BANCO NACIONAL DE COSTA RICA

Financial Information required by the
Superintendency General of Financial Entities

Separate Financial Statements

As of December 31, 2024
(With corresponding figures for 2023)

(With the Independent Auditors' Report Thereon)

(Translation into English of the original
Independent Auditors' Report issued in Spanish)

KPMG S.A.
Edificio KPMG
San Rafael de Escazú
Costa Rica
+506 2201 4100

Independent Auditors' Report

To the Board of Directors of Banco Nacional de Costa Rica

Opinion

We have audited the separate financial statements of Banco Nacional de Costa Rica (the Bank), which comprise the separate statement of financial position as of December 31, 2024, and the separate statements of comprehensive income, changes in net equity, and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as of December 31, 2024, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the financial reporting provisions of the accounting regulations issued by the National Financial System Oversight Board (CONASSIF) and the Superintendency General of Financial Entities (SUGEF).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Standards on Independence), issued by the International Ethics Standards Board for Accountants (the IESBA Code of Ethics), along with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Costa Rica, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw your attention to Note 2-a to the separate financial statements, which describes the basis of accounting. The separate financial statements have been prepared in accordance with the financial reporting provisions issued by CONASSIF and SUGEF. As a result, the separate financial statements may not be suitable for other purposes. Our opinion has not been modified in this regard.

Key Audit Matters

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

The key audit matter	How the matter was addressed in our audit
Compliance with the regulation to determine the allowance for loan losses We have established compliance with CONASSIF Directive 14-21 *Regulations on the Calculation of the Allowance for Loan Losses*, which provides the methodology to measure the credit risk of loan operations or of borrowers and the creation of the corresponding allowances, as a key audit matter (see Note 6). According to this regulation, the allowance for loan losses for each loan operation is determined by multiplying the regulatory exposure at default (R-EAD) by the regulatory loss given default (R-LGD) and by the regulatory Default Rate (R-DR), by segment and risk rating, which consider days of arrears on loans, creditworthiness, and historical payment behavior. EAD for direct loans is equivalent to the total outstanding balance of the operation, which is the sum of the principal, interest, other accrued interest and accounts receivable related to a direct loan operation.	Our procedures in this area included: • recalculating the allowance for loan losses on direct and stand-by credits, and recalculating the credit risk assigned to each borrower, based on the information provided by management; and testing the integrity and accuracy of data as detailed in the following procedures: • assessing the design and operating efficiency of IT controls on the information systems used by the Bank's management to calculate arrears in the loan portfolio; performing detailed testing of the entire loan portfolio to confirm the days of arrears; • testing the transfer of data between the interfaces of the loan information systems and the systems used by the Bank to determine the borrower classification and to calculate the allowance for loan losses;

The key audit matter	How the matter was addressed in our audit
The collaterals should be considered for the calculation of allowances in determining R-LGD.	• performing detailed testing of a sample of borrowers, to confirm whether the Bank's management complied with the analysis of creditworthiness required by the regulation, as well as the assessment of the collaterals that can be used to mitigate credit risk. This procedure included an assessment of the work performed by external experts on the valuation of collaterals; • comparing the level of historical payment behavior used by the Bank's management with the information provided by SUGEF's Credit Information Center. • recalculating and comparing the risk rating assigned by the Bank's management (recorded in the credit subledger) to KPMG's recalculation.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the financial reporting provisions issued by CONASSIF and SUGEF, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

KPMG

Nombre del CPA: MYNOR PACHECO SOLANO
Carné: 4596
Cédula: 108980067
Nombre del Cliente: BNCR IND
Identificación del cliente: 4000001021
Dirigido a: Bernardo Alfaro Araya
Fecha: 12-02-2025 04:28:23 PM
Tipo de trabajo: Informe de Auditoria

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

MYNOR PACHECO SOLANO
Contador Público Autorizado No. 4596
COSTA RICA

Código de Timbre: CPA-1000-17533

February 25, 2025

San José, Costa Rica
Mynor Pacheco Solano
Member No. 4596
Policy No. 0116-FID000711013
Expires 09/30/2025

MYNOR PACHECO SOLANO (FIRMA)
Digitally signed by MYNOR PACHECO SOLANO (FIRMA)
Date: 2025.03.21 16:58:03 -06'00'

¢1,000 tax stamp paid pursuant to Law No. 6663 and digitally affixed to the original document.

BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

	Note	2024	2023
ASSETS			
Cash and due from banks	**9**	**1,432,349,067,458**	**1,427,478,348,976**
Cash		117,154,196,604	102,717,269,595
BCCR		973,077,957,702	925,536,846,247
Local financial entities		191,167,927	208,823,828
Foreign financial entities		191,848,772,716	258,367,246,141
Notes payable on demand		8,161,712,036	7,794,869,384
Restricted cash and due from banks		141,915,260,473	132,853,293,781
Investments in financial instruments	**10**	**1,513,088,155,771**	**1,292,816,998,325**
At fair value through profit or loss (FVTPL)		13,753,951,371	19,041,719,976
At fair value through other comprehensive income (FVOCI)		714,878,088,634	528,307,163,689
At amortized cost		763,238,847,389	726,259,042,468
Derivative financial instruments	**11**	26,553,805	364,305,137
Accrued interest receivable		22,295,841,206	20,073,599,275
(Allowance for impairment of investments in financial instruments)		(1,105,126,634)	(1,228,832,220)
Loan portfolio	**12**	**5,141,392,059,862**	**4,883,467,583,179**
Current		4,990,746,538,818	4,668,619,230,398
Past due		209,395,868,820	218,111,190,606
In legal collection		86,701,198,060	77,537,248,628
Direct incremental costs related to loans		7,553,712,190	6,360,771,801
(Deferred income on loan portfolio)		(53,664,504,660)	(48,113,222,075)
Accrued interest receivable		83,019,726,234	90,753,414,848
(Allowance for loan losses)		(182,360,479,600)	(129,801,051,027)
Accounts and fees and commissions receivable	**13**	**1,566,502,066**	**1,159,632,279**
Fees and commissions receivable		455,501,721	443,505,049
Accounts receivable for transactions with related parties		37,419,583	22,162,363
Deferred tax and income tax receivable		128,982,918	133,040,592
Other receivables		8,648,815,784	8,058,570,058
Accrued interest receivable		1,424,857	2,012,794
(Allowance for impairment of accounts and fees and commissions receivable)		(7,705,642,797)	(7,499,658,577)
Assets held for sale	**14**	**24,364,121,088**	**36,457,157,242**
Assets and securities acquired in lieu of payment		29,008,040,263	98,643,910,547
(Allowance for impairment and per legal requirements)		(4,643,919,175)	(62,186,753,305)
Investments in other companies, net	**15**	**121,349,532,603**	**117,920,885,140**
Property and equipment, net	**16**	**230,338,882,269**	**236,869,106,481**
Other assets	**17**	**97,844,659,596**	**40,260,754,602**
Deferred charges		382,557,046	22,377,026
Intangible assets		2,902,166,528	4,960,138,182
Other assets held for sale outside of the scope of IFRS 5		54,998,463,236	-
Other assets		39,561,472,786	35,278,239,394
TOTAL ASSETS		**8,562,292,980,713**	**8,036,430,466,224**

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

Continued…

BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

LIABILITIES AND EQUITY	**Note**	**2024**	**2023**
LIABILITIES			
Obligations with the public	**18**	**6,992,950,317,591**	**6,450,404,259,373**
Demand obligations		4,893,625,587,944	4,437,525,057,675
Term obligations		2,045,589,887,830	1,954,394,980,375
Finance charges payable		53,734,841,817	58,484,221,323
Obligations with BCCR	**19**	**128,716,569,121**	**147,587,061,477**
Term obligations		125,023,780,503	144,471,880,512
Finance charges payable		3,692,788,618	3,115,180,965
Obligations with entities	**20**	**363,192,350,793**	**410,199,092,560**
Demand obligations		40,053,662,080	60,638,601,676
Term obligations		322,138,990,216	347,589,825,285
Finance charges payable		999,698,497	1,970,665,599
Accounts payable and provisions		**137,905,672,382**	**141,885,730,532**
Provisions	**22**	12,517,243,458	22,995,417,491
Deferred tax	**21-b**	16,475,582,412	16,185,259,681
Other sundry accounts payable	**23**	108,912,846,512	102,705,053,360
Other liabilities	**24**	**19,745,761,075**	**33,117,169,170**
Deferred income		73,712,721	88,687,508
Other liabilities		19,672,048,354	33,028,481,662
Subordinated obligations	**25**	**74,436,676,956**	**59,065,779,037**
Subordinated obligations		71,782,200,000	56,903,040,000
Finance charges payable		2,654,476,956	2,162,739,037
TOTAL LIABILITIES		**7,716,947,347,918**	**7,242,259,092,149**
EQUITY			
Share capital		**172,237,030,102**	**172,237,030,102**
Paid-in capital	**26-a**	172,237,030,102	172,237,030,102
Equity adjustments - Other comprehensive income		**78,746,330,713**	**80,711,724,550**
Reserves	**26-b**	**466,006,343,889**	**422,198,198,610**
Prior-period retained earnings		**20,857,140,249**	**32,628,167,802**
Income for the year		**51,739,174,492**	**37,771,657,785**
Capital contributions or special funds	**26-c**	**55,759,613,350**	**48,624,595,226**
TOTAL EQUITY		**845,345,632,795**	**794,171,374,075**
TOTAL LIABILITIES AND EQUITY		**8,562,292,980,713**	**8,036,430,466,224**
DEBIT MEMORANDA ACCOUNTS	**27**	**442,216,548,674**	**411,346,553,898**
TRUST ASSETS	**28**	**2,846,623,277,395**	**2,842,249,896,680**
TRUST LIABILITIES		**59,696,935,470**	**64,241,286,375**
TRUST EQUITY		**2,786,926,341,925**	**2,778,008,610,305**
TRUST MEMORANDA ACCOUNTS		**9,920,321,247**	**6,777,474,248**
OTHER DEBIT MEMORANDA ACCOUNTS	**29**	**35,387,547,559,275**	**31,107,077,262,392**
Own debit memoranda accounts		15,218,715,693,906	12,524,651,272,337
Third-party debit memoranda accounts		1,637,710,425,088	1,668,740,260,281
Own debit memoranda accounts for custodial activities		708,498,437,176	583,156,384,372
Third-party debit memoranda accounts for custodial activities		17,822,623,003,105	16,330,529,345,402

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.03.21 16:20:10 -06'00'

Rosaysella Ulloa Villalobos
General Manager

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.03.20 14:38:19 -06'00'

Alejandra Morales Centeno
General Accountant
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Digitally signed by RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Date: 2025.03.20 21:36:33 -06'00'

Ricardo Araya Jiménez
General Auditor

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

Céd. 4000001021
BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Situación Financiera
2025-03-20 13:39:52 -0600

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

TIMBRE 300.0 COLONES

VERIFICACIÓN: 9UFaF5R0
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BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

	Note	2024	2023
Finance income			
Cash and due from banks	30	15,867,393,207	14,672,806,141
Investments in financial instruments	30	92,491,638,743	81,630,475,081
Loan portfolio	31	470,433,083,874	477,338,620,776
Gain on financial instruments at FVTPL		819,627,194	424,353,544
Gain on financial instruments at FVOCI		7,039,038,900	6,133,529,134
Gain on derivative financial instruments, net	11	63,093,418	-
Other finance income	32	3,632,995,307	7,418,082,652
Total finance income		**590,346,870,643**	**587,617,867,328**
Finance costs			
Obligations with the public	33	211,670,541,968	244,315,291,589
Obligations with BCCR		1,103,000,009	1,293,225,824
Obligations with financial and non-financial entities	34	16,809,266,624	31,156,150,177
Subordinated, convertible and preferred obligations		7,625,280,760	6,684,432,671
Loss on foreign exchange differences and DU, net	6-d	123,383,353	978,990,289
Loss on financial instruments at FVTPL		369,481,949	1,168,101,501
Loss on financial instruments at FVOCI		448,835,672	2,751,217,447
Loss on derivative financial instruments, net	11	-	27,562,462
Other finance costs	35	478,943,328	5,952,681,223
Total finance costs		**238,628,733,663**	**294,327,653,183**
Allowance for impairment of assets	36	103,803,719,043	41,958,971,581
Recovery of assets and decrease in allowances	37	15,043,283,921	21,873,854,809
FINANCE INCOME		**262,957,701,858**	**273,205,097,373**
Other operating income			
Service fees and commissions	38	136,721,270,899	138,090,006,778
Assets held for sale		44,406,215,915	5,503,416,095
Gain on investments in other companies	8	4,056,001,242	3,297,830,866
Gain on investments in entities supervised by SUGEVAL	8	4,795,664,389	4,115,411,052
Gain on investments in entities supervised by SUPEN	8	2,066,721,291	1,619,963,413
Gain on investments in entities supervised by SUGESE	8	5,382,407,781	4,818,352,596
Foreign currency exchange and arbitrage		32,456,045,708	33,097,424,168
Other assets held for sale outside of the scope of IFRS 5		1,212,979	-
Other income from related parties		972,305,273	1,230,025,206
Other operating income	39	7,390,400,606	10,350,347,943
Total other operating income		**238,248,246,083**	**202,122,778,117**

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

Continued…

BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

	Note	2024	2023
Other operating expenses			
Service fees and commissions		36,660,945,581	39,991,613,124
Assets held for sale	**40**	9,390,500,643	16,077,672,391
Expenses on investments in other companies		5,240,375	-
Other assets held for sale outside of the scope of IFRS 5	**40**	70,225,468	-
Provisions	**41**	25,190,414,740	22,931,418,311
Foreign currency exchange and arbitrage		14,358,595	13,116,076
Other expenses with related parties		639,953,901	644,784,334
Other operating expenses	**42**	81,384,145,195	73,673,392,104
Total other operating expenses		**153,355,784,498**	**153,331,996,340**
GROSS OPERATING INCOME		**347,850,163,443**	**321,995,879,150**
Administrative expenses			
Personnel expenses	**43**	152,049,733,787	141,990,726,492
Other administrative expenses	**44**	96,628,984,553	87,315,159,315
Total administrative expenses		**248,678,718,340**	**229,305,885,807**
NET OPERATING INCOME BEFORE TAXES AND STATUTORY ALLOCATIONS		**99,171,445,103**	**92,689,993,342**
Income tax	**21-a**	19,802,093,056	14,640,617,850
Prior period income tax	**21-a**	-	14,189,237,931
Deferred tax	**21-a**	782,585,921	1,750,364,950
Decrease in prior-period income tax	**21-a**	-	1,207,402,403
Deferred tax income	**21-a**	881,505,825	1,026,086,812
Statutory allocations	**45**	27,729,097,459	26,571,604,042
INCOME FOR THE YEAR		**51,739,174,492**	**37,771,657,785**
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items that will not be reclassified to profit or loss			
Surplus from revaluation of property		709,963,584	10,648,933,893
Other adjustments		(2,955,485,343)	(7,321,021,763)
Items that are or may be reclassified to profit or loss			
Adjustment for valuation of investments at FVOCI		1,678,444,014	13,142,311,960
Adjustment for valuation of restricted financial instruments		7,053	-
Surplus from revaluation of other assets		2,154,920	(36,388,203)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(564,915,772)**	**16,433,835,887**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**51,174,258,720**	**54,205,493,672**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.03.21 16:20:53 -06'00'

Rosaysella Ulloa Villalobos
General Manager

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.03.20 14:39:02 -06'00'

Alejandra Morales Centeno
General Accountant
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Digitally signed by RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Date: 2025.03.20 21:37:02 -06'00'

Ricardo Araya Jiménez
General Auditor

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

Céd. 4000001021
BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Resultados Integral
2025-03-20 13:39:53 -0600

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

TIMBRE 300.0 COLONES

VERIFICACIÓN: 9UFaF5R0
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BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

	Note	Share capital	Equity adjustments - Other comprehensive income	Reserves	Capital contributions in special funds	Prior-period retained earnings	Total
Balance at December 31, 2022		**172,237,030,102**	**65,091,090,087**	**387,165,279,581**	**44,436,595,670**	**71,035,884,962**	**739,965,880,402**
Transactions with owners booked directly in equity:							
Legal reserves		-	-	37,365,747,265	-	(37,365,747,265)	-
Other statutory reserves		-	-	(2,332,828,236)	-	2,332,828,236	-
Capital contributions in special funds		-	-	-	4,187,999,556	(4,187,999,556)	-
Total transactions with owners booked directly in equity		**-**	**-**	**35,032,919,029**	**4,187,999,556**	**(39,220,918,585)**	**-**
Comprehensive income for the year:							
Income for the year		-	-	-	-	37,771,657,785	37,771,657,785
Surplus from revaluation of property		-	10,648,933,893	-	-	-	10,648,933,893
Adjustment for valuation of investments at FVOCI	10	-	13,142,311,960	-	-	-	13,142,311,960
Surplus from revaluation of other assets		-	(36,388,203)	-	-	-	(36,388,203)
Other adjustments		-	(7,321,021,763)	-	-	-	(7,321,021,763)
Realization of surplus from revaluation of property		-	(813,201,425)	-	-	813,201,425	-
Total comprehensive income for the year		**-**	**15,620,634,462**	**-**	**-**	**38,584,859,210**	**54,205,493,672**
Balance at December 31, 2023	26	**172,237,030,102**	**80,711,724,550**	**422,198,198,610**	**48,624,595,226**	**70,399,825,587**	**794,171,374,075**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA)
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Rosaysella Ulloa Villalobos
General Manager

ALEJANDRA MORALES CENTENO (FIRMA)
Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA)
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Alejandra Morales Centeno
General Accountant
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA)
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Date: 2025.03.20 21:37:21 -06'00'

