,888,860
Other assets		203,826,429	2,117,077	992,313	795,275	269,336	-	208,000,430	-	208,000,430
TOTAL ASSETS	US$	16,767,302,850	137,942,195	31,138,133	33,072,315	21,217,051	1,839,390	16,992,511,933	123,244,468	16,869,267,465
LIABILITIES AND EQUITY										
LIABILITIES										
Obligations with the public	US$	13,696,365,501	-	-	-	-	-	13,696,365,501	-	13,696,365,501
Obligations with BCCR		249,191	-	-	-	-	-	249,191	-	249,191
Obligations with entities		923,182,379	102,026,445	651,955	126,655	612,113	-	1,026,599,547	14,250,378	1,012,349,168
Accounts payable and provisions		246,998,262	3,902,894	2,666,854	3,688,747	2,749,532	12,612	260,018,901	164,324	259,854,577
Other liabilities		61,486,355	-	-	-	-	-	61,486,355	58,490	61,427,865
Subordinated obligations		141,449,741	-	-	-	-	-	141,449,741	-	141,449,742
TOTAL LIABILITIES	US$	15,069,731,429	105,929,339	3,318,809	3,815,402	3,361,645	12,612	15,186,169,236	14,473,192	15,171,696,044

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BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		As of March 31, 2025									
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	BN Centro Procesos	Total	Eliminations and reclassifications	Translation effect	Consolidated
EQUITY											
Share capital	US$	333,185,728	12,767,439	9,672,302	15,871,560	3,616,861	1,850,463	376,964,353	43,778,625	4,106,907	329,078,821
Non-capitalized capital contributions		-	-	-	1,335,321	-	-	1,335,321	1,335,321	-	-
Equity adjustments		146,898,705	2,633	168,858	462,887	-	-	147,533,084	634,378	26,332,750	120,565,955
Capital reserves		979,834,483	2,553,488	1,934,460	580,338	663,637	-	985,566,406	5,731,923	28,198,485	951,635,999
Prior period retained earnings		49,844,320	15,013,217	13,529,309	9,585,246	10,460,704	(10,137)	98,422,659	48,578,339	12,108,518	37,735,802
Income for the period		25,321,963	887,740	1,829,324	701,089	2,674,503	(58,534)	31,356,085	6,034,122	-	25,321,963
FOFIDE		120,682,367	-	-	-	-	-	120,682,367	-	17,612,522	103,069,845
TOTAL EQUITY	US$	1,655,767,567	31,224,517	27,134,254	28,536,441	17,415,705	1,781,792	1,761,860,276	106,092,709	88,359,181	1,697,571,420
TRANSLATION EFFECT		41,803,854	788,338	685,070	720,471	439,702	44,986	44,482,421	2,678,567	(88,359,181)	130,163,035
TOTAL LIABILITIES AND EQUITY	US$	16,767,302,850	137,942,195	31,138,133	33,072,315	21,217,051	1,839,390	16,992,511,933	123,244,468	-	16,869,267,465
Debit memoranda accounts	US$	884,662,624	628,199	13,817	1,295,049	-	-	886,599,689	-	-	886,599,689
Income from cash and due from banks and financial instruments	US$	4,594,586,623	22,817	-	-	-	-	4,594,609,440	-	-	4,594,609,440
Trust liabilities	US$	109,432,699	17,667	-	-	-	-	109,450,366	-	-	109,450,366
Trust equity	US$	4,485,153,924	5,150	-	-	-	-	4,485,159,074	-	-	4,485,159,074
Other debit memoranda accounts	US$	68,215,312,650	2,403,813,999	1,626,603,901	5,602,947,823	-	-	77,848,678,373	-	-	77,848,678,373

(Continued)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		As of March 31, 2025								
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	BN Centro Procesos	Total	Eliminations and reclassifications	Consolidated
Finance income	US$	282,795,903	2,653,065	580,005	534,680	217,282	-	286,780,935	219,063	286,561,872
Finance costs		108,082,181	1,097,981	148,501	71,039	34,319	-	109,434,021	219,063	109,214,958
Allowance expense		35,007,785	7,825	8,649	10,129	10	-	35,034,398	-	35,034,398
Income from recovery of assets		5,755,347	78,987	15,539	31,012	2,035	-	5,882,921	-	5,882,921
FINANCE INCOME		145,461,284	1,626,246	438,394	484,523	184,989	-	148,195,437	-	148,195,437
Other operating income		97,694,599	2,615,555	4,828,449	5,926,909	5,862,201	-	116,927,712	7,503,694	109,424,018
Other operating expenses		78,608,565	825,765	437,396	1,121,917	110,181	34	81,103,858	1,296,775	79,807,083
GROSS OPERATING INCOME		164,547,318	3,416,036	4,829,447	5,289,515	5,937,008	(34)	184,019,291	6,206,919	177,812,372
Personnel expenses		74,581,417	1,719,408	1,601,449	2,651,153	1,632,149	55,906	82,241,483	-	82,241,483
Other administrative expenses		42,715,964	308,687	416,073	513,899	225,794	3,671	44,184,088	61,646	44,122,442
Total administrative expenses		117,297,381	2,028,095	2,017,522	3,165,052	1,857,942	59,578	126,425,570	61,646	126,363,924
NET OPERATING INCOME BEFORE STATUTORY ALLOCATIONS AND TAXES		47,249,937	1,387,940	2,811,925	2,124,463	4,079,066	(59,612)	57,593,720	6,145,273	51,448,447
Income tax		8,112,195	500,363	903,768	700,259	1,246,949	-	11,463,534	-	11,463,534
Decrease in income tax		8,813	58,153	39,221	67,536	14,023	-	187,747	-	187,747
Statutory allocations		13,358,152	41,638	84,358	777,737	122,372	-	14,384,257	-	14,384,257
INCOME FOR THE PERIOD	US$	25,788,403	904,093	1,863,021	714,003	2,723,768	(59,612)	31,933,676	6,145,273	25,788,403

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		As of March 31, 2024							
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	Total	Eliminations and reclassifications	Consolidated
ASSETS									
Cash and due from banks	US$	2,854,080,926	4,245,746	620,562	900,105	287,521	2,860,134,861	1,064,290	2,859,070,571
Investments in financial instruments		2,962,513,111	124,554,824	24,348,609	27,719,475	17,200,546	3,156,336,564	69,704	3,156,266,860
Loan portfolio, net		9,658,226,505	-	-	-	-	9,658,226,505	11,286,000	9,646,940,505
Accounts and fees and commissions receivable, net		22,932,764	439,902	408,638	4,992,933	1,295,988	30,070,224	124,240	29,945,985
Fees and commissions receivable		924,163	58,483	262,158	1,818,026	1,121,313	4,184,144	117,141	4,067,003
Accounts due from related parties		71,524	30,489	-	-	1,484	103,498	7,098	96,399
Deferred tax and income tax receivable		20,285,899	347,381	109,826	3,169,309	146,978	24,059,393	-	24,059,393
Other accounts receivable		16,479,207	3,549	45,789	129,559	26,212	16,684,315	-	16,684,315
Accrued interest receivable		4,781	-	-	-	-	4,781	-	4,781
Allowance for impairment		(14,832,810)	-	(9,135)	(123,961)	-	(14,965,906)	-	(14,965,906)
Assets held for sale, net		85,838,227	-	-	-	-	85,838,227	-	85,838,227
Investments in other companies		232,892,125	59,218	-	-	-	232,951,343	101,284,327	131,667,016
Property, furniture and equipment, net		459,208,373	654,701	961,781	933,865	687,759	462,446,478	-	462,446,478
Other assets		70,349,246	2,268,487	1,043,250	750,340	505,606	74,916,930	-	74,916,930
TOTAL ASSETS	US$	16,346,041,277	132,222,878	27,382,839	35,296,718	19,977,420	16,560,921,132	113,828,560	16,447,092,572
LIABILITIES AND EQUITY									
LIABILITIES									
Obligations with the public	US$	13,268,567,161	-	-	-	-	13,268,567,161	-	13,268,567,161
Obligations with BCCR		283,355,888	-	-	-	-	283,355,888	-	283,355,888
Obligations with entities		792,937,384	95,941,187	655,303	171,384	615,257	890,320,515	12,388,931	877,931,585
Accounts payable and provisions		255,447,828	4,512,714	2,044,712	7,568,554	2,086,417	271,660,225	124,239	271,535,986
Other liabilities		41,883,196	-	-	-	-	41,883,196	31,064	41,852,133
Subordinated obligations		109,251,061	-	-	-	-	109,251,061	-	109,251,061
TOTAL LIABILITIES	US$	14,751,442,518	100,453,901	2,700,015	7,739,939	2,701,674	14,865,038,047	12,544,234	14,852,493,813

(Continued)