Ricardo Araya Jiménez
General Auditor

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

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Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Cambios en el Patrimonio
2025-03-20 13:39:53 -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: 9UFaF5R0
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BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023
(In colones)

		Share capital	Equity adjustments - Other comprehensive income	Reserves	Capital contributions in special funds	Prior-period retained earnings	Total
Balance at December 31, 2023		**172,237,030,102**	**80,711,724,550**	**422,198,198,610**	**48,624,595,226**	**70,399,825,587**	**794,171,374,075**
Changes in accounting policies		-		-	-	-	-
Adjustment to statutory allocations from prior periods		-	-	-	-	-	-
Balance at January 1, 2024		**172,237,030,102**	**80,711,724,550**	**422,198,198,610**	**48,624,595,226**	**70,399,825,587**	**794,171,374,075**
Transactions with owners booked directly in equity:							
Legal reserves		-	-	39,024,687,745	-	(39,024,687,745)	-
Other statutory reserves		-	-	4,783,457,534	-	(4,783,457,534)	-
Capital contributions in special funds		-	-	-	7,135,018,124	(7,135,018,124)	-
Total transactions with owners booked directly in equity		**-**	**-**	**43,808,145,279**	**7,135,018,124**	**(50,943,163,403)**	**-**
Comprehensive income for the year:							
Income for the year		-	-	-	-	51,739,174,492	51,739,174,492
Surplus from revaluation of property		-	709,963,584	-	-	-	709,963,584
Adjustment for valuation of investments at FVOCI	**10**	-	1,678,444,014	-	-	-	1,678,444,014
Adjustment for valuation of restricted financial instruments	**10**	-	7,053	-	-	-	7,053
Surplus from revaluation of other assets		-	2,154,920	-	-	-	2,154,920
Other adjustments		-	(2,955,485,343)	-	-	-	(2,955,485,343)
Realization of surplus from revaluation of property		-	(1,400,478,065)	-	-	1,400,478,065	-
Total comprehensive income for the year		**-**	**(1,965,393,837)**	**-**	**-**	**53,139,652,557**	**51,174,258,720**
Balance at December 31, 2024	**26**	**172,237,030,102**	**78,746,330,713**	**466,006,343,889**	**55,759,613,350**	**72,596,314,741**	**845,345,632,795**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA)
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Rosaysella Ulloa Villalobos
General Manager

ALEJANDRA MORALES CENTENO (FIRMA)
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Alejandra Morales Centeno
General Accountant
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA)
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Ricardo Araya Jiménez
General Auditor

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

COLEGIO DE CONTADORES PRIVADOS DE COSTA RICA
TIMBRE ₡300

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BANCO NACIONAL DE COSTA RICA
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With corresponding figures for 2023)
(In colones)

	Note	2024	2023
Cash flows from operating activities			
Income for the year		51,739,174,492	37,771,657,785
Items not requiring cash			
Depreciation and amortization		23,632,264,638	23,603,032,184
(Gain) on foreign exchange differences and DU, net		(17,176,355,690)	(86,237,108,834)
Loss on sale of non-financial assets		2,923,517,464	4,963,231,382
Finance income		(562,924,722,617)	(558,969,095,857)
Finance costs		135,843,809,283	167,324,949,045
Allowance for investments, net		84,414,120	(2,641,243,368)
Allowance for loan losses, net		100,896,753,323	34,172,970,867
Allowance for other accounts receivable, net		1,033,152,051	4,340,860,440
(Gain) loss on allowance for assets held for sale, net		(42,674,312,197)	1,555,724,764
Severance provision		4,464,688	(2,021,078)
Other provisions, net of payments		24,448,864,363	19,539,650,249
Share of net profit in subsidiaries and associate		(16,295,554,328)	(13,851,557,927)
Statutory allocations, net		27,729,097,459	26,571,604,042
Income tax expense, net	21 -a	19,802,093,056	27,622,453,378
Deferred tax	21 -a	(98,919,904)	724,278,138
		(251,032,259,799)	**(313,510,614,790)**
Cash flows from operating activities			
Loan portfolio		(421,691,471,873)	(484,576,589,365)
Accounts and fees and commissions receivable		(729,020,182)	5,449,821,285
Assets held for sale		73,254,389,492	23,622,402,924
Other assets		(46,520,900,231)	10,997,439,672
Obligations with the public		624,403,240,040	607,971,735,859
Obligations with BCCR and other entities		(66,937,205,542)	(179,919,875,512)
Obligations for accounts payable, fees and commissions payable and provisions		(23,152,803,447)	3,477,366,081
Other liabilities		(12,561,481,799)	983,328,132
		126,064,746,458	**(11,994,370,924)**
Income tax paid		(25,720,004,342)	(41,380,531,678)
Interest received on loan portfolio and investments		568,436,169,300	568,440,375,583
Interest paid on term obligations with the public and financial entities		(140,986,548,238)	(145,319,821,774)
Statutory allocations paid		(24,644,544,778)	(21,561,155,611)
Net cash from operating activities		**252,117,558,601**	**34,673,880,806**
Cash flows from investing activities			
Increase in financial instruments		(1,452,799,265,097)	(1,208,907,019,430)
Decrease in financial instruments		1,225,069,527,566	1,350,262,444,141
Accrued interest and dividends received		9,818,000,000	8,493,886,902
Acquisition of property and equipment		(29,673,570,262)	(28,774,010,089)
Sale of property and equipment		479,936,670	151,659,403
Acquisition of intangible assets		(1,394,616,169)	(1,691,992,776)
Net cash from (used in) from investing activities		**(248,499,987,292)**	**119,534,968,151**
Cash flows from financing activities			
Settlement of financial obligations		(22,970,080,323)	(79,588,830,116)
New financial obligations		26,769,300,000	-
Payment of lease liabilities		(2,345,888,809)	(2,584,359,400)
Net cash from (used in) financing activities		**1,453,330,868**	**(82,173,189,516)**
Net increase in cash and cash equivalents		**5,070,902,177**	**72,035,659,441**
Cash and cash equivalents at beginning of year		**1,640,375,255,459**	**1,568,339,596,018**
Cash and cash equivalents at end of year	9	**1,645,446,157,636**	**1,640,375,255,459**

ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Firmado digitalmente por ROSAYSELLA ULLOA VILLALOBOS (FIRMA) Fecha: 2025.03.21 16:22:20 -06'00'

Rosaysella Ulloa Villalobos
General Manager

ALEJANDRA MORALES CENTENO (FIRMA) Firmado digitalmente por ALEJANDRA MORALES CENTENO (FIRMA) Fecha: 2025.03.20 14:40:53 -06'00'

Alejandra Morales Centeno
General Accountant
CPI 21119

RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Digitally signed by RICARDO ALONSO ARAYA JIMENEZ (FIRMA) Date: 2025.03.20 21:37:59 -06'00'

Ricardo Araya Jiménez
General Auditor

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

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BANCO NACIONAL DE COSTA RICA
Atención: SUGEF
Registro Profesional: 21119
Contador: MORALES CENTENO ALEJANDRA
Estado de Flujos de Efectivo
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CONTADOR PRIVADO INCORPORADO COSTA RICA MORALES CENTENO ALEJANDRA CPI No. 21119

TIMBRE 300.0 COLONES

VERIFICACIÓN: 9UFaF5R0
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(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 General Superintendency of Financial Entities (SUGEF) 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.

As of December 31, 2024, the Bank has 153 offices, 457 ATMs and 5,420 employees (2023: 153 offices, 465 ATMs and 5,276 employees). 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).

(Continued)

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 the National Financial System Oversight Board (CONASSIF), agreement in Article 10 of the minutes of meeting 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.

(2) Basis of accounting

(a) Basis of accounting

The separate financial statements have been prepared in accordance with the accounting regulations issued by the CONASSIF and SUGEF.

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

(b) Basis of measurement

These separate financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through other comprehensive income 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.

The Bank initially recognizes loans, accounts receivable and deposits on the date on which they are originated. All other financial assets (including assets at fair value through profit or loss) are initially recognized on the transaction date, the date on which the Bank commits to purchase or sell an instrument.

(3) Functional and presentation currency

These separate financial statements and notes thereto are expressed in colones (¢), the currency of the Republic of Costa Rica, in accordance with the accounting regulations issued by CONASSIF and SUGEF.

(4) Use of estimates and judgments

In preparing these 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 Bank 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 financial statements is included in the following notes:

- Note 5 (b) (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 (i) (ii) – Lease term: Whether the Bank is reasonably certain that it will exercise extension options.
- Note 5 (b) (ii) – 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.

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 46 "Fair value of financial instruments."

(5) Material accounting policies

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

(a) Foreign currency

i. Foreign currency transactions

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

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 December 31, 2024, assets and liabilities in US dollars were valued at the exchange rate of ¢512.73 to US$1.00 (2023: ¢526.88 to US$1.00), which is the reference selling rate established by BCCR.

As of December 31, 2024, assets and liabilities denominated in euro were valued at the exchange rate of ¢532.88 to €1,00 (2023: ¢582.31 to €1.00), 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 December 31, 2024, assets and liabilities denominated in Development Units (DU) were valued at the exchange rate of ¢1,009.97 to DU1.00 (2023: ¢1,013.32 to DU1.00). This exchange rate is based on the DU value tables published by SUGEVAL.

(Continued)

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 exchange rates).
- 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 exchange rates).
- Income and expenses have been translated at average exchange rates in effect for the period.

(b) Financial instruments

(i) Recognition and initial measurement

The Bank 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 Bank 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 Bank 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.

(Continued)

On initial recognition, the Bank 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 Bank makes an assessment of the objective of the business model in which a financial 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 Bank 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 Bank considers:

(Continued)

- 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; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans);
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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 additional 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 additional 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 and foreign exchange gains and losses, 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.

Financial liabilities

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 Bank recognizes loss allowances for ECL on the following assets that are not measured at FVTPL:

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

Loss allowances are measured 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 Bank 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 Bank 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 the Bank 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 separate 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.

Forward-looking information

The Bank 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 Bank will formulate a base scenario of the future direction of the relevant economic variables, considering the advice of the Corporate Risk Committee, the Investments Committee, and 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 Bank for other purposes such as strategic planning and budgeting. The other scenarios are one upside scenario and one downside scenario. Periodically, the Bank 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 Bank 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 separate 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.

(iv) *Derecognition*

Financial assets

The Bank derecognizes a financial asset from its separate statement of financial position 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 Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

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 consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

Financial liabilities

The Bank 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 separate statement of financial position when, and only when, the Bank 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 separate statement of comprehensive income only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions, such as gains or losses on financial assets measured at FVTPL.

(c) 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 separate 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.

(d) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Bank 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 separate statement of financial position together with the host contract.

The Bank currently has the following derivative financial instruments:

✓ *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.

✓ *Derivatives other than hedges*

The Bank entered into currency forwards with several clients. Under these derivative financial instruments, the Bank 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 Bank can offer to its clients pursuant to the authorization provided by BCCR to operate exchange rate derivatives.

For currency forwards, the Bank 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.

(e) 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 Bank in the management of its short-term commitments.

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

(f) 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 vehicle, 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 Bank. Ongoing repairs and maintenance are expensed as incurred.

(iii) *Depreciation and amortization*

Depreciation and amortization is 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 period. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Land is not depreciated.

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

(g) 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 expenditure*

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.

(Continued)

(h) <u>Leases</u>

At inception of a contract, the Bank 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) *<u>As a lessee</u>*

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

(ii) *<u>Right-of-use assets</u>*

The Bank 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 Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank 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) *<u>Lease liabilities</u>*

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 Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

(Continued)

The Bank 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 Bank is reasonably certain to exercise; lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Bank 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.

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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank 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 Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(i) 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 Bank 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.

(j) 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.

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. As of December 31, 2023, the assessment considered the provisions set forth by CONASSIF as per SUGEF Directive 1-05 *Regulations for Borrower Classification*.

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 December 31, 2024, increases in the allowance for loan losses are included in the accounting records in accordance with Article 10 of IRNBS.

(Continued)

(k) 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 Bank 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.

(l) 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.

(m) Assets held for sale

Assets held for sale are assets owned by the Bank 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.

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 December 31, 2023, and the corresponding regulatory allowance, a gradual treatment is established that must be completed by December 31, 2024, at the latest. Moreover, entities must determine which assets recorded in Account 151 "Assets and securities received in lieu of payment" will be maintained in that account and which will be reclassified to Account 188 "Other assets held for sale outside the scope of IFRS 5."

(Continued)

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.

(n) Accounts payable and other liabilities

Accounts payable and other liabilities are carried at amortized cost.

(o) Provisions

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

The estimated value of provisions is adjusted at the date of the separate statement of financial position, directly affecting the separate statement of comprehensive income.

(p) 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 Bank 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 Bank follows the policy that for all of its personnel, the accrued vacation days at year end may not exceed one year.

- *Incentives plan*

The Bank 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 Bank 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, an appeal on the grounds of unconstitutionality 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, which indicates that the amount has been provisioned.

(ii) *Defined contribution plans*

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) *Defined benefit plans*

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.

(Continued)

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 Bank 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 Bank 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 Bank 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 Bank makes 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.

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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 Bank assumes the difference as an expense. If the dismissal is with just cause, then the Bank 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% (2023: 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.

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).

(q) Deferred income

Deferred income corresponds to income received in advance by the Bank 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.

(r) 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

(s) Revaluation surplus

Revaluation surplus included in the separate statement of changes in equity may be transferred directly to prior period 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 period retained earnings is not made through the separate 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).

(t) 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 separate statement of financial position.

i. Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the date of the separate statement of financial position and any adjustment to tax payable in respect of previous years.

ii. Deferred tax

Deferred tax is recognized using the balance sheet liability method 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.

(Continued)

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.

(u) Financial statements of the different departments

The separate 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 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.

(v) Recognition of income and expenses

i. Interest income and interest expense

Interest income and interest expense are recognized in the separate 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 Bank 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.

(Continued)

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 December 31, 2024, amounts to ¢15,608 million (2023: ¢10,365 million). According to the plan for accrued interest receivable, the allowance to be booked amounts to ¢20,142 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
2024-12	70%	14,979
2025-06	85%	17,120
2025-12	100%	20,142

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.

(Continued)

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.

(w) Statutory allocations

In accordance with SUGEF's Chart of Accounts, statutory allocations on the period'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 separate 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 *Law of Cooperative Associations* (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.

(x) Development Financing Fund (FOFIDE)

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.

(y) Development Credit Fund (FOCREDE)

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, microfinance 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.

(z) Trust operations

Assets managed by the Bank as trustee are not considered part of the Bank's equity and, therefore, are not included in the consolidated 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 Bank. 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 Bank 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 Bank 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 Bank manages the above risks as follows:

a) *Credit risk*

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 separate 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 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. This has allowed the Bank to optimize and standardize the process.

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

- 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.

Based on the above, the presentation is comparative, except for items where the information is presented according to SUGEF Directive 1-05 for data with cutoff as of December 31, 2023, and according to CONASSIF Directive 14-21, for data with cutoff as of December 31, 2024.

At the date of the separate 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.

As of December 31, the Bank's financial instruments with exposure to credit risk are as follows:

		Direct loan portfolio		Stand-by credits	
		2024	2023	2024	2023
Loan portfolio					
Principal	¢	5,286,843,605,698	4,964,267,669,632	385,845,652,805	342,588,807,184
Accounts and accrued interest receivable		83,019,726,234	90,753,414,848	-	-
Gross carrying amount		5,369,863,331,932	5,055,021,084,480	385,845,652,805	342,588,807,184
Incremental direct costs related to loans		7,553,712,190	6,360,771,801	-	-
(Deferred income from loan portfolio)		(53,664,504,660)	(48,113,222,075)	-	-
Allowance for loan losses (accounting records)		(182,360,479,600)	(129,801,051,027)	(183,928,720)	(1,084,106,020)
Net carrying amount	¢	5,141,392,059,862	4,883,467,583,179	385,661,724,085	341,504,701,164

As of December 31, 2024, according to CONASSIF Directive 14-21, the Bank's financial instruments with exposure to credit risk are as follows:

		Direct loan portfolio	Stand-by credits
Loan portfolio			
Total balances:			
1	¢	4,374,419,830,095	363,679,302,378
2		573,940,529,800	18,917,225,744
3		58,858,543,746	871,290,528
4		100,107,852,847	1,754,086,744
5		81,111,626,435	278,914,209
6		16,436,333,470	144,049,525
7		17,131,735,299	5,583,486
8		147,856,880,240	195,200,191
		5,369,863,331,932	385,845,652,805
Structural allowance (subledger - database)		(107,301,354,510)	(183,928,720)
Net carrying amount	¢	5,262,561,977,422	385,661,724,085
Individually assessed loans with allowance:			
1	¢	4,374,228,218,567	350,813,158,895
2		573,940,529,800	7,388,907,410
3		58,858,543,746	871,290,439
4		100,107,852,847	1,577,432,653
5		81,111,626,435	278,914,208
6		16,436,333,470	144,049,523
7		17,131,735,299	5,583,486
8		147,856,880,240	195,200,191
		5,369,671,720,404	361,274,536,805
Structural allowance (subledger – database)		(107,301,354,510)	(183,928,720)
Net carrying amount	¢	5,262,370,365,894	361,090,608,085

(Continued)

BANCO NACIONAL DE COSTA RICA

Notes to the Separate Financial Statements

		Direct loan portfolio	Stand-by credits
Current loan portfolio, without allowance:			
1	¢	191,611,528	12,866,143,474
2		-	11,528,318,435
3		-	-
4		-	176,654,091
5		-	-
6		-	-
7		-	-
8		-	-
Carrying amount	¢	191,611,528	24,571,116,000
Gross carrying amount		5,369,863,331,932	385,845,652,805
Allowance for loan losses (database)		(107,301,354,510)	(183,928,720)
Allowances for other statutory requirements		(75,059,125,090)	-
Incremental direct costs related to loans		7,553,712,190	-
(Deferred income from loan portfolio)		(53,664,504,660)	-
Net carrying amount	¢	5,141,392,059,862	385,661,724,085
Restructured loans	¢	21,865,220,722	-