BANCO NACIONAL DE COSTA RICA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		As of March 31, 2024								
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	Total	Eliminations and reclassifications	Translation effect	Consolidated
EQUITY										
Share capital	US$	333,185,728	12,767,439	9,672,302	14,961,465	715,170	371,302,105	38,116,377	4,106,907	329,078,821
Non-capitalized capital contributions		-	-	-	2,245,416	-	2,245,416	2,245,416	-	-
Equity adjustments		149,843,831	1,650	181,862	64,409	-	150,091,753	247,921	26,342,214	123,501,617
Capital reserves		895,476,653	2,553,488	1,934,460	580,338	143,034	900,687,973	5,211,320	27,987,534	867,489,119
Prior period retained earnings		44,432,251	15,095,151	10,929,357	7,550,547	13,692,632	91,699,938	47,267,688	12,097,941	32,334,310
Income for the period		31,899,851	715,795	1,471,128	1,603,405	2,379,355	38,069,534	6,169,683	-	31,899,851
FOFIDE		107,864,768	-	-	-	-	107,864,768	-	17,578,164	90,286,604
TOTAL EQUITY	US$	1,562,703,082	31,133,523	24,189,110	27,005,580	16,930,191	1,661,961,487	99,258,405	88,112,760	1,594,598,759
TRANSLATION EFFECT		31,895,677	635,453	493,714	551,200	345,555	33,921,598	2,025,922	(88,112,760)	120,008,436
TOTAL LIABILITIES AND EQUITY	US$	16,346,041,277	132,222,878	27,382,839	35,296,718	19,977,420	16,560,921,132	113,828,560	-	16,447,092,572
Debit memoranda accounts	US$	806,330,883	405,196	-	437,668	-	807,173,746	-	-	807,173,746
Income from cash and due from banks and financial instruments	US$	5,817,967,662	22,712	-	-	-	5,817,990,374	-	-	5,817,990,374
Trust liabilities	US$	118,697,122	17,583	-	-	-	118,714,705	-	-	118,714,705
Trust equity	US$	5,699,270,540	5,129	-	-	-	5,699,275,669	-	-	5,699,275,669
Other debit memoranda accounts	US$	63,504,361,512	2,143,784,476	1,425,474,785	5,183,752,342	-	72,257,373,115	-	-	72,257,373,115

		As of March 31, 2024							
		Bank	Brokerage Firm	Investment Fund Manager	Pension Fund Manager	Insurance Brokerage Firm	Total	Eliminations and reclassifications	Consolidated
Finance income	US$	279,861,052	2,616,962	497,099	3,006,184	241,780	286,223,077	6,062	286,217,015
Finance costs		122,694,367	1,446,875	113,053	146,734	35,434	124,436,462	6,062	124,430,400
Allowance expense		33,324,269	-	11,231	34,857	5,366	33,375,723	-	33,375,723
Income from recovery of assets		7,536,564	3,506	16,280	27,274	3,119	7,586,743	-	7,586,743
FINANCE INCOME		131,378,980	1,173,594	389,095	2,851,867	204,099	135,997,635	-	135,997,635
Other operating income		104,857,383	2,459,342	3,991,033	5,917,260	4,979,324	122,204,343	7,291,028	114,913,315
Other operating expenses		73,822,277	650,294	343,812	1,044,596	78,105	75,939,085	1,072,532	74,866,552
GROSS OPERATING INCOME		162,414,086	2,982,642	4,036,316	7,724,531	5,105,318	182,262,894	6,218,496	176,044,398
Personnel expenses		73,438,897	1,614,949	1,487,748	2,494,398	1,375,454	80,411,446	-	80,411,446
Other administrative expenses		37,379,319	274,569	339,634	486,073	166,647	38,646,242	48,813	38,597,430
Total administrative expenses		110,818,216	1,889,518	1,827,381	2,980,471	1,542,101	119,057,688	48,813	119,008,876
NET OPERATING INCOME BEFORE STATUTORY ALLOCATIONS AND TAXES		51,595,870	1,093,123	2,208,935	4,744,060	3,563,217	63,205,205	6,169,683	57,035,522
Income tax		4,690,036	448,115	701,719	1,471,846	1,092,317	8,404,034	-	8,404,034
Decrease in income tax		-	103,580	30,180	76,918	15,352	226,031	-	226,031
Statutory allocations		15,005,983	32,794	66,268	1,745,727	106,897	16,957,668	-	16,957,668
INCOME FOR THE PERIOD	US$	31,899,851	715,795	1,471,128	1,603,405	2,379,355	38,069,534	6,169,683	31,899,851

(Continued)

(51) Contingencies

The Conglomerate is a defendant in ordinary, labor and criminal lawsuits as follows:

	Number of cases as defendant		Stage		Total estimated amount	
	March 2025	March 2024			March 2025	March 2024
Banco Nacional de Costa Rica	206	241	First instance	US$	94,382,356	90,871,330
	15	23	Second instance		1,768,148	197,820
	58	53	Appeal		15,599,438	17,126,435
	279	317			111,749,942	108,195,585
BN Vital	3	3	First instance		1,295,049	437,668
BN Fondos	1	-	First instance		13,817	-
BN Valores	1	1	First instance		628,199	405,195
BN Corredora	-	-	First instance		-	-
	284	321	(Note 27)	US$	113,687,007	109,038,448

The legal actions filed against the Conglomerate are booked in memoranda accounts under "Other contingencies - pending litigation and lawsuits."

The entities in the Conglomerate are claimants in ordinary, labor and criminal lawsuits for which the outcome is uncertain. These are not booked in the accounting records.

Number of cases as claimant		Stage		Total estimated amount	
March 2025	March 2024			March 2025	March 2024
216	226	First instance	US$	185,613,362	158,920,919
-	1	Second instance		-	66,028
1	1	Appeal		26,492,037	25,207,509
217	228		US$	212,105,399	184,194,456

On October 24, 2023, the Bank filed a claim before the Public Prosecutor's Office for the theft of money from the treasury, by means of file No. 23-000369-1218-PE of the Assistant Prosecutor's Office of Integrity, Transparency and Anti-corruption. The Bank has provided all of the evidence requested by the Prosecutor's Office and has actively collaborated in the investigation. The case is currently in the investigation phase.

The following lawsuits are also worth noting:

- *File No.: 08-000232-0419-AG.*

    - ✓ Statement of the facts: These proceedings were filed by the Bank against Surcoop, R.L., seeking to nullify the auction, awarding and registration of lots processed through file No. 97-010656-1701 AG of the Agrarian Court of Corredores.

    - ✓ Current status: The judgment was in favor of the Bank.

    - ✓ Latest activity: Through Vote No. 1859-F-S1-2021, the First Chamber confirmed the appealed ruling. The proceedings are currently in the execution of judgment stage, and a payment was approved recently.

- *File No.: 11-001042-0612-PE.*

    - ✓ Criminal Court of Finance of the Second Judicial Circuit of San José

    - ✓ Statement of the facts: Irregularities were reported regarding Zion company and the process to grant credits to that company, misuse of resources, presentation of fake documents to the Bank to obtain credit approval, and the alleged participation of some of the employees of the Bank in the facts.

    - ✓ Current Status: the Joint Prosecutor's Office for Economic, Tax and Customs Offenses prepared the accusation and the order to proceed to trial. The Bank submitted the complaint and civil action.

    - ✓ Latest activity: Through the resolution of December 13, 2024, at 11:37 am, the preliminary hearing was set for July 13 to October 13, 2026.

- *File No.: 14-003379-1027-CA*

    - ✓ Statement of the facts: The plaintiffs seek the payment of damages by the Bank to all plaintiffs and compensation for pain and suffering caused due to the inability to acquire decent housing, as a result of apparent anomalies regarding the management of credits for Grupo Zion, S.A. to build the Bariloche Real condominium. Additionally, it has had media coverage.

- ✓ Current status: An appeal for review by a higher court was filed on October 10, 2024, before the First Chamber of the Supreme Court of Justice.

- ✓ Latest activity: On August 30, 2024, Judgment No. 2024005604 of first instance dismissed the claim filed by the group of buyers from the Bariloche Real condominium.

- *File No.: 15-010837-1027-CA (joined with 13-003698-1027-CA)*

  - ✓ Court: Contentious Administrative Court.

  - ✓ Statement of the facts: Caja Costarricense del Seguro Social (CCSS, Costa Rican Social Security) made an administrative charge to the Bank based on Article 78 of the *Employee Protection Law* and Executive Decree No. 37127-MTSS. However, it used as taxable base for the parafiscal contribution the gross profit of the Bank and its consolidated financial statements, not the individual financial statements, ignoring the statutory allocation established in the Internal Regulations of the National Banking System (IRNBS).

  - ✓ Current status: Through judgment Nº80-2022-VIII of Contentious Administrative Court of the Second Judicial Circuit of San José, at 13:20 of August 30, 2022, the complaint was partially admitted, ordering CCSS to return the excess amounts related to Article 78 of the *Employee Protection Law*, corresponding to the difference between the calculation made based on the consolidated financial statements of the State-owned commercial banks and the individual financial statements thereof, along with the legal interest derived from the reimbursement under protest, to be calculated from the date when this ruling becomes final to the date when the payment is made. Notwithstanding the foregoing, the Court set the taxable base as the net profit before income tax and statutory allocations, which were sufficient grounds to file an extraordinary appeal for review by a higher court to take up the matter of the taxable base for the calculation, since it considered that the Court made a mistake in this regard.

  - ✓ Latest activity: An extraordinary appeal for review by a higher court was filed in due time and form. A resolution by the First Chamber of the Supreme Court of Justice is pending.

(Continued)

- *File No.: 18-011428-1027-CA*

  - ✓ Court: Contentious Administrative Court

  - ✓ Statement of the facts: The Bank filed ordinary administrative proceedings against ICE for the termination of the contract for the construction of Capulín San Pablo Hydroelectric Project, in which the Bank is a creditor of the developer, Hidrotárcoles S.A. The Bank claims that due to the termination of the contract with the company, ICE must recognize the contractor's debt with the Bank.