(Continued)

As of December 31, 2023, according to SUGEF Directive 1-05, risk exposure is as follows:

		Direct loan portfolio	Stand-by credits
Loan portfolio			
Total balances:			
0	¢	49,062,639,515	-
A1		3,970,552,417,956	334,482,868,294
A2		14,890,104,071	336,634,950
B1		581,298,498,367	3,891,610,736
B2		7,514,128,128	22,872,611
C1		128,703,597,019	2,687,091,740
C2		8,152,930,274	17,306,451
D		160,592,316,671	518,105,813
E		134,254,452,479	632,316,589
		5,055,021,084,480	342,588,807,184
Structural allowance (subledger – database)		(95,417,856,415)	(36,847,389)
Net carrying amount	¢	4,959,603,228,065	342,551,959,795
Individually assessed loans with allowance:			
0	¢	48,244,490,014	-
A1		3,970,447,731,041	12,144,393,910
A2		14,890,104,071	-
B1		581,298,498,367	1,022,953,423
B2		7,514,128,128	-
C1		128,703,597,019	22,279,450
C2		8,152,930,274	-
D		160,592,316,671	26,344,000
E		134,254,452,684	40,000,000
		5,054,098,248,269	13,255,970,783
Structural allowance (subledger – database)		(95,417,856,415)	(36,847,389)
Net carrying amount	¢	4,958,680,391,854	13,219,123,394

(Continued)

		Direct loan portfolio	Stand-by credits
Current loan portfolio, without allowance:			
0	¢	818,149,296	-
A1		104,686,915	322,338,474,383
A2		-	336,634,950
B1		-	2,868,657,314
B2		-	22,872,611
C1		-	2,664,812,290
C2		-	17,306,451
D		-	491,761,813
E		-	592,316,589
Carrying amount		922,836,211	329,332,836,401
Gross carrying amount	¢	5,055,021,084,480	342,588,807,184
Allowance for loan losses (database)		(95,417,856,415)	(36,847,389)
Allowances for other statutory requirements		(34,383,194,612)	(1,047,258,631)
Incremental direct costs related to loans		6,360,771,801	-
(Deferred income from loan portfolio)		(48,113,222,075)	-
Net carrying amount	¢	4,883,467,583,179	341,504,701,164
Restructured loans	¢	61,949,398,743	-

Set out below is an analysis of the Bank's loan portfolio balances as of December 31, gross and net of the allowance for loan losses, by risk rating according to SUGEF Directive 1-05 (December 2023 cutoff), CONASSIF Directive 14-21 (December 2024 cutoff) and SUGEF Directive 15-16 *Regulations on credit risk management and evaluation for the Development Banking System*:

		2024	
		Loans to customers	
		Gross	Net
1	¢	4,374,419,830,095	4,359,942,762,356
2		573,940,529,800	495,600,864,320
3		58,858,543,746	56,688,762,376
4		100,107,852,847	94,618,916,958
5		81,111,626,435	74,933,991,045
6		16,436,333,470	8,722,087,850
7		17,131,735,299	12,606,746,005
8		147,856,880,240	84,388,721,422
	¢	5,369,863,331,932	5,187,502,852,332

According to CONASSIF Directive 14-21, as observed in the table above, the gross portfolio as of December 31, 2024, amounts to ¢5,370 billion, of which the risk categories "1+2" represent 96.62% and categories "3+4+5+6+7+8" represent 3.38%.

		2023	
		Loans to customers	
		Gross	Net
0	¢	49,062,639,515	47,781,619,456
A1		3,970,552,417,956	3,914,107,218,962
A2		14,890,104,071	14,757,458,652
B1		581,298,498,367	573,732,251,442
B2		7,514,128,128	7,380,677,571
C1		128,703,597,019	123,117,637,837
C2		8,152,930,274	7,509,770,903
D		160,592,316,671	143,319,719,708
E		134,254,452,479	93,513,678,922
	¢	5,055,021,084,480	4,925,220,033,453

According to SUGEF Directive 1-05, the gross portfolio as of December 31, 2023, amounted to ¢5,055 billion, of which the risk ratings "A+B" represent 91.46% and risk ratings "C+D+E" represent 8.54%.

Individually assessed loans with allowance:

As per CONASSIF Directive 14-21, for 2024, 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.

As per SUGEF Directive 1-05, for 2023, a risk rating is assigned to all borrowers. Applicable allowance percentages are determined based on that risk rating. 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 applicable 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 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.

Transition Provision XXV of SUGEF Directive 1-05 *Regulations for Borrower Classification*

Starting January 1, 2023, and until December 31, 2023, for purposes of Number 2, Subparagraph i) of Article 3 of said regulations, a borrower with at least one operation that has been modified twice within a period of 24 months will be classified as risk rating B2. Furthermore, a borrower with at least one operation modified more than twice within a period of 24 months will be classified in risk rating C1. The number of modifications will include those applied as of January 1, 2022. The borrower maintains the risk rating prior to obtaining the special operation referred in Paragraph 1 of this Transition Provision, if and when it is B2 or C1, respectively, or a higher risk rating. Nevertheless, if the borrower's conditions justify reclassification to higher risk ratings, the entity must make the corresponding reclassification.

Transition Provision XXVI of SUGEF Directive 1-05 *Regulations for Borrower Classification*

Starting January 1, 2023, and until December 31, 2023, the following text must be applied, which substitutes Article 18. Special loan operation: "Article 18. Special loan operation. Borrowers with at least one special loan operation must immediately be classified by the entity as follows: if before having a special loan operation the borrower was classified in risk ratings A1 to C1 or was not classified according to these Regulations, said borrower must be classified in risk rating C1, or risk ratings B2 or C1 when applicable, as per Transition Provision XXV of these Regulations, or a higher credit risk rating for at least 180 days.

When a supervised entity acquires a loan portfolio from entities within its own business group, it may request authorization from SUGEF to improve the risk rating of the borrower before the established term of 90 days, for which SUGEF must confirm the proposed category in order to issue the authorization. If, before having a special loan operation, the borrower was classified in risk ratings C2 or D, the borrower must be classified in risk rating C2 or D, respectively, or a higher risk rating, for at least 180 days.

(Continued)

If, before having a special loan operation, the borrower was classified in risk rating C2 or D, the borrower must be classified in risk rating C2 or D, respectively, or a higher risk rating, for at least 180 days. If, before having a special loan operation, the borrower was classified in risk rating E, that risk rating must be maintained for at least 180 days. When applying the previous paragraphs, it is worth noting that: a) the period during which the borrower's risk rating cannot be improved will begin after the grace period ends, if there is one, for the principal granted in the special loan operation; b) the 90-day or 180-day periods indicated will only be valid when the special loan operation stipulates monthly payments or payments with shorter frequency (bi-weekly, weekly, etc.).

If the special loan operation stipulates payments with a frequency greater than one month, the period during which the borrower's risk rating cannot be improved will be extended for a period equivalent to six consecutive payments of the principal according to the agreed frequency, and c) a borrower with at least one special loan operation as per Subparagraphs i3 and i4 of Article 3 of these Regulations or any other loan operation which due to its characteristics can be used to prevent arrears must remain in the risk rating while at least one of those special loan operations is maintained.

Once the period during which the borrower's risk rating cannot be improved has elapsed, as per the previous paragraphs, the entity can reclassify the borrower according to its assessment based on these Regulations. When SUGEF, based on an evaluation of the facts and circumstances, determines the existence of a special loan operation, it must communicate to the entity the reasons why it considers the loan operation to be a special operation, and it must grant a maximum of five business days for the entity to submit the allegations and evidence it considers pertinent.

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.

(Continued)

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.

For the year ended December 31, 2024, the amount of the portfolio by segment is as follows:

Portfolio segmentation		Direct loan portfolio	Stand-by credits
Consumer	¢	442,651,606,515	1,460,638,211
Business 1		2,065,894,891,874	20,531,695,872
Business 2		106,241,970,924	3,883,375,627
Business 3		579,254,370,624	23,341,715,381
Revolving		154,585,589,384	336,487,789,207
SBD		212,744,737,647	140,438,507
Car		247,084,694,175	-
Home		1,561,405,470,789	-
	¢	5,369,863,331,932	385,845,652,805

Pursuant to Article 4 of SUGEF Directive 1-05, borrowers are classified in two groups: Group 1, borrowers whose total outstanding balance exceeds ¢100 million, according to Note SGF-1514-2019 and Group 2, borrowers whose total outstanding balance is less than ¢100 million.

(Continued)

For the year ended December 31, 2023, the loan portfolio by borrower classification is as follows:

Borrower classification		Direct loan	Stand-by credits
Group 1	¢	2,635,238,654,862	22,536,400,901
Group 2		2,419,782,429,618	320,052,406,283
	¢	5,055,021,084,480	342,588,807,184

Risk rating categories:

For purposes of the entrance into effect of CONASSIF Directive 14-21, the Standard Methodology, eight risk ratings are established, 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
	1	Current	Level 1	Level 1
Stage 1	2	30 days or less	Level 1 or Level 2	Level 1 or Level 2
	3	60 days or less	Level 1 or Level 2	Level 1 or Level 2
Stage 2	4	90 days or less	Level 1 or Level 2 or Level 3	Level 1 or Level 2 or Level 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
Stage 3	8	More than 181 days		

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%

In addition, SUGEF Directive 15-16 establishes the criteria for borrower classification by category and by portfolio (microcredits, development banking and second-tier banking), which are summarized below:

Risk rating	Classification criteria	
	Microcredit portfolio	Development banking and second-tier banking
1	a) Borrowers up to date in the payment of their operations with the entity, or b) Borrowers with arrears of 30 days or less with the entity.	a) Borrowers up to date in the payment of their operations with the entity, or b) Borrowers with arrears of 30 days or less with the entity.
2	Borrowers with arrears of more than 30 days with the entity	Borrowers with arrears of 30 to 60 days with the entity.
3	Borrowers with arrears of 60 to 90 days with the entity	a) Borrowers with arrears of 60 to 90 days with the entity, or b) Borrowers with arrears of 60 days or less with the entity, which have had arrears in the DBS of more than 90 days in the last 12 months, or c) Borrowers with arrears of 60 days or less with the entity, which have been subject to a restructuring in any of their operations with the entity during the last 12 months.
4	Borrowers with arrears of 90 to 120 days with the entity	a) Borrowers with arrears of 90 to 120 days with the entity. b) Borrowers with arrears of 90 days or less with the entity that have had arrears in the DBS of more than 120 days in the last 12 months, or c) Borrowers with arrears of 90 days or less with the entity that have been subject to at least 2 restructurings in any of their operations with the entity during the last 12 months.
5	Borrowers with arrears of 120 to 180 days with the entity	Borrowers with arrears of 120 to 180 days with the entity
6	Borrowers with arrears of more than 180 days with the entity	Borrowers with arrears of more than 180 days with the entity.

(Continued)

For entities supervised by SUGEF, borrowers without a valid authorization for a credit check through SUGEF's Credit Information Center (CIC), must be classified (the borrower or their operations) in risk rating 4 or a higher risk rating when applicable, according to the classification criteria established in these Regulations.

According to 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.

In 2023, the Bank individually classifies its borrowers in one of eight risk ratings, identified as A1, A2, B1, B2, C1, C2, D and E, with rating A1 as the lowest credit risk and rating E as the highest credit risk.

For purposes of the analysis of payment capacity (creditworthiness), pursuant to Article 10 of SUGEF Directive 1-05, borrowers in Group 1 are classified based on arrears, historical payment behavior and creditworthiness. Based on CONASSIF communication CNS-1775/07 and pursuant to the Bank's internal policies, borrowers in Group 2 are classified based on arrears and historical payment behavior, as follows:

- Group 1

Risk rating	Arrears	Historical payment behavior	Creditworthiness
A1	30 days or less	Level 1	Level 1
A2	30 days or less	Level 2	Level 1
B1	60 days or less	Level 1	Level 1 or Level 2
B2	60 days or less	Level 2	Level 1 or Level 2
C1	90 days or less	Level 1	Level 1 or Level 2 or Level 3
C2	90 days or less	Level 2	Level 1 or Level 2 or Level 3
D	120 days or less	Level 1 or Level 2	Level 1 or Level 2 or Level 3 or Level 4

- Group 2

Risk rating	Arrears	Historical payment behavior
A1	30 days or less	Level 1
A2	30 days or less	Level 2
B1	60 days or less	Level 1
B2	60 days or less	Level 2
C1	90 days or less	Level 1
C2	90 days or less	Level 2
US dollars	120 days or less	Level 1 or Level 2

Through that set forth in SUGEF Directive 15-16 *Regulations on credit risk management and evaluation for the Development Banking System* to calculate specific allowances, risk ratings 2 to 6 for the microcredit, development and second-tier banking portfolios are subject to specific allowances according to the percentages in the following table:

Risk rating	Specific allowance percentage (uncovered portion)
1	0%
2	5%
3	25%
4	50%
5	70%
6	100%

In all cases, borrowers without valid authorization for a credit check through SUGEF's Credit Information Center (CIC) cannot be classified in risk categories A1 to B2.

Likewise, borrowers with at least one loan operation purchased from a financial intermediary domiciled in Costa Rica and regulated by SUGEF must be classified for at least one month in the rating of higher risk between the rating assigned by the selling bank and the rating assigned by the buying bank at the time of the purchase.

Borrowers are to be assigned a risk rating of E if they fail to meet the conditions for any of the risk ratings defined above, are in a state of bankruptcy, meeting of creditors, court protected reorganization procedure or takeover or if the Bank considers assignment of such rating to be appropriate.

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.

According to SUGEF Directive 1-05, the Bank must define effective mechanisms to determine the creditworthiness of borrowers in Group 1. Based on whether the borrowers are individuals or legal entities, those mechanisms should permit an assessment of the financial position and expected cash flows, experience in the line of business and quality of management, business environment, vulnerability to changes in interest rates and foreign exchange rates and other factors.

When a borrower has been assigned a risk rating by a rating agency, that rating should be an additional consideration when assessing the borrower's creditworthiness.

The Bank had to classify the borrower's creditworthiness into one of four levels: level 1 - has payment capacity; level 2 - has minor weaknesses in payment capacity; level 3 - has serious weaknesses in payment capacity; and level 4 - has no payment capacity. For purposes of this classification, the borrower and co-borrower(s) must be assessed jointly. Joint classification of creditworthiness may only be used to determine the allowance percentage for operations in which the parties are borrower and co-borrower.

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).

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

	Ratings							
Segment	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 nonpayment of the loan portfolio.

(Continued)

The counter-cyclical allowance booked by the entity as of December 31, 2024, 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:

		2024		
		Allowance booked	Structural allowance	Difference in allowance
Allowance for direct loans	¢	107,301,354,510	(107,301,354,510)	-
Allowance for stand-by credits		183,928,720	(183,928,720)	-
Allowance plan per CNS-1698		15,608,119,802	(15,608,119,802)	-
Borrowers with risk exposure		1,651,476,218	(1,651,476,218)	-
Differences due to transition		1,195,937,698	(1,195,937,698)	-
		125,940,816,948	(125,940,816,948)	-
Counter-cyclical allowance per SUGEF Directive 19-16		56,419,662,652	(56,419,662,652)	-
	¢	182,360,479,600	(182,360,479,600)	-

Pursuant to Article 12 of SUGEF Directive 1-05, the specific allowance is calculated on the covered and uncovered balance of each loan operation. The allowance on the uncovered balance is equivalent to the total outstanding balance of each loan operation less the adjusted weighted value of the corresponding guarantee, multiplying the resulting amount by the allowance percentage corresponding to the risk rating of the borrower or co-borrower in the lowest risk rating. If the result of this calculation is negative or zero, the allowance is zero. If the total outstanding balance includes a stand-by principal balance, the credit equivalent should be used in accordance with Article 13 of SUGEF Directive 1-05.

Specific allowance percentages based on borrower risk rating are as follows:

Risk rating	Specific allowance percentage - Uncovered portion	Specific allowance percentage - Covered portion
A1	0%	0%
A2	0%	0%
B1	5%	0.50%
B2	10%	0.50%
C1	25%	0.50%
C2	50%	0.50%
D	75%	0.50%
E	100%	0.50%

As an exception in the case of risk rating E, the minimum specific allowance for borrowers whose historical payment behavior is classified as Level 3 should be calculated as follows:

Arrears	Specific allowance percentage - Uncovered portion	Specific allowance percentage - Covered portion	Creditworthiness (Group 1 borrowers)	Creditworthiness (Group 2 borrowers)
Current	5%	0.50%	Level 1 Level 1	Level 1 Level 1
30 days or less	10%	0.50%	Level 1	Level 1
60 days or less	25%	0.50%	Level 1 or Level 2	Level 1 or Level 2
90 days or less	50%	0.50%	Level 1 or Level 2 or Level 3 or Level 4	Level 1 or Level 2 or Level 3 or Level 4
More than 90 days	100%	0.50%	Level 1 or Level 2 or Level 3 or Level 4	Level 1 or Level 2 or Level 3 or Level 4

If a borrower was rated E before subscribing a special loan operation, the borrower should remain in such a rating during at least 180 days. During such a period, the allowance percentage will be 100%, and the aforementioned exception should not be applied. The sum of specific allowances for each loan operation constitutes the minimum specific allowance, as amended in Minutes of Meeting No. 1775-2022.

Decreased amounts may only be reassigned to increases in specific allowances for borrowers reclassified to risk ratings C1, C2, D and E, in conformity with Articles 10 and 11 of SUGEF Directive 1-05.