  - ✓ Current status: Through resolution dated August 20, 2024, the Court extended the suspension of the proceedings for a term of three months so that the parties continue to negotiate an out-of-court settlement.

  - ✓ Latest activity: It was suspended in an attempt to reach an out-of-court settlement.

- *File No.: 19-007376-1027-CA*

  - ✓ Court: First Associate Civil Court of San José

  - ✓ Statement of the facts: The Bank filed a lawsuit against Oceánica de Seguros S.A. for the unjustified non-payment of US$15,500,000.00 corresponding to the surety bonds that secured the contributions made by the contractor Hidrotárcoles S.A. for the construction of the dam and production of the electromechanic equipment of the Capulín San Pablo Hydroelectric Project.

  - ✓ Current status: The First Chamber of the Supreme Court of Justice adjudged the lack of jurisdiction declared *ex officio* by the Administrative Court, and forwarded it to the First Associate Civil Court of San José, which served notice.

  - ✓ Latest activity: Through Resolution No. 2024000526, dated August 28, 2024, the First Associate Civil Court of San José rejected a defense of another action pending (*lis pendens*), which was filed by the defendant. The defendant filed a motion for reconsideration with an appeal to a higher court on September 2, 2024. The remedies are currently pending resolution. If they are rejected, the proceedings will go to a preliminary hearing.

(Continued)

- *File No.: 23-000226-1027-CA*

  ✓ Court: Administrative Court

  ✓ Statement of the facts: The plaintiff claims damages and administrative liability of the Bank for remitting its operation to legal collection without accepting the proposed payment in kind and omitting the insurance policy for disability, old age and death.

  ✓ Current status: waiting for the trial to be scheduled.

  ✓ Latest activity: The answer to the complaint was filed in due time and form. Awaiting the preliminary hearing to be set.

(52) Emergency caused by COVID-19

As part of the measures adopted to contain the crisis caused by the pandemic, the Bank evaluated the loans of borrowers who requested it since their payment capacity was affected, providing a temporary modification to help them face the COVID-19 crisis.

As a result, as of March 31, 2025, the loan portfolio that required at least one modification to the originally agreed conditions amounts to US$2,195,762,157 representing 20.84% of the total loan portfolio (March 31, 2024: US$2,488,446,669 representing 25.31% of the total loan portfolio).

The loan portfolio, restructured at least once due to COVID-19, by economic activity, is as follows:

		March 2025	December 2024	March 2024
Agriculture and forestry	US$	32,022,181	38,525,633	52,349,603
Trade		145,614,746	151,271,778	191,028,491
Construction		41,041,481	40,690,010	45,636,545
Consumer or personal loans		107,861,623	112,688,420	143,911,736
Electricity, water, sanitation and other related sectors		266,254,209	263,498,966	276,007,819
Mining		456,886	460,441	506,558
Livestock, hunting and fishing		30,095,640	30,568,548	36,498,627
Industry		80,965,769	68,988,875	80,300,985
Services		576,978,843	552,612,359	648,552,690
Financial services		40,263,719	40,971,383	43,535,145
Transportation, communication and storage		24,089,458	24,893,373	29,353,062
Tourism		129,011,228	137,144,699	151,675,379
Housing		721,106,374	725,736,873	789,090,029
		2,195,762,157	2,188,051,358	2,488,446,669
Accounts and accrued interest receivable		4,256,583	4,383,225	4,663,588
Loans restructured due to COVID-19		2,200,018,740	2,192,434,583	2,493,110,256
Allowance for doubtful accounts		(76,022,065)	(75,978,710)	(101,722,021)
	US$	2,123,996,675	2,116,455,873	2,391,388,235

The loan portfolio, restructured at least once due to COVID-19, by arrears, is as follows:

		March 2025	December 2024	March 2024
Current	US$	1,935,321,900	1,950,732,365	2,169,344,922
1 to 30 days		52,964,998	67,945,080	95,969,421
31 to 60 days		88,195,521	59,302,033	108,148,350
61 to 90 days		37,681,682	23,094,701	13,463,865
91 to 120 days		1,652,885	6,798,303	6,561,569
121 to 150 days		1,315,814	2,131,498	4,927,552
In legal collection		78,629,357	78,047,378	90,030,990
		2,195,762,157	2,188,051,358	2,488,446,669
Accounts and accrued interest receivable		4,256,583	4,383,225	4,663,587
Total loans restructured due to COVID-19		2,200,018,740	2,192,434,583	2,493,110,256
Allowance for loan losses		(76,022,065)	(75,978,710)	(101,722,021)
Loan portfolio, net	US$	2,123,996,675	2,116,455,873	2,391,388,235

The loan portfolio, restructured at least once due to COVID-19, by guarantee, is as follows:

		March 2025	December 2024	March 2024
Collateral	US$	17,637,129	20,126,840	35,764,382
Surety		7,079,633	8,705,733	17,534,121
Assignment of loans		64,483,776	62,797,194	73,167,306
Back-to-back		3,231,039	2,860,787	3,524,121
Mortgage		1,000,469,384	1,014,965,037	1,131,286,409
Trust		209,524,855	174,804,340	193,226,388
Surety - Mortgage		187,987,176	201,280,672	234,100,365
Surety - Trust		229,159,594	231,653,251	263,869,144
Other		388,037,145	381,721,485	439,605,038
Not assigned		4,065,972	4,069,731	4,474,013
Surety - Collateral		1,884,015	2,461,126	4,263,691
Collateral - Mortgage		997,689	1,028,235	1,103,504
Surety - Collateral - Mortgage		2,244,523	2,343,873	3,837,484
Securities		37,803,534	38,378,758	40,163,170
Mortgage - Trust		174,284	172,698	178,341
Surety - Securities		118,164	41,469	48,832
Collateral - Trust		84,000	84,706	-
Mortgage - BTB		40,780,245	40,555,423	42,300,360
		2,195,762,157	2,188,051,358	2,488,446,669
Accounts and accrued interest receivable		4,256,583	4,383,225	4,663,587
Loans restructured due to COVID-19		2,200,018,740	2,192,434,583	2,493,110,256
Allowance for loan losses		(76,022,065)	(75,978,710)	(101,722,021)
Loan portfolio, net	US$	2,123,996,675	2,116,455,873	2,391,388,235

(Continued)

(53) Relevant events

a) *Tax audit process – Costa Rican Tax Administration Fiscal Year 2017*

As of December 31, 2021, the Bank went through a verification and investigation process by the National Large Taxpayer Audit Area of the Costa Rican Tax Administration, in order to perform a review of the income tax for fiscal year 2017.

This tax audit was notified through document DGCN-SF-PD-25-2021 on March 31, 2021 and is currently in a review process by the Tax Administration.

On December 31, 2022, the Bank received a notice from the tax auditors to attend the final hearing to deliver results through the document DGCN-SF-PD-25-2021-26-331-03. It took place on October 10, 2022.

Through Official Letter DGCN-SF-PD-25-2021-07-41-03, on October 28, 2022, a notice of deficiency and observations is communicated, which was challenged by the Bank on November 11, 2022. Through Official Letter DCGN-SF-PS-25-2021-24-5138-03, on November 24, 2022, a sanctioning notice of deficiency is communicated due to Article 81 of the Tax Code of Standards and Procedures, which was challenged by the Bank on December 7, 2022.

On December 21, 2022, through Official Letter DGCN-373-DF-DT-UT-2022, the Tax Administration communicates the determination resolution for the 2017 fiscal period. The Tax Administration was aware of the challenge filed by the Bank; therefore, the Bank has 30 business days to file the motion for reconsideration before the Tax Administration and 30 days after that, before the Tax Court.

(Continued)

On February 1, 2023, through Official Communication GG-063-23, the Bank filed a motion for reconsideration against resolution DGCN-373-DF-DT-UT-2022. A response was received on July 3, 2023, from the Ministry of Finance through communication MH-DGT-DGCN-DF-REV-0175-2023, indicating that the Bank has 30 business days as of that date to file the appeal before the Tax Court.

Through resolution no. MH-DGT-DGCN-DF-REV-0175-2023, notified on July 3, 2023, the Tax Administration heard the motion for reconsideration of resolution DGCN-373-DF-DT-UT-2022; it rejected the remedy filed.

On August 11, 2023, resolution MH-DGT-DGCN-DF-REV-0175-2023 was appealed before the Tax Court.

Through Resolution No. MH-DGT-DGCN-DF-APD-AUTO-0081-2023 dated August 23, 2023, the Administration admitted the appeal and summoned the Bank before the Tax Court to present its damages regarding the appeal filed. Consequently, on October 3, 2023, the writ with the response was submitted before said court.

On March 22, 2024, Resolution TFA No.111-P-2024 was notified, dismissing the appeal and exhausting the administrative venue. Subsequently, on May 31, 2024, payment requirement No. 1911002477255 was received from the Tax Administration, granting the Bank a term of 15 business days to pay the amount of the notice of deficiency and interest.

On June 21, 2024, the Bank paid under protest the notice of deficiency, interest and penalty for a total of US$77,552,575, and it prepared a claim to initiate legal proceedings. The claim was filed on August 5, 2024, before the Administrative Court, under file No. 24-5320-1027-CA.