In accordance with Article 11 bis of SUGEF Directive 1-05, at each month-end, the Bank must book the general allowance for a minimum of 0.50% of the total outstanding balance of loan operations rated A1 and A2, without reducing the effect of guarantees. The provisions of Article 13 of the aforementioned directive shall be applied to the principal balance of stand-by credits.

Without detriment to that indicated in the previous paragraph, according to SUGEF Directive 15-16 *Regulations on Credit Risk Management and Evaluation for the Development Banking System*, Article 11 establishes the use of the methodology to calculate general expected losses: for the total portfolio with arrears of 30 days or less, the percentages of 0.25% and 0.50% must be used for borrowers not exposed to currency risk (loans in national currency) and for borrowers exposed to currency risk (loans in foreign currency), respectively.

(Continued)

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.

General allowance percentages, based on borrower risk ratings, are as follows:

Risk rating	General allowance	Specific allowance percentage - Uncovered portion	Specific allowance percentage - Covered portion
A1	0.5%	0%	0%
A2	0.5%	0%	0%
B1	N/A	5%	0.50%
B2	N/A	10%	0.50%
C1	N/A	25%	0.50%
C2	N/A	50%	0.50%
D	N/A	75%	0.50%
E	N/A	100%	0.50%

If a borrower was rated E before subscribing a special loan operation, the borrower should remain in such rating during at least 180 days. During such period, the allowance percentage will be of 100% and the aforementioned exception should not be applied.

In accordance with Articles 11 bis and 12 of SUGEF Directive 1-05, at each month-end, the Bank must book, as a minimum, the general allowance and the sum of the specific allowances for each loan operation subscribed.

Pursuant to the provisions of SUGEF Directive 1-05, as of December 31, the Bank must maintain a structural allowance, as follows:

	2023		
	Allowance booked	Structural allowance	Excess of allowance
Allowance for direct loans	¢ 109,830,774,732	(95,417,856,415)	14,412,918,317
Allowance for stand-by credits	1,084,106,020	(36,847,389)	1,047,258,631
Allowance plan per CNS-1698	10,365,520,223	(10,365,520,223)	-
	121,280,400,975	(105,820,224,027)	15,460,176,948
Counter-cyclical allowance per SUGEF Directive 19-16	8,520,650,052	(8,520,650,052)	-
	¢ 129,801,051,027	(114,340,874,079)	15,460,176,948

(Continued)

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

According to SUGEF Directive 1-05, 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:

a. bid bonds and export letters of credit without prior deposit: 0.05
b. other sureties and guarantees without prior deposit: 0.25
c. pre-approved lines of credit: 0.50.

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 December 31, 2024, the carrying amount of the allowance for impairment and legal disposal of assets held for sale and per legal requirements amounts to ¢4,643,919,175 (2023: ¢62,186,753,305).

As of December 31, the concentration of the loan portfolio by sector is as follows:

Sector		Direct loans		Stand-by credits	
		2024	2023	2024	2023
Trade	¢	414,299,101,358	379,227,581,525	-	-
Services		1,278,035,445,681	1,212,351,625,909	353,434,430,741	36,959,801,053
Financial services		75,633,173,788	87,738,248,930	-	-
Mining		431,248,694	359,420,175	-	-
Manufacturing and quarrying		175,776,596,706	165,180,121,959	-	-
Construction		72,060,262,384	60,320,273,818	-	-
Agriculture and forestry		118,552,198,250	114,313,701,230	113,383,348	-
Livestock, hunting and fishing		76,688,984,266	77,553,058,506	-	-
Electricity, water, sanitation and other related sectors		393,692,887,409	410,414,969,219	-	-
Transportation and telecommunications		45,847,199,845	39,516,426,282	-	-
Housing		1,577,184,417,093	1,523,023,351,385	-	-
Personal or consumer		856,697,322,244	711,573,741,970	-	305,513,772,783
Tourism		284,964,494,214	273,448,563,572	32,297,838,716	115,233,348
	¢	5,369,863,331,932	5,055,021,084,480	385,845,652,805	342,588,807,184

As of December 31, the concentration of financial assets by geographic location is as follows:

		Direct loans		Stand-by credits	
		2024	2023	2024	2023
Central America	¢	5,369,863,331,932	5,055,021,084,480	385,845,652,805	342,588,807,184

As of December 31, the direct loans and stand-by credits portfolio by type of guarantee is as follows:

		Direct loans		Stand-by credits	
Type of guarantee		2024	2023	2024	2023
Security	¢	51,341,115,102	21,431,553,921	56,939,749	155,586,352
Mortgage bond		40,696,126,722	43,004,826,705	-	-
Assignment of loans		714,163,856,603	598,221,064,546	5,127,300	5,268,800
Mortgage		1,770,356,300,291	1,722,308,899,185	263,531,617	22,709,715
Surety		833,787,608,700	834,981,732,077	-	-
Trust		634,098,393,758	576,313,970,110	102,546,000	45,942,630
Securities		26,935,935,414	58,910,131,362	-	3,253,315
Chattel mortgage		299,172,598,139	292,656,182,632	-	-
Other		999,311,397,203	907,192,723,942	385,417,508,139	342,356,046,372
	¢	5,369,863,331,932	5,055,021,084,480	385,845,652,805	342,588,807,184

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 December 31, 2024, 58.60% of the loan portfolio is secured by collateral guarantees (2023: 59.82%).

As of December 31, the concentration of the loan portfolio by individual borrower is as follows:

		Direct loans		Stand-by credits	
Loan portfolio concentration		2024	2023	2024	2023
¢1 to ¢3,000,000	¢	193,781,612,454	162,996,393,710	146,643,798,099	125,107,759,594
¢3,000,001 to ¢15,000,000		739,011,682,713	632,609,187,194	207,651,076,823	181,065,985,271
¢15,000,001 to ¢30,000,000		577,540,558,914	541,732,635,608	4,749,417,597	4,798,952,099
¢30,000,001 to ¢50,000,000		502,340,408,325	498,148,643,726	2,207,845,191	2,175,012,247
¢50,000,001 to ¢75,000,000		519,100,208,298	498,589,076,699	1,601,804,529	1,919,576,362
¢75,000,001 to ¢100,000,000		316,493,555,467	298,684,768,711	2,207,989,687	1,998,672,293
¢100,000,001 to ¢200,000,000		295,521,008,888	274,384,336,070	3,514,974,058	3,173,802,375
More than ¢200,000,000		2,226,074,296,873	2,147,876,042,762	17,268,746,821	22,349,046,943
	¢	5,369,863,331,932	5,055,021,084,480	385,845,652,805	342,588,807,184

As of December 31, 2024 and 2023, the direct and stand-by loans of the portion of the loan portfolio corresponding to economic interest groups amount to ¢788,407,972,445 and ¢658,210,040,686, respectively, equivalent to 14.91% and 13.02% 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 increase observed in the ECL of the entire loan portfolio was from 2.59% in December 2023 to 2.60% in December 2024. This is mainly due to an increase in the arrears indicators of the Industry sector. Arrears over 90 days decreased from 2.48% in December 2023 to 2.37% in December 2024.

Compared to the results from December 2023, 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 Construction, Transport and Livestock, with decreases exceeding 140 basis points (bp), while the activity with the largest increase is Industry, with a variation of 74 bp.

For the result of the VaR of the loan portfolio, there was a year-on-year decrease from 7.97% to 7.70%, which is an expected behavior given the variations in the portfolio balance by type of sector.

Investments in financial instruments

With the entrance into effect of CONASSIF Directive 06-18 *Regulation on Financial Information* (RFI), Article 18 requires regulated entities to calculate estimated credit losses for their investment portfolios. This calculation has been performed monthly since January 2020 for the Bank's investments.

The Bank 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, ECL are not calculated for impairment of the issuer's credit.

(Continued)

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 investment 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.

As of December 31, the ECL on financial instruments, by model, is as follows:

		2024		
Date		Model 1 Amortized cost	Model 2 FVOCI	Total estimated losses
January	¢	1,175,651,260	1,164,577,887	2,340,229,147
February		1,273,632,277	1,211,395,527	2,485,027,805
March		1,354,125,731	1,243,685,945	2,597,811,676
April		1,437,356,552	1,269,324,120	2,706,680,672
May		1,440,262,039	1,159,142,588	2,599,404,627
June		1,525,878,637	969,921,302	2,495,799,939
July		1,404,917,575	1,377,616,938	2,782,534,513
August		1,339,050,408	1,299,952,343	2,639,002,751
September		1,286,143,103	1,420,317,786	2,706,460,889
October		1,229,501,521	1,456,503,189	2,686,004,711
November		1,174,647,148	1,633,717,049	2,808,364,197
December		1,105,126,634	1,618,071,475	2,723,198,109

		2023		
Date		Model 1 Amortized cost	Model 2 FVOCI	Total estimated losses
January	¢	2,524,595,014	2,579,908,514	5,104,503,528
February		2,284,334,539	2,546,205,524	4,830,540,063
March		2,248,298,446	2,961,243,082	5,209,541,528
April		2,208,478,388	3,507,903,575	5,716,381,963
May		1,955,392,171	4,146,206,604	6,101,598,775
June		2,021,648,844	3,899,757,092	5,921,405,936
July		2,223,610,904	3,812,746,376	6,036,357,280
August		2,148,109,945	3,376,164,816	5,524,274,761
September		2,561,534,096	3,630,489,940	6,192,024,036
October		1,998,031,385	2,800,909,552	4,798,940,936
November		1,059,159,681	1,493,589,350	2,552,749,030
December		1,227,418,100	1,409,951,769	2,637,369,869

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 as of December 31. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

			2024	
	12-month PD ranges		Stage 1	Total
Investments at amortized cost *(1)*	0.21% - 0.60%	¢	763,238,847,389	763,238,847,389
Loss allowance			(1,105,126,634)	(1,105,126,634)
		¢	762,133,720,755	762,133,720,755

	12-month PD ranges		2023 Stage 1	Total
Investments at amortized cost *(1)*	21%-1.75%	¢	726,259,042,468	726,259,042,468
Loss allowance			(1,227,418,100)	(1,227,418,100)
		¢	725,031,624,368	725,031,624,368

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

The following table sets out information about the credit quality of financial assets measured at FVOCI as of December 31. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

	12-month PD ranges		2024 Stage 1	Total
Investments at FVOCI *(1)*	0.19%-1.46%	¢	714,878,088,634	714,878,088,634
Loss allowance			(1,618,071,475)	(1,618,071,475)
		¢	713,260,017,159	713,260,017,159

	12-month PD ranges		2023 Stage 1	Total
Investments at FVOCI *(1)*	0.24%-2.66%	¢	528,307,163,689	528,307,163,689
Loss allowance			(1,409,951,769)	(1,409,951,769)
		¢	526,897,211,920	526,897,211,920

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

As of December 31, expected credit losses, by currency, are as follows:

		2024	
		Absolute	Relative
Colones	¢	2,473,938,319	0.22%
US dollars		249,259,790	7.00%
	¢	2,723,198,109	0.18%

		2023	
		Absolute	Relative
Colones	¢	2,261,348,254	0.27%
US dollars		376,021,615	0.09%
	¢	2,637,369,869	0.21%

As of December 31, investments by geographic location are as follows:

		2024		
Country		Principal	Interest	Total
Costa Rica	¢	1,141,859,666,903	18,298,497,954	1,160,158,164,857
Panama		4,101,840,000	92,864,519	4,194,704,519
Caribbean		894,956,623	7,250,469	902,207,091
United States		305,889,698,371	3,229,823,938	309,119,522,309
Canada		2,278,359,547	30,771,881	2,309,131,428
Europe		35,098,890,978	615,751,161	35,714,642,139
Asia		1,536,546,870	18,390,302	1,554,937,172
Australia		210,928,103	2,490,981	213,419,084
	¢	1,491,870,887,394	22,295,841,206	1,514,166,728,599

(Continued)

		2023		
Country		Principal	Interest	Total
Costa Rica	¢	913,619,982,798	17,992,185,905	931,612,168,703
Panama		4,215,040,000	105,984,841	4,321,024,841
Caribbean		528,127,520	5,708,745	533,836,265
United States		322,488,920,995	1,679,404,373	324,168,325,367
Canada		3,329,886,142	37,270,859	3,367,157,001
Europe		28,298,404,924	246,262,295	28,544,667,219
Asia		834,016,872	4,594,241	838,611,113
New Zealand		293,546,882	2,188,016	295,734,899
	¢	1,273,607,926,133	20,073,599,275	1,293,681,525,408

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 Bank, 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.

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.

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 Bank 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, the 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

- Expected credit losses

As of December 31, 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	¢	1,227,418,101	1,227,418,101
Update of the allowance		365,546,110	365,546,110
Decrease in allowance		(487,837,576)	(487,837,576)
Balance as of December 31, 2024	¢	1,105,126,634	1,105,126,634
Investments at FVOCI			
Balance as of January 1, 2024	¢	1,409,951,769	1,409,951,769
Update of the allowance		902,552,321	902,552,321
Decrease in allowance		(694,432,615)	(694,432,615)
Balance as of December 31, 2024	¢	1,618,071,475	1,618,071,475
Total loss allowance	¢	2,723,198,109	2,723,198,109

		2023	
		Stage 1	Total
Investments at amortized cost			
Balance as of January 1, 2023	¢	2,609,169,949	2,609,169,949
Update of the allowance		918,749,715	918,749,715
Decrease in allowance		(2,300,501,564)	(2,300,501,564)
Balance as of December 31, 2023	¢	1,227,418,100	1,227,418,100
Investments at FVOCI			
Balance as of January 1, 2023	¢	2,670,857,408	2,670,857,408
Update of the allowance		2,143,388,191	2,143,388,191
Decrease in allowance		(3,404,293,830)	(3,404,293,830)
Balance as of December 31, 2023	¢	1,409,951,769	1,409,951,769
Total loss allowance	¢	2,637,369,869	2,637,369,869

(Continued)

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 the forced sale of assets or forced acceptance of liabilities under unfavorable conditions.

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), systemic liquidity indicators and variables with the greatest impact on 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 as of the December 2023 and 2024 close, 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 by the Bank in an adverse scenario.

Year on year, the LCR indicator in colones closed at 216% as of the December 2024 close, which is 35% higher than the previous year, related to a 19.7% increase in the stock of liquid assets (HQLA) (¢319,900 million, mainly due to the recovery of the minimum legal deposit, which was exceeded by the 4.3% increase in net cash outflows (¢32,100 million, mainly in retail and wholesale commitments). The LCR indicator remains considerably below the appetite level at 130%, equivalent to ¢753,200 million.

As of December 31, 2024, the LCR indicator in US dollars closed at 195%, showing a decrease of 33.7% with regard to the previous year. This was due to a 12.3% decrease in HQLA (-US$149.2 million, mainly in Level 1 investments and cash and due from banks, with an increase of 4% in net cash outflows (US$24.8 million, mainly due to retail and wholesale commitments. The LCR indicator is considerably above the appetite level of 130%, equivalent to US$405 million.

(Continued)

As of December 31, the LCR percentage indicator by currency is as follows:

Indicator	2024	2023	Variation	Level
LCR - colones	216%	181%	35%	Appetite
LCR - US dollars	195%	229%	(33.7%)	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.

BANCO NACIONAL DE COSTA RICA

Notes to the Separate Financial Statements

As of December 31, the terms of the Bank's assets and liabilities denominated in local currency are matched as follows:

		2024								
		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	¢	-	204,063,611,173	-	-	-	-	-	-	204,063,611,173
Minimum legal deposit in BCCR		-	432,288,251,166	24,808,812,639	25,712,027,114	32,101,252,782	69,488,223,152	55,976,325,462	24,245,526,902	664,620,419,217
Investments		-	-	174,288,807,444	29,313,465,788	6,135,794,908	17,359,655,171	49,507,841,919	881,522,788,319	1,158,128,353,549
Loan portfolio		208,758,836,169	-	53,149,097,620	51,075,863,165	41,329,785,635	106,042,212,591	164,033,444,361	3,308,187,920,468	3,932,577,160,009
Recovery of assets	¢	208,758,836,169	636,351,862,339	252,246,717,703	106,101,356,067	79,566,833,325	192,890,090,914	269,517,611,742	4,213,956,235,689	5,959,389,543,948
Obligations with the public	¢	-	3,407,174,040,414	159,490,469,496	198,728,055,130	237,903,949,059	438,111,787,233	323,723,521,791	160,797,202,464	4,925,929,025,587
Obligations with BCCR		-	-	124,898,136,092	-	-	-	-	125,644,411	125,023,780,503
Obligations with financial entities		-	34,596,607,172	74,753,859,568	6,392,443,720	4,926,266,019	17,479,525,270	3,757,961,617	39,202,738,638	181,109,402,004
Charges payable		-	22,940,829,622	8,462,616,493	5,333,659,844	3,686,888,396	3,273,808,880	1,364,417,313	1,316,874,146	46,379,094,694
Maturity of liabilities	¢	-	3,464,711,477,208	367,605,081,649	210,454,158,694	246,517,103,474	458,865,121,383	328,845,900,721	201,442,459,659	5,278,441,302,788
Difference	¢	208,758,836,169	(2,828,359,614,869)	(115,358,363,946)	(104,352,802,627)	(166,950,270,149)	(265,975,030,469)	(59,328,288,979)	4,012,513,776,030	680,948,241,160

		2023								
		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	¢	-	189,105,686,589	-	-	-	-	-	-	189,105,686,589
Minimum legal deposit in BCCR		-	394,705,246,129	44,538,089,460	22,021,403,049	24,199,855,941	54,676,138,709	52,325,524,542	36,219,604,656	628,685,862,486
Investments		-	-	72,830,814,749	9,740,234,961	2,640,851,816	24,321,017,579	46,263,789,331	719,079,535,957	874,876,244,393
Loan portfolio		220,130,821,795	-	51,675,951,465	37,956,229,675	50,421,561,665	101,126,568,738	147,921,863,938	3,112,388,803,543	3,721,621,800,819
Recovery of assets	¢	220,130,821,795	583,810,932,718	169,044,855,674	69,717,867,685	77,262,269,422	180,123,725,026	246,511,177,811	3,867,687,944,156	5,414,289,594,287
Obligations with the public	¢	-	2,973,736,854,474	141,665,793,831	155,532,338,241	206,411,342,420	333,983,337,344	315,508,239,485	238,246,583,194	4,365,084,488,989
Obligations with BCCR		-	-	-	-	-	-	-	144,471,880,512	144,471,880,512
Obligations with financial entities		-	50,203,341,809	75,338,079,334	20,899,340,647	10,536,082,019	25,581,612,150	10,349,269,404	38,475,236,792	231,382,962,155
Charges payable		-	24,462,877,737	6,450,571,338	5,041,856,231	2,440,045,206	6,667,525,382	1,705,994,026	4,322,596,212	51,091,466,132
Maturity of liabilities	¢	-	3,048,403,074,020	223,454,444,503	181,473,535,119	219,387,469,645	366,232,474,876	327,563,502,915	425,516,296,710	4,792,030,797,788
Difference	¢	220,130,821,795	(2,464,592,141,302)	(54,409,588,829)	(111,755,667,434)	(142,125,200,223)	(186,108,749,850)	(81,052,325,104)	3,442,171,647,446	622,258,796,499

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BANCO NACIONAL DE COSTA RICA

Notes to the Separate Financial Statements

As of December 31, the terms of the Bank's assets and liabilities denominated in foreign currency, expressed in local currency, are matched as follows:

		2024								
		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	¢	-	255,207,498,584	-	-	-	-	-	-	255,207,498,584
Minimum legal deposit in BCCR		-	228,855,194,983	8,795,151,174	8,163,296,236	8,010,295,572	15,430,006,064	19,354,123,150	19,849,471,306	308,457,538,485
Investments		-	-	5,611,561,313	3,883,255,638	5,298,025,328	12,930,096,481	106,232,032,290	222,109,957,806	356,064,928,856
Loan portfolio		58,351,051,476	-	18,632,551,655	12,030,060,856	26,513,239,659	57,318,403,550	63,522,382,825	1,154,807,689,430	1,391,175,379,451
Recovery of assets	¢	58,351,051,476	484,062,693,567	33,039,264,142	24,076,612,730	39,821,560,559	85,678,506,095	189,108,538,265	1,396,767,118,542	2,310,905,345,376
Obligations with the public	¢	-	1,486,451,547,530	61,291,933,178	54,898,560,081	44,643,119,833	118,887,919,459	114,228,433,929	132,886,858,914	2,013,288,372,924
Obligations with financial entities		-	5,457,054,909	71,426,185,455	10,254,600	15,381,900	98,878,468	59,394,997	104,016,099,964	181,083,250,293
Charges payable		-	6,451,858,233	1,034,016,079	825,630,092	649,619,260	1,519,365,010	854,596,071	713,149,492	12,048,234,237
Maturity of liabilities	¢	-	1,498,360,460,672	133,752,134,712	55,734,444,773	45,308,120,993	120,506,162,937	115,142,424,997	237,616,108,370	2,206,419,857,454
Difference	¢	58,351,051,476	(1,014,297,767,105)	(100,712,870,570)	(31,657,832,043)	(5,486,560,434)	(34,827,656,842)	73,966,113,268	1,159,151,010,172	104,485,487,922

		2023								
		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	¢	-	312,835,816,139	-	-	-	-	-	-	312,835,816,139
Minimum legal deposit in BCCR		-	208,511,002,438	10,802,845,764	8,799,875,689	8,266,203,790	20,027,199,420	23,744,666,295	16,699,190,365	296,850,983,761
Investments		-	-	63,691,795,436	66,634,061,341	33,845,147,112	69,090,848,490	8,124,346,052	177,783,387,720	419,169,586,151
Loan portfolio		78,133,453,640	-	17,827,348,889	12,143,459,939	13,067,804,804	70,913,178,596	81,127,092,515	1,018,434,495,004	1,291,646,833,387
Recovery of assets	¢	78,133,453,640	521,346,818,577	92,321,990,089	87,577,396,969	55,179,155,706	160,031,226,506	112,996,104,862	1,212,917,073,089	2,320,503,219,438
Obligations with the public	¢	-	1,463,788,203,201	67,093,986,641	61,392,810,726	47,277,187,022	137,222,653,073	137,798,200,135	112,424,995,162	2,026,998,035,960
Obligations with financial entities		-	10,435,259,867	73,252,598,235	11,169,856	15,806,400	5,166,335,539	2,442,392,668	85,521,902,240	176,845,464,805
Charges payable		-	5,865,048,108	1,354,021,868	843,598,406	808,408,317	1,825,497,422	1,185,602,463	596,425,172	12,478,601,756
Maturity of liabilities	¢	-	1,480,088,511,176	141,700,606,744	62,247,578,988	48,101,401,739	144,214,486,034	141,426,195,266	198,543,322,574	2,216,322,102,521
Difference	¢	78,133,453,640	(958,741,692,599)	(49,378,616,655)	25,329,817,981	7,077,753,967	15,816,740,472	(28,430,090,404)	1,014,373,750,515	104,181,116,917

(Continued)

c) *Market risks*

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 that have been 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 measured by means of an internal methodology and quantified 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.

As of December 31, the portfolios by currency are as follows:

	Face value of investments by currency		
Currency	2024	2023	Variation
Colones	1,094,860,709,031	838,068,381,253	256,792,327,777
US dollars – local issuers	53,274,009	107,801,526	(54,527,517)
US dollars – foreign issuers	641,471,000	691,667,000	(50,196,000)

As of December 31, 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	2024	2023	Variation
Colones	1.91	1.39	0.52
US dollars – local issuers	1.88	0.92	0.96
US dollars – foreign issuers	1.35	0.88	0.47

- *Market risk of investments*

As of December 31, the Bank's consolidated VaR regarding the market value of investments had a mixed behavior. Over the last 12 months until December 2024, this indicator continued to have a downward trend, with an annual average VAR of 0.38%. 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	2024	2023	Variation
Consolidated VaR	0.36%	0.36%	-0.03%

The results of the individual VaR by currency regarding the market value at the December 2024 close and the variation with respect to the same period of the previous year are as follows:

Currency	2024	2023	Variation
Colones	0.31%	0.44%	(0.13%)
US dollars – local issuers	0.36%	0.54%	(0.18%)
US dollars – foreign issuers	0.63%	0.31%	0.32%

- *Interest rate risk*

Interest rate risk is the risk of variations in the brokerage margin arising from fluctuations in interest rates when there is a mismatch in the interest rates for the asset and liability portfolios 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. As of December 31, interest rate risk is as follows:

Type of risk	2024	2023	Variation	Level
Interest rate risk - in colones	0.20%	0.27%	(0.07%)	Normal
Interest rate risk - in foreign currency	0.11%	0.01%	0.10%	Normal

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

The decrease in the interest rate risk indicator in colones is mainly due to the reduction in the average duration of equity in colones and a lower expected variation of the base deposit rate. In US dollars, the increase is mainly due to a higher expected variation of the 3-month SOFR rate.

BANCO NACIONAL DE COSTA RICA

Notes to the Separate Financial Statements

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

		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	¢	174,288,807,444	35,449,260,697	17,359,655,171	49,507,841,919	252,375,368,527	629,147,419,792	1,158,128,353,550
Loan portfolio		3,323,275,132,003	133,702,024,072	127,527,315,430	18,108,583,835	18,921,195,965	140,934,084,641	3,762,468,335,946
Recovery of rate-sensitive assets LC (A)	¢	3,497,563,939,447	169,151,284,769	144,886,970,601	67,616,425,754	271,296,564,492	770,081,504,433	4,920,596,689,496
Obligations with the public	¢	240,189,617,157	456,971,262,167	458,865,121,383	325,306,990,501	75,098,128,711	101,209,518,738	1,657,640,638,657
Obligations with BCCR		128,590,924,710	-	-	-	-	125,644,412	128,716,569,122
Obligations with financial entities		49,283,578	-	-	-	1,038,443,519	27,519,005,989	28,606,733,086
Maturity of rate-sensitive liabilities LC (B)	¢	368,829,825,445	456,971,262,167	458,865,121,383	325,306,990,501	76,136,572,230	128,854,169,139	1,814,963,940,865
Difference in LC, recovery of assets less maturity of liabilities (A - B)	¢	3,128,734,114,002	(287,819,977,398)	(313,978,150,782)	(257,690,564,747)	195,159,992,262	641,227,335,294	3,105,632,748,631
Foreign currency (FC)								
Investments	¢	5,611,561,313	9,154,727,160	12,930,096,475	105,854,373,784	88,354,655,110	134,132,961,208	356,038,375,050
Loan portfolio		1,181,103,910,000	43,987,853,663	25,726,942,757	2,828,411,798	23,631,522,378	68,037,747,218	1,345,316,387,814
Recovery of rate-sensitive assets FC (C)	¢	1,186,715,471,313	53,142,580,823	38,657,039,232	108,682,785,582	111,986,177,488	202,170,708,426	1,701,354,762,864
Obligations with the public	¢	134,615,647,927	101,048,202,863	120,201,028,752	113,932,830,379	85,041,960,152	89,941,547,340	644,781,217,413
Obligations with entities		-	-	305,134,345	-	-	63,908,131,982	64,213,266,327
Maturity of rate-sensitive liabilities FC (D)	¢	134,615,647,927	101,048,202,863	120,506,163,097	113,932,830,379	85,041,960,152	153,849,679,322	708,994,483,740
Difference in FC, recovery of assets less maturity of liabilities (C - D)		1,052,099,823,386	(47,905,622,040)	(81,849,123,865)	(5,250,044,797)	26,944,217,336	48,321,029,104	992,360,279,124
Recovery of rate-sensitive assets 1/ (A + C)	¢	4,684,279,410,760	222,293,865,592	183,544,009,833	176,299,211,336	383,282,741,980	972,252,212,859	6,621,951,452,360
Maturity of rate-sensitive liabilities 2/ (B + D)	¢	503,445,473,372	558,019,465,030	579,371,284,480	439,239,820,880	161,178,532,382	282,703,848,461	2,523,958,424,605
Difference in LC + FC, recovery of assets less maturity of liabilities (item 1 - item 2)	¢	4,180,833,937,388	(335,725,599,438)	(395,827,274,647)	(262,940,609,544)	222,104,209,598	689,548,364,398	4,097,993,027,755

(Continued)

As of December 31, 2023, the interest rate terms for the Bank's assets and liabilities are matched as follows (differences between the recovery of assets and the maturity of liabilities):

		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	¢	72,830,814,749	12,255,887,035	24,321,017,579	46,106,165,106	248,396,605,866	470,682,930,092	874,593,420,427
Loan portfolio		3,148,433,823,869	126,669,179,583	120,820,025,358	17,161,234,664	17,933,298,676	116,129,337,773	3,547,146,899,923
Recovery of rate-sensitive assets LC (A)	¢	3,221,264,638,618	138,925,066,618	145,141,042,937	63,267,399,770	266,329,904,542	586,812,267,865	4,421,740,320,350
Obligations with the public	¢	232,986,986,565	392,784,559,742	366,232,474,877	326,307,297,119	154,077,828,137	96,863,804,221	1,569,252,950,661
Obligations with BCCR		-	-	-	-	147,461,417,065	125,644,412	147,587,061,477
Obligations with financial entities		64,154,160	-	-	-	-	28,146,736,964	28,210,891,124
Maturity of rate-sensitive liabilities LC (B)	¢	233,051,140,725	392,784,559,742	366,232,474,877	326,307,297,119	301,539,245,202	125,136,185,597	1,745,050,903,262
Difference in LC, recovery of assets less maturity of liabilities (A - B)	¢	2,988,213,497,893	(253,859,493,124)	(221,091,431,940)	(263,039,897,349)	(35,209,340,660)	461,676,082,268	2,676,689,417,088
Foreign currency (FC)								
Investments	¢	56,855,893,441	107,233,629,278	69,090,848,492	8,124,346,043	107,780,465,730	70,002,921,997	419,088,104,981
Loan portfolio		1,091,880,903,388	40,664,921,171	23,783,476,848	2,614,747,782	21,846,348,813	62,171,383,829	1,242,961,781,831
Recovery of rate-sensitive assets FC (C)	¢	1,148,736,796,829	147,898,550,449	92,874,325,340	10,739,093,825	129,626,814,543	132,174,305,826	1,662,049,886,812
Obligations with the public	¢	145,294,243,469	107,558,991,136	143,995,934,350	141,050,479,192	48,649,271,767	108,388,075,682	694,936,995,596
Obligations with entities		-	-	218,551,684	-	-	42,150,400,000	42,368,951,684
Maturity of rate-sensitive liabilities FC (D)	¢	145,294,243,469	107,558,991,136	144,214,486,034	141,050,479,192	48,649,271,767	150,538,475,682	737,305,947,280
Difference in FC, recovery of assets less maturity of liabilities (C - D)		1,003,442,553,360	40,339,559,313	(51,340,160,694)	(130,311,385,367)	80,977,542,776	(18,364,169,856)	924,743,939,532
Recovery of rate-sensitive assets 1/ (A + C)	¢	4,370,001,435,447	286,823,617,067	238,015,368,277	74,006,493,595	395,956,719,085	718,986,573,691	6,083,790,207,162
Maturity of rate-sensitive liabilities 2/ (B + D)	¢	378,345,384,194	500,343,550,878	510,446,960,911	467,357,776,311	350,188,516,969	275,674,661,279	2,482,356,850,542
Difference in LC + FC, recovery of assets less maturity of liabilities (item 1 - item 2)	¢	3,991,656,051,253	(213,519,933,811)	(272,431,592,634)	(393,351,282,716)	45,768,202,116	443,311,912,412	3,601,433,356,620

• *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.

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.

As of December 31, the Bank calculates the SUGEF currency risk indicator on a monthly basis, which remains at the appetite level as of December 2024. 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 last quarter of 2024.

Type of risk	2024	2023	Variation	Level
Currency risk	0.61%	1.28%	(0.67%)	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 5^{th} or 95^{th} percentiles of the distribution of projected variations in exchange rates taken from an exchange rate model.

(Continued)

As of December 31, with the calibrated model and through Montecarlo simulations, exchange rate forecasts are created for different periods. The 5th or 95th 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	2024	2023	Level
5th percentile	0.20%	0.06%	Normal
95th percentile	0.24%	0.16%	Normal

As of December 31, assets and liabilities denominated in foreign currency are as follows:

		US dollars	
		2024	2023
Assets:			
Cash and due from banks	US$	1,039,776,725	1,106,303,037
Investments in financial instruments		694,449,182	795,569,363
Loan portfolio		2,666,405,771	2,396,198,929
Accounts and accrued interest receivable		745,781	507,324
Investments in other companies		135,670,517	127,782,067
Other assets		2,730,830	2,547,290
	US$	4,539,778,806	4,428,908,010
Liabilities:			
Obligations with the public	US$	3,892,327,666	3,822,760,371
Obligations with entities		352,504,258	334,779,428
Subordinated obligations		145,177,144	112,104,804
Accounts payable and provisions		14,413,270	11,487,835
Other liabilities		2,478,802	15,182,061
	US$	4,406,901,140	4,296,314,499
Excess of assets over liabilities in US dollars	US$	132,877,666	132,593,511

(Continued)

		Euro	
		2024	2023
Assets:			
Cash and due from banks	€	57,311,809	46,019,914
Other assets		145,580	-
	€	57,457,389	46,019,914
Liabilities:			
Obligations with the public	€	55,000,013	42,971,342
Obligations with entities		1,232,651	1,226,687
Accounts payable and provisions		469	14,141
Other liabilities		-	1,284,388
	€	56,233,133	45,496,558
Excess of assets over liabilities in euro	€	1,224,256	523,356

		DU	
		2024	2023
Assets:			
Loan portfolio	UD	299,459	(181,648)
	UD	299,459	(181,648)
Liabilities:			
Accounts payable and provisions		5,934	15,341
	UD	5,934	15,341
Excess (deficit) of assets over liabilities in DU	UD	293,525	(196,989)

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

As of December 31, the valuation in colones of monetary assets and liabilities in foreign currency gave rise to foreign exchange gains and losses, as follows:

		2024	2023
Foreign exchange gains	¢	306,996,098,875	491,833,073,312
Foreign exchange losses		(307,119,482,228)	(492,812,063,601)
Net losses	¢	(123,383,353)	(978,990,289)

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:

		2024	2023
Gains on valuation of other assets, net (Note 39)	¢	386,690,647	698,955,881
Losses on valuation of other liabilities, net (Note 42)		(308,781,157)	(1,275,069,483)
Net gains (losses)	¢	77,909,490	(576,113,602)

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

d) *Operational risk*

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, business and reputational risks.

The policy adopted by the Bank stipulates that all of the Bank’s employees are responsible for managing operational risk. The Bank’s 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 Bank’s 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 Bank’s fundamental principles for operational risk management is transparency, which means that all risk events should be identified, documented, and reported in order to allow the Bank to adequately measure risk events and carry out any necessary corrective, preventive, and mitigation measures in a timely manner, including insurance where this is effective.

The 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 to estimate the expected losses and VaR of lawsuits, considering the expert opinion of the legal counsel, the subject matter of the cases when calculating the likelihood of loss 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. There is also another model for the calculation of litigation provisions where the results are obtained from historical probabilities, by lawyer and subject matter, whose effect allows to address possible losses from 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 Bank's upper management through a periodic information system that determines risk exposure.

Capital management:

Regulatory capital

The Bank's capital must always comply with the capital adequacy indicators established by SUGEF, which require that banks maintain a Capital Adequacy Ratio (CAR) of at least 10%. That ratio is calculated by dividing the Bank's base capital by total risk-weighted exposures. Management periodically monitors these requirements and reports to the board of directors on compliance.