On November 20, 2024, a preliminary hearing was conducted virtually, and the disputed facts and the admission of documentary and testimonial evidence were discussed. The public oral proceedings were summoned to be held on April 22, 2025.

b) *Deferred term operations*

Due to the COVID-19 national emergency, the board of directors of BCCR, in Article 5 of Minutes of Meeting No. 5955-2020, held on September 2, 2020, approved the creation of a medium-term special credit facility for SUGEF-regulated financial intermediaries.

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As of March 31, 2025, 1,354 loan operations were placed under this modality, applying a discount to the interest rate on the loans in colones in the amount of US$278,783, reaching an average rate of the operations already processed of 7.35%. The remaining average maturity term is 12.9 years.

c) *Law for Creation of the Deposit Guarantee Fund and of the Resolution Mechanisms of Financial Intermediaries*

According to the *Law for Creation of the Deposit Guarantee Fund and of the Resolution Mechanisms of Financial Intermediaries* (Law No. 9816), published in Alcance 19 of the Official Gazette dated February 12, 2020, a deposit guarantee fund is created to strengthen the financial safety network of the national financial system through the creation of the Deposit Guarantee Fund and Resolution Mechanisms of Regulated Financial Intermediaries.

Pursuant to Article 17 *Contributions* of the *Regulation of the management of the Deposit Guarantee Fund and other guarantee funds*, entities that contribute to the DGF shall make an annual contribution that may not exceed 0.15% of the deposits guaranteed by the entity.

(54) Transition to International Financial Reporting Standards (IFRS)

On September 11, 2018, CONASSIF issued SUGEF Directive 30-18 *Regulation on Financial Information* (RFI), which seeks to regulate the application of IFRS and its interpretations (SIC and IFRIC) issued by the International Accounting Standards (IASB), considering prudential or regulatory accounting treatments, as well as the definition of a specific treatment or methodology when IFRS suggest two or more alternatives for application. Moreover, RFI establishes the content, preparation, referral, presentation, and publication of the financial statements of individual financial entities, groups and conglomerates regulated by the four superintendencies. RFI is effective from January 1, 2020, with some exceptions.

The Conglomerate's management does not determine the financial measurement of the existing differences since it considers that due to the accounting basis used, described in Note 2, which is different from IFRS, makes this determination impractical.

A summary of some of the main differences between the accounting regulations issued by CONASSIF and IFRS, as well as IFRS or Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) yet to be adopted, is presented below:

a) IAS 12: Income Taxes

Article 10 of IAS 12 *Income Taxes* and IFRIC 23 *Uncertainty over Income Tax Treatments*:

i. The provisions of Article 10 of IAS 12 *Income Taxes* and IFRIC 23 *Uncertainty over Income Tax Treatments* became effective from January 1, 2019. On initial application of IFRIC 23, entities had to apply the transition established in item (b) of paragraph B2 of that Interpretation.

ii. The amount of the provision for the tax treatments in dispute notified before December 31, 2018, for the tax period 2017 and previous periods, was booked at the greater of the best estimate of the amount payable to the Tax Authorities regarding the notice of deficiency (principal, interest and fines), according to IAS 12, and 50% of the principal from the correction of the self-assessment of the tax obligation.

The booking of the provision for tax treatments in dispute for the periods indicated in the paragraph above may be accounted for in any of the following ways:

a. Booking against profit or loss for the year, in monthly installments, using the straight-line method, no later than December 31, 2021.

b. Booking a single adjustment to the opening balance of prior period retained earnings until reaching the provision amount. Adjustments derived from subsequent evaluations of the amounts in dispute will be treated as adjustments to allowances, for which IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* will be applied.

c. If the provision amount is greater than the opening balance of prior period retained earnings, the adjustment will be first applied to prior retained earnings and, for the remainder, the provisions of item a. above will be followed.

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On January 31, 2019 at the latest, the entity, which had tax treatments in dispute for the years indicated in this provision, had to report to the respective superintendency the method (a), (b) or (c) above, based on SUGEF Directive 30-18), that would be used until the resolution or settlement of the tax obligation.

Aligned with the above, the new CONASSIF Directive 6-18, which replaces SUGEF Directive 30-18 as of January 1, 2020, establishes in its first provision *Entrance into Force* that what was mentioned above concerning IAS 12 and IFRIC 23 will remain in effect until the resolution and will be evaluated according to the aforementioned framework, i.e., SUGEF 30-18.

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

CONASSIF requires that the financial statements of regulated entities be presented in Costa Rican colones as the functional currency.

Additionally, regulated entities must use the reference sell exchange rate set by BCCR that prevails at the time that the operation to record the translation of the foreign currency into the official currency, 'the Costa Rican colon,' is made.