The main purpose of capital management is to maintain an appropriate CAR that is above the current minimum level of 10% established in SUGEF Directive 3-06.

The strengthening of the Bank's capital includes defining internal appetites, focused on an adequate risk management and its risk profile. The current limits are as follows:

Internal limits on capital adequacy ratio as per SUGEF Directive 3-06			
Indicator	Appetite	Tolerance	Capacity
CAR	$x \geq 12\%$	$11\% \leq x \leq 12\%$	$x \leq 11\%$

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

(Continued)

(7) Collateralized or restricted assets

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

Restricted asset	Cause of restriction		2024	2023
Cash and due from banks:				
Checking account - colones (Note 9)	Minimum legal deposit	¢	751,324,654,939	674,624,219,747
Checking account - US dollars (Note 9*)*	Minimum legal deposit		313,230,845,360	310,665,848,876
Checking account - euro (Note 9)	Minimum legal deposit		4,408,611,700	3,780,738,253
Other cash and due from banks	Contingent guarantee of the Deposits Guarantee Fund (FGD)		141,915,260,473	132,853,293,781
		¢	1,210,879,372,472	1,121,924,100,657
Investments in financial instruments:				
Sovereign bond in USD	Jpmim-Asset-Committed	¢	76,277,530	-
Sovereign bond in USD	Nomura Bank Guarantee		46,519,710,361	47,437,394,548
Sovereign bond in USD	BNY Mellon		-	42,196,961,996
Sovereign bond in USD	SINPE guarantee		98,782,335,933	23,610,825,591
BEM CRC	SINPE guarantee		28,519,341,381	-
TP CRC	SINPE guarantee		29,036,064,266	-
		¢	202,933,729,471	113,245,182,135
Other assets:				
Other assets (Note 17)	Security deposits	¢	884,752,057	955,339,633

(8) Balances and transactions with related parties

As of December 31, balances and transactions with related parties are as follows:

		2024	2023
Assets:			
Checking accounts in foreign financial entities *(1)* (Note 9)	¢	33,600,771,714	35,092,573,776
Investments in financial instruments and accrued interest receivable		4,701,252,703	3,650,528,982
Other fees and commissions receivable		-	35,223,658
Accounts receivable *(2)* (Note 13)		-	39,771
Investments in other companies *(3)* (Note 15)		121,328,909,300	117,900,261,840
	¢	159,630,933,717	156,678,628,027
Liabilities:			
Demand obligations with entities *(4)* (Note 20)	¢	1,690,229,921	359,707,735
Term obligations with entities *(5)* (Note 20)		45,312,000	35,312,000
Charges payable for obligations with related parties		1,203,436	3,184,439
	¢	1,736,745,357	398,204,174
Income:			
Operating income *(6)*	¢	1,460,306,712	1,612,173,354
Gain on investments in other foreign companies		4,056,001,242	3,297,830,866
Gain on investments in entities supervised by SUGEVAL		4,795,664,389	4,115,411,052
Gain on investments in entities supervised by SUPEN		2,066,721,291	1,619,963,413
Gain on investments in entities supervised by SUGESE		5,382,407,781	4,818,352,596
	¢	17,761,101,415	15,463,731,281
Expenses:			
Finance costs *(7)*	¢	11,673,887	13,577,371
Operating expenses *(8)*		639,953,901	644,784,334
	¢	651,627,788	658,361,705

(Continued)

The aforementioned balances and transactions with related parties correspond to:

(1) balances in foreign checking accounts with BICSA, which bear interest at 2.25% per annum for both years
(2) accounts receivable from transactions with subsidiaries for services rendered
(3) investments in the share capital of entities over which the Bank exercises control or significant influence; for 2024, the Bank includes its ownership interest in BN Centro de Procesos, S.A.
(4) balance of the subsidiaries' checking accounts with the Bank
(5) balance of the subsidiaries' term certificates of deposit with the Bank
(6) commissions on the placement of investment funds, lease of physical space and services provided by the Bank to the subsidiaries
(7) commissions on the placement of funds and issue of term certificates of deposit
(8) services of the Bank's procedures and self-issue insurance unit *(Unidad de Trámites y Autoexpedibles*) and custody rental system.

a) Compensation to key management personnel

As of December 31, compensation to key management personnel is as follows:

		2024	2023
Short-term benefits	¢	1,091,262,345	1,272,841,934
Long-term benefits		141,864,105	165,469,451
Per diem – Board of directors		79,024,855	65,609,495
	¢	1,312,151,305	1,503,920,880

The price for services in transactions with subsidiaries are established by the Bank 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 Bank performs a transfer pricing study.

(9) Cash and cash equivalents

As of December 31, for purposes of reconciliation with the separate statement of cash flows, cash and cash equivalents are as follows:

		2024	2023
Cash and due from banks	¢	1,432,349,067,458	1,427,478,348,976
Investments with maturities of less than three months		213,097,090,178	212,896,906,483
	¢	1,645,446,157,636	1,640,375,255,459

As of December 31, cash and due from banks is as follows:

		2024	2023
Cash on hand and in vaults	¢	109,107,034,619	82,484,578,742
Cash in transit		8,047,161,985	20,232,690,853
Checking accounts in BCCR *(1)*		39,971,926,630	47,311,491,564
Minimum legal deposit in BCCR *(2)*		933,106,031,072	878,225,354,683
Checking accounts and demand deposits in State-owned commercial Banks and banks created under special laws		191,167,927	208,823,828
Checking accounts in foreign financial entities		156,817,329,704	222,086,875,168
Checking accounts and demand deposits with related parties (Note 9)		33,600,771,714	35,092,573,776
Overnight deposits in foreign financial entities		1,430,671,298	1,187,797,197
Transfers through the Interbank Electronic Payment System (SINPE)		580,990,764	1,358,743,569
Local notes receivable		5,701,625,927	4,748,056,421
Foreign notes receivable		1,879,095,345	1,688,069,394
Contingent guarantee of the Deposit Guarantee Fund (Fondo de Garantía de Depósitos, FGD)		141,915,260,473	132,853,293,781
	¢	1,432,349,067,458	1,427,478,348,976

(Continued)

(1) Checking accounts and demand deposits in BCCR include the balances of the minimum legal deposits required for 2024 and 2023 (see Note 7).

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

(10) Investments in financial instruments

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

		2024	2023
Investments at FVTPL	¢	13,753,951,371	19,041,719,976
Investments at FVOCI		714,878,088,634	528,307,163,689
Investments at amortized cost		763,238,847,389	726,259,042,468
	¢	1,491,870,887,394	1,273,607,926,133
Interest rate futures – Hedges	¢	26,553,805	81,481,170
Sale of FX futures - Other than hedges		-	282,823,967
Allowance for impairment of investments		(1,105,126,634)	(1,227,418,100)
Allowance for impairment of derivative instruments other than hedges		-	(1,414,120)
Accrued interest receivable on investments		22,295,841,206	20,073,599,275
	¢	1,513,088,155,771	1,292,816,998,325

As of December 31, investments in financial instruments bear the following minimum and maximum rates of return:

Currency	2024	2023
Colones	3.23% to 10.94%	3.23% to 10.94%
US dollars	0.25% to 9.20%	0.12% to 9.20%

a) *Investments at FVTPL*

As of December 31, investments at FVTPL are as follows:

		2024	2023
Local issuers			
Private issuers	¢	13,753,951,371	19,041,719,976
	¢	13,753,951,371	19,041,719,976

b) *Investments at FVOCI*

As of December 31, investments at FVOCI are as follows:

		2024	2023
Local issuers:			
Government of Costa Rica	¢	446,595,771,122	345,319,815,669
BCCR		117,088,021,773	83,911,118,412
	¢	563,683,792,895	429,230,934,081
Foreign issuers			
Governments	¢	41,506,134,084	38,225,271,617
Private issuers		49,207,107,125	33,254,466,882
Private banks		60,481,054,530	27,596,491,109
		151,194,295,739	99,076,229,608
	¢	714,878,088,634	528,307,163,689

c) *Investments at amortized cost*

As of December 31, investments at amortized cost are as follows:

		2024	2023
Local issuers			
Government of Costa Rica	¢	314,840,988,829	346,733,723,090
BCCR		104,772,933,858	118,613,605,871
Private banks		144,808,000,000	-
	¢	564,421,922,687	465,347,328,961
Foreign issuers			
Governments	¢	169,715,084,702	250,382,013,857
Private issuers		-	8,947,102,749
Private banks		29,101,840,000	1,582,596,901
		198,816,924,702	260,911,713,507
		763,238,847,389	726,259,042,468

As of December 31, 2024, the valuation of investments held for sale and restricted financial instruments gives rise to unrealized gains, net of deferred tax, in the amount of ¢1,678,451,067 (2023: unrealized gain, net of deferred tax, in the amount of ¢13,142,311,960). The cumulative balance of equity adjustments arising from the valuation of those investments is equivalent to unrealized gains amounting to ¢5,309,378,409 (2023: unrealized gains amounting to ¢3,630,927,342).

(Continued)

As of December 31, the following table shows the rating of investments by classification:

		2024	2023
BCCR			
B+	¢	-	170,524,723,874
BB-		200,086,105,503	-
State-owned banks			
F1+		21,774,850,128	-
Foreign private banks			
A		4,847,762,901	1,505,691,104
A-		9,162,675,733	11,783,156,069
A+		18,153,910,843	6,082,132,506
A2		4,101,840,000	4,215,040,000
AA-		1,285,064,044	201,895,906
AAA		2,551,423,876	4,696,480,315
BBB		277,143,219	289,679,736
BBB+		11,413,166,913	8,635,696,153
P1		25,000,000,000	-
Foreign private issuers			
A		3,093,369,360	198,491,750
A-		7,500,255,576	4,956,240,279
A+		6,346,974,177	245,702,590
AA		-	279,089,010
AA-		439,254,576	298,548,670
BBB		22,960,823,797	18,309,659,426
BBB-		7,625,233,555	7,660,298,178
BBB+		14,031,103,119	6,976,021,044
Local private issuers			
BB		10,006,510,321	15,263,063,032
BB-		3,747,441,024	3,778,656,909
Government of Costa Rica			
B+		-	692,053,538,986
BB-		761,436,759,921	
Foreign governments			
A		100,552,203	565,327,472
AA+		197,543,525,064	280,937,982,309
A1+		11,722,478,694	2,150,810,815
P1		1,854,662,847	-
Unrated			
N/A		144,808,000,000	32,000,000,000
	¢	1,491,870,887,394	1,273,607,926,133

(Continued)

(11) Derivative financial instruments

The Bank holds the following types of derivative financial instruments:

✓ *Derivatives as risk hedging instruments*

The Bank 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.

As of December 31, derivative financial instruments are as follows:

		2024			
Issuing bank		Notional		Valuation	Purpose
Chicago Board of Trade	US$	17,500,000	US$	48,039	Standardized futures contracts (maturing in 2025)
Amount in colones	¢	8,972,775,000	¢	24,631,067	

		2023			
Issuing bank		Notional		Valuation	Purpose
Chicago Board of Trade	US$	21,100,000	US$	39,672	Standardized futures contracts (maturing in 2024)
Amount in colones	¢	11,117,168,000	¢	20,902,320	

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.

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 December 31, 2024 and 2023
- 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.

As of December 31, standardized futures contracts were negotiated as part of the management of the financial derivatives portfolio as follows:

	2024	
	US dollars	Colones
Notional amount	17,500,000	8,972,775,000
Valuation		
Positive valuation	51,789	26,553,805
Negative valuation	(3,750)	(1,922,738)
Net valuation	48,039	24,631,067

	2023	
	US dollars	Colones
Notional amount	21,100,000	11,117,168,000
Valuation		
Positive valuation	154,648	81,481,170
Negative valuation	(114,977)	(60,578,850)
Net valuation	39,672	20,902,320

As of December 31, 2024, the Bank does not have swaps since they matured in November 2023.

✓ *Derivatives other than hedges*

Currency forwards:

The Bank entered into currency forwards with several clients. Under these derivative financial instruments, the Bank 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 Bank can offer to its clients pursuant to the authorization provided by BCCR to operate exchange rate derivatives.

For currency forwards, the Bank 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 the market interest rates in colones and US dollars applicable to different terms.

As of December 31, 2024, there is no inventory of forward contracts. The total amount as of 2023 is as follows:

		2023	
		US dollars	Colones
Total notional amount	¢	13,530,694	7,129,052,308
Valuation			
Positive valuation		-	282,823,967
Negative valuation		-	(101,908,050)
Net valuation	¢	-	180,915,917

As of December 31, the total notional amount (swaps, standardized futures contracts and forwards contracts) and its valuation is as follows:

		2024	2023
Total notional amount	¢	8,972,775,000	18,246,220,308
Positive valuation			
Standardized futures contracts		26,553,805	81,481,170
Forwards		-	282,823,967
		26,553,805	364,305,137
Negative valuation			
Standardized futures		(1,922,738)	(60,578,850)
Forwards		-	(101,908,050)
		(1,922,738)	(162,486,900)
Net valuation	¢	24,631,067	201,818,237

As of December 31, the effect of derivative financial instruments on profit or loss is as follows:

		2024	2023
Gains on derivative financial instruments	¢	3,485,051,228	5,087,635,474
Losses on derivative financial instruments		(3,421,957,810)	(5,115,197,936)
Net gain (loss)	¢	63,093,418	(27,562,462)

(Continued)

(12) Loan portfolio

(a) *Loan portfolio by sector*

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

		2024	2023
Trade	¢	407,437,309,424	371,781,559,841
Services *(1)*		1,262,632,584,656	1,194,584,316,434
Financial services *(1)*		75,294,364,528	87,339,538,238
Mining		422,160,729	350,175,300
Manufacturing and quarrying		173,475,469,960	162,916,740,222
Construction		71,730,360,067	59,369,407,971
Agriculture and forestry		116,106,911,727	111,481,852,965
Livestock, hunting and fishing		74,516,591,453	75,217,860,111
Electricity, water, sanitation and other related sectors		391,820,635,791	408,149,689,347
Transportation and telecommunications		44,790,309,993	38,350,015,905
Housing		1,544,742,737,310	1,488,855,876,419
Personal or consumer loans		844,145,237,998	698,675,675,272
Tourism		279,728,932,062	267,194,961,607
Total direct loans		5,286,843,605,698	4,964,267,669,632
Incremental costs directly related to loans		7,553,712,190	6,360,771,801
(Deferred income on loan portfolio)		(53,664,504,660)	(48,113,222,075)
Accrued interest receivable		83,019,726,234	90,753,414,848
Allowance for loan losses		(182,360,479,600)	(129,801,051,027)
Loan portfolio	¢	5,141,392,059,862	4,883,467,583,179

(1) As of December 31, 2024, the portfolio purchased by the Bank in November 2021 amounts to ¢68,520,203,203, distributed among the services and financial services sectors.

(Continued)

As of December 31, annual interest rates on loans receivable are as follows:

	2024		2023	
Currency	Rates	Average *(1)*	Rates	Average *(1)*
Colones	1% to 47.5%	13.29%	0.55% to 45.00%	13.93%
US dollars	1% to 30.36%	10.97%	1.45% to 28.00%	11.53%
DU	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 as of the close of the periods indicated.

(b) *Loan portfolio by arrears*

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

		2024	2023
Current	¢	4,990,778,098,145	4,668,689,481,414
1 to 30 days		74,086,597,421	71,108,212,985
31 to 60 days		70,995,698,750	70,798,742,194
61 to 90 days		26,126,800,167	30,738,298,218
91 to 120 days		11,687,776,474	15,698,248,759
121 to 180 days		20,611,584,814	22,961,539,684
More than 180 days		92,557,049,927	84,273,146,378
		5,286,843,605,698	4,964,267,669,632
Incremental direct costs related to loans		7,553,712,190	6,360,771,801
(Deferred income from loan portfolio)		(53,664,504,660)	(48,113,222,075)
Accrued interest receivable		83,019,726,234	90,753,414,848
Allowance for loan losses		(182,360,479,600)	(129,801,051,027)
	¢	5,141,392,059,862	4,883,467,583,179

(c) *Allowance for loan losses*

For the year ended December 31, movement in the allowance for loan losses is as follows:

		2024	2023
Balance at beginning of year	¢	129,697,632,868	139,365,727,145
Allowance expense for the year (Note 39)		100,896,753,324	34,554,387,752
Write-offs		(47,682,686,831)	(38,604,261,492)
Decrease in allowance		-	(381,416,885)
Adjustments for reclassification of allowance		103,418,159	-
Foreign exchange differences		(654,637,920)	(5,133,385,493)
Balance at end of year	¢	182,360,479,600	129,801,051,027

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*

As of December 31, movement the allowance for stand-by credits is as follows:

		2024	2023
Balance at beginning of year	¢	1,084,106,020	1,186,743,415
Allowance expense for the year (Note 36)		19,418,780	3,797,574
Foreign exchange differences		(919,596,080)	(106,434,969)
Balance at end of year	¢	183,928,720	1,084,106,020

(13) Accounts and fees and commissions receivable

As of December 31, accounts and fees and commissions receivable are as follows:

		2024	2023
Fees and commissions	¢	455,501,721	443,505,049
Accounts due from related parties (Note 8)		-	39,771
Accounts due from employees		37,419,583	22,122,592
Income tax receivable		128,982,918	133,040,592
Sundry accounts receivable related to credit cards		245,506,260	359,743,781
Other expenses receivable		22,350,650	22,226,905
Credit fraud		362,797,508	362,797,508
Misappropriation and theft		5,522,274,958	4,758,193,197
Other accounts receivable		2,495,886,408	2,555,608,667
Accrued interest receivable on other sundry accounts receivable		1,424,857	2,012,794
Allowance for impairment of accounts receivable		(7,705,642,797)	(7,499,658,577)
	¢	1,566,502,066	1,159,632,279

As of December 31, movement in the allowance for impairment of assets held for sale and per legal requirements is as follows:

		2024	2023
Opening balance	¢	7,499,658,577	4,258,988,840
Allowance expense (Note 36)		1,638,145,141	4,627,438,498
Decrease in allowance (Note 37)		(564,643,261)	(280,020,795)
Write-offs		(855,151,656)	(1,049,359,965)
Foreign exchange differences		(12,366,004)	(57,388,001)
Closing balance	¢	7,705,642,797	7,499,658,577

(Continued)

(14) Assets held for sale

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

		2024	2023
Assets acquired in lieu of payment	¢	29,008,040,263	98,643,910,547
Allowance for impairment of assets held for sale and per legal requirement		(4,643,919,175)	(62,186,753,305)
	¢	24,364,121,088	36,457,157,242

As of December 31, movement in the allowance for impairment of assets held for sale and per legal requirement is as follows:

		2024	2023
Opening balance	¢	62,186,753,305	60,686,913,169
Allowance expense (Note 36)		77,205,462	5,570,428,707
Disposal of assets held for sale		-	(55,884,627)
Decrease in allowance		(42,620,648,832)	(4,014,703,944)
Decrease in impairment		(130,868,827)	-
Initial recognition of impairment of assets not held for sale		(15,069,762,195)	-
Reclassification of assets not held for sale		201,240,262	-
Closing balance	¢	4,643,919,175	62,186,753,305

(15) Investments in other companies

As of December 31, investments in other companies are as follows:

		2024	2023
BN Valores Puesto de Bolsa, S.A.	¢	15,687,414,194	15,715,746,507
BN Sociedad Administradora de Fondos de Inversión, S.A.		13,102,732,430	11,698,732,022
BN Vital Operadora de Planes de Pensiones Complementarias, S.A.		14,404,763,461	14,588,058,584
BN Corredora de Seguros, S.A.		7,620,316,919	7,521,909,138
Investments in other non-financial entities *(1)*		971,961,406	1,070,623,300
Banco Internacional de Costa Rica, S.A. *(2)*		69,562,344,193	67,325,815,589
	¢	121,349,532,603	117,920,885,140

(1) As of December 31, the Bank's investments in other non-financial entities are as follows:

		2024		2023	Description
Interclear Central de Valores	¢	15,000,000	¢	15,000,000	To operate in the electronic custody of securities
Depósito Libre Comercial Golfito (Golfito Duty Free Shopping Center) per Article 24 of Law No. 7131		5,200,000		5,200,000	Golfito Duty Free Shopping Center
Other financial entities (cooperatives)		423,300		423,300	Investments in various cooperatives
Shares in BN Centro de Procesos S.A.		956,578,481		1,050,000,000	BN Centro de Procesos, S.A.
Equity adjustment - BN Centro de Procesos S.A.		(5,240,375)		-	BN Centro de Procesos S.A.
	¢	971,961,406		1,070,623,300	

(2) The Bank holds 49% ownership interest in BICSA, represented in 2024 and 2023 by 6,506,563 ordinary shares with a par value of US$10.

(16) Property, furniture, equipment and right-of-use assets, net

a) *Historical cost and depreciation*

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

		2024					
		Land	Buildings	Furniture and equipment	Computer hardware	Vehicles	Total
Cost:							
Historical cost at beginning of year	¢	4,303,234,680	70,579,059,825	81,168,830,468	49,105,340,579	267,496,597	205,423,962,149
Revalued cost at beginning of year		54,245,913,475	75,367,357,290	-	-	-	129,613,270,765
Revaluation of assets		-	-	8,656,287,791	4,267,210,127	-	12,923,497,918
Additions		-	493,768,543	-	-	-	493,768,543
Disposals		-	(216,388,346)	(6,286,478,790)	(3,317,594,945)	-	(9,820,462,081)
Adjustments		-	(471,102,191)	5,845,917	56,620,437	-	(408,635,837)
Balance at end of year		58,549,148,155	145,752,695,121	83,544,485,386	50,111,576,198	267,496,597	338,225,401,457
Accumulated depreciation:							
Balance at beginning of year		-	57,735,668,583	49,915,817,917	39,421,766,203	167,174,414	147,240,427,117
Depreciation expense on historical cost		-	1,603,041,730	8,249,126,368	3,963,145,992	15,065,430	13,830,379,520
Depreciation expense on revalued cost		-	1,180,430,312	-	-	-	1,180,430,312
Disposals		-	(163,654,102)	(6,100,917,047)	(3,102,798,335)	-	(9,367,369,484)
Adjustments		-	187,466,559	-	-	-	187,466,559
Balance at end of year		-	60,542,953,082	52,064,027,238	40,282,113,860	182,239,844	153,071,334,024
Net balance at end of year	¢	58,549,148,155	85,209,742,039	31,480,458,148	9,829,462,338	85,256,753	185,154,067,433

		2023					
		Land	Buildings	Furniture and equipment	Computer hardware	Vehicles	Total
Cost:							
Historical cost at beginning of year	¢	4,281,149,678	73,195,840,170	76,495,411,108	49,277,787,513	267,496,597	203,517,685,066
Revalued cost at beginning of year		49,667,757,458	65,580,690,062	-	-	-	115,248,447,520
Revaluation of assets		4,578,156,017	9,786,667,228	-	-	-	14,364,823,245
Additions		-	64,189,113	9,830,310,003	3,948,640,075	-	13,843,139,191
Disposals		-	-	(5,160,665,643)	(4,315,914,645)	-	(9,476,580,288)
Adjustments		22,085,002	(2,680,969,458)	3,775,000	194,827,636	-	(2,460,281,820)
Balance at end of year		58,549,148,155	145,946,417,115	81,168,830,468	49,105,340,579	267,496,597	335,037,232,914
Accumulated depreciation:							
Balance at beginning of year		-	53,833,621,251	47,159,961,346	40,097,710,656	152,108,984	141,243,402,237
Depreciation expense on historical cost		-	1,609,532,380	7,811,908,171	3,592,132,791	15,065,430	13,028,638,772
Depreciation expense on revalued cost		-	809,901,105	-	-	-	809,901,105
Disposals		-	-	(5,056,051,606)	(4,268,077,244)	-	(9,324,128,850)
Adjustments		-	1,482,613,872	-	-	-	1,482,613,872
Balance at end of year		-	57,735,668,608	49,915,817,911	39,421,766,203	167,174,414	147,240,427,136
Net balance at end of year	¢	58,549,148,155	88,210,748,507	31,253,012,557	9,683,574,376	100,322,183	187,796,805,795

The appraisals of the Bank’s land and buildings were performed 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.

(Continued)

b) *Right-of-use assets*

As of December 31, the right of use comprises the lease of land and buildings, as follows:

		2024	
		Right of use Buildings	Total
Cost:			
Balance at beginning of year	¢	63,569,406,183	63,569,406,183
Additions		46,650,173	46,650,173
Disposals		(33,138,157)	(33,138,157)
Adjustments		467,268,996	467,268,996
Balance at end of year		64,050,187,195	64,050,187,195
Accumulated depreciation:			
Balance at beginning of year		14,497,105,498	14,497,105,498
Depreciation expense		4,372,262,550	4,372,262,550
Disposals		(6,294,084)	(6,294,084)
Adjustments		2,298,395	2,298,395
Balance at end of year		18,865,372,359	18,865,372,359
Net balance at end of year	¢	45,184,814,836	45,184,814,836

		2023		
		Right-of-use - building	Right-of-use - vehicles	Total
Cost:				
Balance at beginning of year	¢	37,524,388,529	142,975,127	37,667,363,656
Additions		25,288,638,327	-	25,288,638,327
Disposals		(34,400,827)	(142,975,127)	(177,375,954)
Adjustments		790,780,154	-	790,780,154
Balance at end of year		63,569,406,183	-	63,569,406,183
Accumulated depreciation:				
Balance at beginning of year		10,657,612,976	119,411,823	10,777,024,799
Depreciation expense		3,874,685,370	23,563,284	3,898,248,654
Disposals		(35,192,849)	(142,975,107)	(178,167,956)
Balance at end of year		14,497,105,497	-	14,497,105,497
Net balance at end of year	¢	49,072,300,686	-	49,072,300,686

(Continued)

(17) Other assets

As of December 31, other assets are as follows:

		2024	2023
Deferred charges:			
Leasehold improvements *(1)*	¢	-	806,930
Cost of subordinated debt project		382,557,046	18,687,959
Other deferred charges		-	2,882,137
		382,557,046	22,377,026
Intangible assets:			
Software *(2)*		2,902,166,528	4,960,138,182
		2,902,166,528	4,960,138,182
Other assets held for sale outside the scope of IFRS 5 (3)			
Assets received in lieu of payment		69,866,985,170	-
Allowance for impairment of other assets held for sale outside the scope of IFRS 5		(14,868,521,934)	-
		54,998,463,236	-
Other assets:			
Prepaid taxes		20,779,497,957	13,901,890,103
Prepaid insurance policy		243,048,998	190,055,973
Other prepaid expenses		8,520,055,743	6,878,027,359
Stationery, office supplies and other materials		968,683,541	853,387,329
Leased assets		127,718,827	128,583,896
Library and artwork		389,879,193	400,081,892
Construction work-in-progress		1,893,491,859	214,941,893
Payments to welfare and trade associations		350,000	350,000
Other sundry assets		-	153,486,106
Operations pending settlement		5,706,614,293	11,514,246,772
Other operations pending application		47,380,318	87,848,438
Security deposits (Note 7)		390,689,063	671,214,354
Legal and administrative deposits (Note 7)		494,062,994	284,125,279
		39,561,472,786	35,278,239,394
	¢	97,844,659,596	40,260,754,602

(1) As of December 31, 2024, the amortization expense for leasehold improvements amounts to ¢806,930 (2023: ¢4,119,034).

(Continued)

(2) As of December 31, net intangible assets correspond to software and are as follows:

		2024	2023
Cost:			
Balance at beginning of year	¢	34,883,911,356	38,671,965,127
Additions		1,394,616,169	1,691,992,776
Disposals		(957,014,307)	(5,480,046,547)
Adjustments		(32,233,258)	-
Balance at end of year		35,289,279,960	34,883,911,356
Accumulated amortization:			
Balance at beginning of year		29,923,773,174	30,182,868,351
Expense for the year		3,392,737,641	5,217,919,219
Disposals		(957,014,307)	(5,477,014,396)
Adjustments		27,616,924	-
Balance at end of year		32,387,113,432	29,923,773,174
Net balance at end of year	¢	2,902,166,528	4,960,138,182

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

		2024	2023
Vehicles	¢	1,206,341,965	-
Property - Less than 1 year		17,838,270,549	-
Property - More than 1 year		50,815,410,855	-
Other		6,961,801	-
Other assets held for sale, gross		69,866,985,170	-
Allowance for impairment		14,868,521,934	-
Other assets held for sale, net	¢	54,998,463,236	-

As of December 31, 2024, a total of ¢1,436,995,730, corresponding to 44 assets, was reclassified from “Other assets held for sale” to “Assets held for sale”.

(18) Obligations with the public

As of December 31, obligations with the public by cumulative amount are as follows:

		2024	2023
Demand deposits:			
Checking accounts	¢	2,419,062,042,399	2,067,740,723,971
Certified checks		28,463,099	40,454,579
Savings deposits		2,443,165,716,646	2,335,834,266,373
Matured term deposits		15,570,279,668	18,980,585,108
Other demand deposits		116,179,324	102,743,561
Drafts and transfers payable		25,489,942	50,888,624
Cashier's checks		3,394,821,977	2,921,088,857
Advance collections from customers for credit cards		12,236,999,677	11,842,530,241
Trust fund obligations		25,595,212	11,776,361
		4,893,625,587,944	4,437,525,057,675
Term deposits:			
Deposits from the public		1,966,477,797,388	1,865,534,883,102
Other term deposits		79,112,090,442	88,860,097,273
		2,045,589,887,830	1,954,394,980,375
Other obligations with the public:			
Finance charges payable		53,734,841,817	58,484,221,323
	¢	6,992,950,317,591	6,450,404,259,373

As of December 31, 2024, deposits in checking accounts in colones bear interest at a maximum rate of 1.80% per annum (2023: at 3.05% per annum) on full balances and at a minimum rate of 0% per annum (2023: at 0% per annum) 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 (2023: at 0.20% per annum) on full balances and at a minimum rate of 0.00% per annum (2023: at 0% per annum) on balances greater than or equal to US$1,000.

(Continued)

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

Currency	2024	2023
Colones	2.89% to 5.95%	4.07% to 6.66%
US dollars	1.24% to 4.89%	1.24% to 4.89%

The Bank has term certificates of deposit that are restricted to secure certain loan operations. As of December 31, 2024, the balance of those term certificates of deposit is ¢85,101,944,485 (2023: ¢79,378,893,158). As of that date, the Bank has no inactive deposits with State-owned entities or other banks.

(19) Obligations with BCCR

As of December 31, obligations with BCCR are as follows:

		2024	2023
Financing of loans using internal funds *(i)*	¢	124,898,136,092	144,346,236,100
Financing of loans using external funds *(ii)*		125,644,411	125,644,412
Finance charges payable		3,692,788,618	3,115,180,965
	¢	128,716,569,121	147,587,061,477

i. Corresponds to the partial redemption of deferred term obligations (ODP).

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

As of December 31, obligations with financial entities are as follows:

		2024	2023
Demand:			
Checking accounts with local financial entities	¢	37,359,155,131	59,476,704,619
Savings deposits with local financial entities		52,228,088	42,687,081
Outstanding checks		787,488,484	704,527,230
Matured term deposits		164,560,456	54,975,010
Checking accounts and obligations with related parties (Note 8)		1,690,229,921	359,707,736
		40,053,662,080	60,638,601,676
Term:			
Lease liabilities – leased assets received *(1)*		48,729,782,576	51,502,089,230
Notes payable for BNCR financing *(3)(4)*		28,557,449,509	28,146,736,965
Loans from foreign financial entities *(2)(4)*		63,908,132,141	42,150,400,000
Term deposits with local financial entities		42,686,863,997	85,404,630,024
Obligations with related financial entities (Note 8)		45,312,000	35,312,000
Obligations with funds from the Development Credit Fund		138,211,449,993	140,350,657,066
		322,138,990,216	347,589,825,285
Charges payable for loans with local financial entities *(3)*		49,283,577	64,154,159
Charges payable for other demand and term obligations with financial entities – foreign currency		107,112,984	45,747,567
Charges payable for other demand and term obligations with financial entities – local currency		637,302,132	1,649,079,016
Charges payable for loans with foreign financial entities		205,999,804	211,684,857
		999,698,497	1,970,665,599
	¢	363,192,350,793	410,199,092,560

(Continued)

(1) *Lease liabilities*

As of December 31, long-term lease liabilities and their current portion are as follows:

	2024	2023
In colones	8,594,039,067	8,130,593,259
In US dollars	78,278,516	82,317,598
	48,729,782,576	51,502,089,230

As of December 31, 2024, the exchange rate used is ¢512.73 (2023: ¢526.88).

As of December 31, lease operations are as follows:

	2024			2023		
	No. of operations	Interest rates	Maturity	No. of operations	Interest rates	Maturity
In colones	21	6.49% and 15.00% per annum	2026 and 2049	20	5.56% and 15.00% per annum	2023 and 2048
In US dollars	52	4% and 8.85% per annum	2024 and 2048	53	3.57% and 8.85% per annum	2024 and 2048
	73			73		

As of December 31, future minimum lease payments are as follows:

		2024		
		Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	¢	6,499,244,597	3,953,599,788	2,545,644,809
Between one and five years		32,280,168,124	15,677,639,599	16,602,528,525
More than five years		40,221,969,903	10,640,360,661	29,581,609,241
	¢	79,001,382,624	30,271,600,048	48,729,782,576

		2023		
		Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	¢	6,542,547,296	4,212,242,582	2,330,304,714
Between one and five years		33,069,443,244	17,273,912,190	15,795,531,054
More than five years		46,470,632,234	13,094,378,773	33,376,23,462
	¢	86,082,622,774	34,580,533,544	51,502,089,230

As of December 31, the amounts recognized in profit or loss are as follows:

		2024	2023
Interest on lease liabilities	¢	4,180,908,218	3,949,221,230
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	¢	224,719,132	242,906,157

As of December 31, the amounts recognized in the statement of cash flows are as follows:

		2024	2023
Cash flows for leases	¢	(2,345,888,809)	(2,584,359,400)

As of December 31, the reconciliation of the lease obligations with cash flows from financing activities is as follows:

		2024	2023
Balance at beginning of year	¢	51,502,089,230	31,333,785,099
Changes due to cash flows from financing activities:			
New financial obligations		46,650,173	25,277,458,326
Settlement of financial obligations		(2,345,888,809)	(2,584,359,400)
Total changes due to cash flows from financing activities		49,202,850,594	54,026,884,026
Other changes			
Adjustments		673,264,652	1,326,372,486
Foreign exchange differences		(1,146,332,671)	(3,851,167,282)
Balance at end of year	¢	48,729,782,576	51,502,089,230

(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

(3) As of December 31, the maturity of loans, term obligations and charges due to financial entities is as follows:

		2024		
		Local	Foreign	Total
One to two years		1,599,108,810	-	1,599,108,810
Three to five years		-	38,660,749,799	38,660,749,799
More than five years	¢	27,007,624,276	25,552,516,528	52,560,140,804
		28,606,733,086	64,213,266,327	92,819,999,413

		2023		
		Local	Foreign	Total
One to two years	¢	1,714,219,091	-	1,714,219,091
Three to five years		727,828,554	-	727,828,554
More than five years		25,768,843,479	42,368,951,842	68,137,795,321
	¢	28,210,891,124	42,368,951,842	70,579,842,966

As of December 31, 2024, loans due to financial entities abroad bear interest at rates ranging from 6.65% to 9.46% per annum (2023: from 6.65% to 10.45% per annum).