At each monthly close, the corresponding reference exchange rate will be used as indicated in the paragraph above, effective at the last day of each month, for the recognition of the adjustment due to foreign exchange differences in the monetary items in foreign currency.

According to this Standard, in preparing the financial statements, each entity will determine its functional currency. The entity will translate the items in foreign currency into the functional currency and will report on the effects of this translation. As indicated above, CONASSIF determined that both the presentation of financial information and the accounting records of foreign currency transactions should be translated into colones, irrespective of the functional currency.

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

This Standard establishes that entities shall measure non-current assets (or disposal groups) classified as held for sale at the lower of the carrying amount and fair value less cost to sell.

To close the gaps with IFRS, through Minutes of Meeting No. 1836-2023, held on November 27, 2023, CONASSIF modified Article 16 of CONASSIF Directive 6-18 *Regulation on Financial Information* (RFI), eliminating allowance requirements and determining which will be reclassified to account 188 “Other assets held for sale outside the scope of IFRS 5”. This change is applicable as of January 1, 2024, following that set forth in Transition Provision XX of RFI, which admits a gradual period ending on December 31, 2024. The impacts of this change will be applied prospectively.

d) IFRS 9: Financial Instruments

a) For the application of IFRS 9, specifically the measurement of ECL, the prudential regulation issued by CONASSIF continues to be used, applicable to the loan portfolio, accounts receivable and stand-by credits granted, until the standard is modified.

b) For the measurement of ECL on money market investment funds, for the portion of the portfolio of financial instruments classified as at amortized cost, CONASSIF established a threshold that determines whether those ECL should be recorded, as provided by Article 36 bis and Transition Provision XV of the *General Regulation of Corporations and Investment Funds,* which includes a graduality table that establishes the percentages of deviation of the value of the investment portfolio. IFRS 9 does not indicate the possibility of establishing thresholds or minimum allowances for financial instruments.

c) Regulated entities should have policies and procedures in place to determine the amount of the suspension of the booking of the accrual of commissions and interest on loan operations. However, the term of the suspension of the accrual should not exceed 180 days.

e) IAS 38: Intangible assets

The commercial banks listed in Article 1 of IRNBS (Law No. 1644) may present organization and installation expenses as an asset in the statement of financial position. However, those expenses must be fully amortized using the straight-line method over a maximum of five years. This is not in accordance with IAS 38.

f) Revised Conceptual Framework

IASB published a revised version of the Conceptual Framework for Financial Reporting with a balance between high-level concepts and details provided that make it a practical tool for the development of new standards, to ensure that the standards to be issued are conceptually consistent and that similar transactions are treated in the same way. The content of the revised Conceptual Framework includes better definitions, guidance on the scope of the elements of the financial statements, measurement, among others. The new version contains eight chapters and a glossary and restates that the framework is not a standard. It is effective starting January 2020. This Conceptual Framework has not been considered by CONASSIF.

g) Sustainability standards:

The IFRS Foundation comprises the IASB, which issues the International Financial Reporting Standards (IFRS Accounting), as indicated above, and the International Sustainability Standards Board (ISSB), which develops the standards for reporting on the impact of climate change and sustainability.

These ISSB standards are designed to ensure that companies provide comprehensive sustainability information along with the financial statements issued during their regular reporting periods. On June 26, 2023, ISSB issued the two first standards that will be effective internationally from January 1, 2024.

The first standard of IFRS Sustainability Disclosure Standards (IFRS S1) sets out the *General Requirements for Disclosure of Sustainability-related Financial Information*.

The second standard of the IFRS Sustainability Disclosure Standards (IFRS S2) is about *Climate-related Disclosures*.

IFRS S1 and IFRS S2 were adopted by the Costa Rican Institute of Public Accountants as of January 1, 2024, as per communication No. 33-23 “Adoption of international financial reporting standards related to sustainability”. Their application is voluntary as of January 1, 2024 and they will be mandatory as follows:

- Companies with a public obligation of accountability, which are supervised and regulated by CONASSIF, and companies categorized as large taxpayers before the Tax Administration, will report in 2028 the information on the fiscal year ended December 31, 2027.

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- Other entities outside of the categories mentioned in subsection a) that apply IFRS can adopt IFRS S1 and IFRS S2 during the period that the entity considers convenient.

- For entities that apply IFRS for SMEs, it will not be mandatory until it is required by the standard. For public entities regulated by National Accounting, they will be subject to the provisions in this regard issued by said regulator.

Entities usually prepare non-financial reports on their sustainability programs, which will be substituted by the entrance into effect of this regulation once it is adopted by CONASSIF.

(55) Disclosure of economic impact of departure from IFRS

Since the basis of accounting used by the Bank's management described in Note 2 differs from IFRS, discrepancies may arise related to certain account balances.

The Bank's management will not determine the economic impact of those differences since it considers such determination impractical.