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

		2024	2023
Balance at beginning of year	¢	70,297,136,965	142,752,227,398
Changes due to cash flows from financing activities			
New financial obligations		26,769,300,000	-
Settlement of financial obligations		(3,521,980,314)	(59,467,572,285)
Foreign exchange differences		(1,078,875,000)	(12,987,518,148)
Changes due to cash flows from financing activities		22,168,444,686	(72,455,090,434)
Balance at end of year	¢	92,465,581,651	70,297,136,966

(21) Income tax

Pursuant to the Costa Rican *Income Tax Law*, the Bank is required to file income tax returns each year. As of December 31, income tax is as follows:

a) *Income tax for the year*

For the year ended December 31, the income tax expense is as follows:

		2024	2023
Current tax:			
Current tax expense for the year	¢	19,802,093,056	14,640,617,850
Prior-period income tax expense		-	14,189,237,931
Decrease in prior-period income tax		-	(1,207,402,403)
		19,802,093,056	27,622,453,378
Deferred tax:			
Deferred tax expense		782,585,921	1,750,364,950
Deferred tax income		(881,505,825)	(1,026,086,812)
Total deferred tax expense, net		(98,919,904)	724,278,138
Tax expense, net	¢	19,703,173,152	28,346,731,516

(Continued)

As of December 31, 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:

		2024		2023	
Income before income tax	¢	99,171,445,103		92,689,993,342	
Plus (less) tax effect of:					
Non-deductible expenses		339,523,553,377	514%	531,225,826,310	1089%
Deductible expenses		(14,486,101,949)	22%	(32,784,309,722)	67%
Non-taxable income		(361,120,553,252)	547%	(542,329,450,426)	1111%
Taxable income		2,918,633,577	4%	-	
Tax base		66,006,976,856		48,802,059,504	
Tax rate		30%		30%	
Income tax expense		19,802,093,056	30%	14,640,617,851	30%
Prior-period income tax expense		-		14,189,237,931	
Decrease in prior-period income tax		-		(1,207,402,403)	
Deferred tax expense		782,585,921		1,750,364,950	
Deferred tax income		(881,505,825)		(1,026,086,812)	
Deferred tax, net		(98,919,904)		724,278,138	
Income tax, net	¢	19,703,173,152	20%	28,346,731,516	31%

b) Deferred tax

As of December 31, deferred tax assets and liabilities are as follows:

		2024		
		Assets	Liabilities	Net
Right-of-use assets *(1)*	¢	1,063,490,321	-	1,063,490,321
Unrealized gain		-	(1,582,105,585)	(1,582,105,585)
Revaluation of property		-	(11,038,471,240)	(11,038,471,240)
Tax base of property and equipment		-	(4,918,495,908)	(4,918,495,908)
	¢	1,063,490,321	(17,539,072,733)	(16,475,582,412)

	2023		
	Assets	Liabilities	Net
Unrealized losses on valuation of investments	¢ 12,403,363	-	12,403,363
Right-of-use assets *(1)*	728,936,564	-	728,936,564
Unrealized gain	-	(964,250,000)	(964,250,000)
Revaluation of property	-	(11,279,487,553)	(11,279,487,553)
Tax base of property and equipment	-	(4,682,862,055)	(4,682,862,055)
	¢ 741,339,927	(16,926,599,608)	(16,185,259,681)

(1) As of December 31, 2024, the deferred income tax, net, arises from the right-of-use assets and lease liabilities in the amount of ¢14,618,934,772 and ¢13,555,444,451, respectively (2023: ¢15,409,817,680 and ¢14,680,881,116, respectively).

Deferred tax assets and liabilities are as follows:

	December 2023	Included in the income statement	Included in equity	December 2024
Unrealized losses on valuation of investments	¢ 12,403,364	-	(12,403,364)	-
Right of use	728,936,564	334,553,757	-	1,063,490,321
Unrealized gains on valuation of investments	(964,250,000)	-	(617,855,585)	(1,582,105,585)
Revaluation of property	(11,279,487,553)	-	241,016,313	(11,038,471,240)
Tax base of property and equipment	(4,682,862,055)	(235,633,853)	-	(4,918,495,908)
	¢ (16,185,259,680)	98,919,904	(389,242,636)	(16,475,582,412)

	December 2022	Included in the income statement	Included in equity	December 2023
Unrealized losses on valuation of investments	¢ 5,220,960,893	-	(5,208,557,530)	12,403,363
Right-of-use assets	1,333,033,888	(604,097,324)	-	728,936,564
Unrealized gains on valuation of investments	-	-	(964,250,000)	(964,250,000)
Revaluation of property	(9,042,911,729)	-	(2,236,575,824)	(11,279,487,553)
Tax base of property and equipment	(4,562,681,241)	(120,180,814)	-	(4,682,862,055)
	¢ (7,051,598,189)	(724,278,138)	(8,409,383,354)	(16,185,259,681)

(Continued)

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

As of December 31, 2024, the Bank has not recognized a deferred tax liability in the amount of ¢4,221,941,066 (2023: ¢4,194,660,781), given that it controls the moment when the subsidiaries pay dividends.

Tax returns filed by the Bank for the years ended December 31, 2023 and the tax return that will be filed for the year ended December 31, 2024 are open to review by the Tax Authorities.

(22) Provisions

As of December 31, provisions are as follows:

		2024	2023
Severance benefits	¢	262,665,483	273,267,615
Litigation		10,436,730,583	7,697,392,275
Inactive checking and savings accounts liquidated		595,320,728	620,538,390
Variation in RIVM methodology		490,003,103	490,003,103
Notice of deficiency		-	13,208,825,814
Deposit Guarantee Fund		330,892,330	359,766,964
Other		401,631,231	345,623,330
	¢	12,517,243,458	22,995,417,491

As of December 31, movement in provisions is as follows:

		2024			
		Severance benefits	Litigation	Other	Total
Balance as of December 31, 2023	¢	273,267,614	7,697,392,275	15,024,757,601	22,995,417,490
Increase in provision		34,406,499	6,669,813,359	18,486,194,881	25,190,414,739
Used		(15,066,819)	(3,233,367,124)	(31,683,069,138)	(34,931,503,081)
Decrease in provision		(29,941,811)	(697,107,927)	(10,035,952)	(737,085,690)
Balance as of December 31, 2024	¢	262,665,483	10,436,730,583	1,817,847,392	12,517,243,458

		2023			
		Severance benefits	Litigation	Other	Total
Balance as of December 31, 2022	¢	276,113,280	3,921,350,933	6,530,275,991	10,727,740,204
Increase in provision		44,252,685	6,462,507,866	16,424,657,762	22,931,418,313
Used		(824,588)	(2,491,034,947)	(4,778,092,351)	(7,269,951,886)
Decrease in provision		(46,273,763)	(195,431,577)	(3,152,083,800)	(3,393,789,140)
Balance as of December 31, 2023	¢	273,267,614	7,697,392,275	15,024,757,602	22,995,417,491

The Bank is a defendant in litigation, and it considers an outflow of economic benefits. The Bank has estimated future outflows and made the following provisions:

		Claimed amount		Provision	
Type		2024	2023	2024	2023
Ordinary - in colones	¢	10,849,311,122	9,127,774,142	5,689,885,528	4,585,057,063
Ordinary - in US dollars		-	50,905,903,822	1,274,588,112	493,184,731
Criminal - in colones		1,081,199,813	1,081,199,813	32,119,187	-
Labor - in colones		72,825,433	507,232,942	3,440,137,757	2,619,150,481
	¢	12,003,336,368	61,622,110,719	10,436,730,584	7,697,392,275

(Continued)

(23) Other sundry accounts payable

As of December 31, other sundry accounts payable are as follows:

		2024	2023
Professional fees	¢	4,183,570	10,256,779
Creditors - goods and services		13,500,004,209	8,554,807,793
Value added tax		60,856,602	134,724,641
Employer contributions		14,761,483,472	12,783,703,891
Court-ordered withholdings		4,449,723,255	3,768,408,201
Tax withholdings		2,073,870,191	2,351,866,300
Employee withholdings		796,180,917	877,381,967
Other third-party withholdings		62,984,215	6,639,015
Compensation		26,307,331,482	21,445,465,131
Statutory allocations		27,786,595,120	33,702,484,531
Clearing house operations		17,927,419	29,509,914
Accrued vacation		6,199,995,259	5,569,632,627
Accrued statutory Christmas bonus		2,688,079,601	2,374,800,848
Assets held for sale		121,845,725	74,718,278
Provisional deposits for the payment of premiums		1,566,756,051	1,738,380,030
Property		458,809,401	499,480,720
Master Card and Visa payments		2,524,732,701	2,318,945,542
Amounts received for partial sales of assets held for sale		1,276,339,792	741,645,816
SICOP guarantees		839,003,676	1,191,484,721
Other various creditors		3,414,221,116	4,368,229,716
Interest rate futures - Hedges (Note 10)		1,922,738	60,578,850
Purchase of FX futures		-	101,908,049
	¢	108,912,846,512	102,705,053,360

(24) Other liabilities

As of December 31, other liabilities are as follows:

		2024	2023
Deferred income:			
Deferred fees and commissions for trust management	¢	73,712,721	88,687,508
		73,712,721	88,687,508
Operations pending application:			
Operations pending settlement		7,811,542,872	16,561,870,009
Other operations pending settlement		11,860,505,482	16,466,611,653
		19,672,048,355	33,028,481,662
	¢	19,745,761,075	33,117,169,170

(25) Subordinated obligations

As of December 31, subordinated obligations are as follows:

Entity	Interest rate per annum	Term	Maturity		2024	2023
IDB	6-month LIBOR + 6.30% in the first 5 years and 6-month LIBOR + 6.80% thereafter	10	02/18/2032		45,000,000	45,000,000
CABEI	6-month LIBOR + 5.25% in the first 5 years and 6-month LIBOR + 5.75% thereafter *(3)*	15	10/23/2029		-	18,000,000
AFD	Fixed rate at 8.28% over the entire term *(1)*	10	09/29/2031		15,000,000	15,000,000
FINDEV	6-month LIBOR + 6.30% in the first 5 years and 6-month LIBOR + 6.80% thereafter	10	02/18/2032		30,000,000	30,000,000
IDB BLUE BOND	TermSOFR + relevant differential *(2)*	10	08/22/2034		25,000,000	-
FINANCE BLUE BOND (LAGreen Fund – BLUE BOND)	Relevant differential: 4.50% per annum in the first 5 years and 4.75% per annum thereafter *(2)*	10	0822/2034		5,000,000	-
FINDEV BONO AZUL	TermSOFR + relevant differential *(2)*	10	08/22/2034		20,000,000	-
				U$	140,000,000	108,000,000
			Equivalent in colones	¢	71,782,200,000	56,903,040,000
			Finance charges payable		2,654,476,956	2,162,739,037
				¢	74,436,676,956	59,065,779,037

(Continued)

(1) Credit facility agreement CCR1006 02 subscribed by Banco Nacional de Costa Rica and the French Development Agency, authorized by SUGEF on December 23, 2021.

(2) 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.

(3) 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

As of December 31, the Bank's share capital is as follows:

		2024	2023
Capital under Law No. 1644	¢	144,618,072,265	144,618,072,265
Bank capitalization bonds		27,618,957,837	27,618,957,837
	¢	172,237,030,102	172,237,030,102

(b) Capital reserves

As of December 31, capital reserves are as follows:

		2024	2023
Legal reserve	¢	442,629,403,835	403,604,716,089
Statutory reserve for assets held for sale		5,939,120,794	5,469,216,249
Excess of statutory reserve for loans		7,014,303,085	3,474,656,733
Statutory dynamic provision		10,423,516,175	9,649,609,539
	¢	466,006,343,889	422,198,198,610

(c) Equity of the Development Financing Fund

As of December 31, 2024, the allocation of the Bank's earnings for the creation of the Development Financing Fund (FOFIDE) amounts to ¢55,759,613,350 (2023: ¢48,624,595,226).

(27) Memoranda accounts

The Bank has off-balance sheet commitments and contingencies that arise in the normal course of business and involve elements of credit and liquidity risk. As of December 31, the notional amounts of foreign exchange derivatives are as follows:

		2024	2023
Sureties	¢	1,389,700	1,562,307
Performance bonds		27,390,378,717	34,129,139,530
Bid bonds		2,389,378,924	971,873,015
Other guarantees		924,452,598	607,314,326
Letters of credit		1,592,238,778	1,249,911,325
Credits pending disbursement		113,383,348	115,233,348
		32,411,222,065	37,075,033,851
Pre-approved lines of credit		353,434,430,740	305,513,773,333
Other contingencies not related to loans		6,583,686	6,583,686
Other contingencies - Pending litigation and lawsuits (Note 47)		56,364,312,183	61,622,110,720
		409,805,326,609	367,142,467,739
Sale of FX futures – Other than hedges		-	7,129,052,308
	¢	442,216,548,674	411,346,553,898

Letters of credit, guarantees and sureties granted expose the Bank to credit loss in the event of noncompliance by the customer. The Bank’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. 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 separate statement of financial position until the commitments are fulfilled or expire.

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

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

- management and investment trusts
- management trusts with a testamentary clause
- guaranty trusts
- housing trusts
- management and investment public trusts.

BANCO NACIONAL DE COSTA RICA

Notes to the Separate Financial Statements

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	Trusts with public funds	Guaranty and custody of stock	Rentier management and investment	Premium protection	Equity planning	Trusts with public funds	Total
Trust assets																
Cash and due from banks	¢	149,760,326	30,816,508	1,025,470	435,897	-	-	-	-	3,848,860	186,858,258	-	1,346,285	325,725,348	2,475,409	702,292,361
Investments in financial instruments		1,759,860,838	215,515,828	2,535,974,595,282	2,780,080,647	1,980,230	839,947	-	-	-	15,963,116,045	-	327,666,558	2,249,586,142	-	2,559,273,241,517
Loan portfolio		-	-	-	-	-	-	-	-	-	5,495,274,577	-	-	-	-	5,495,274,577
Accounts and accrued interest receivable		906,338,485	-	85,885,137	3,797,791	-	-	225,026,040	-	52,766,954,389	64,600,826,506	1,004,937	-	-	-	118,589,833,285
Assets held for sale		-	-	-	-	-	-	-	-	-	33,725,272	-	-	-	-	33,725,272
Investments in other companies		-	-	4,848,010,000	14,141,273	25,160,000	-	-	-	-	-	-	-	-	460,000	4,887,771,273
Property and equipment		7,175,334,166	-	117,801,446,361	1,069,780,959	-	-	1,544,041,161	-	-	466,705,442	283,559,514	-	-	-	128,340,867,603
Other assets		81,681,906	-	4,380,293,474	4,764,277	-	-	-	4,921,751,133	19,797,921,759	113,858,958	-	-	-	-	29,300,271,507
	¢	10,072,975,721	246,332,336	2,663,091,255,724	3,873,000,844	27,140,230	839,947	1,769,067,201	4,921,751,133	72,568,725,008	86,860,365,058	284,564,451	329,012,843	2,575,311,490	2,935,409	2,846,623,277,395

As of December 31, 2023, trust capital is invested in the following assets:

Nature of trust		Cash or property management	Portfolio management	Guaranty	Testamentary	Custody of stock	Guaranties and cash management	Management, custody and guaranty	Public works	Custody of stock and cash management	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	¢	81,692,425	30,786,916	1,053,760	451,296	-	-	-	6,875,417	-	127,540,443	-	263,108	265,357,798	-	514,021,163
Investments in financial instruments		1,789,411,491	194,555,114	2,454,831,273,130	2,782,697,883	1,910,879	-	-	13,592,157,660	810,531	16,200,900,322	-	744,174,713	2,277,188,737	75,180,552	2,492,490,261,012
Loan portfolio		-	-	-	-	-	-	-	-	-	5,251,717,346	-	-	-	-	5,251,717,346
Accounts and accrued interest receivable		23,552,039	-	73,540,329	7,530,828	-	206,022,430	-	60,612,840,304	-	87,735,074,689	746,690	-	-	306,279	148,659,613,588
Assets held for sale		-	-	-	-	-	-	-	-	-	59,775,957	-	-	-	-	59,775,957
Investments in other companies		-	-	4,902,010,000	11,142,688	25,160,000	-	-	-	-	-	-	-	-	460,000	4,938,772,688
Property and equipment		7,175,334,166	-	118,367,261,922	1,069,780,959	-	1,544,041,161	-	30,421,442,290	-	436,468,877	283,559,514	-	-	337,565,998	159,635,454,887
Other assets		83,107,486	-	3,087,897,448	3,107,427	-	-	5,106,159,561	20,896,629,206	-	1,523,349,187	-	-	-	29,724	30,700,280,039
	¢	9,153,097,607	225,342,030	2,581,263,036,589	3,874,711,081	27,070,879	1,750,063,591	5,106,159,561	125,529,944,877	810,531	111,334,826,821	284,306,204	744,437,821	2,542,546,535	413,542,553	2,842,249,896,680

(Continued)

The types of trusts managed by the Bank 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.

(Continued)

(29) Other debit memoranda accounts

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

	2024	2023
Guarantees received in the Bank's custody	¢ 110,573,426,326	4,624,785,721
Guarantees on financial instruments	-	1,022,606,729
Other guarantees received in the Bank's custody	12,865,062,361,688	9,907,679,287,963
Lines of credit granted but unused	442,261,335,382	431,997,000,239
Guarantees received in the Bank's custody	127,849,201,928	145,801,796,899
Overdrafts obtained but unused	55,000,000	55,000,000
Loans settled	486,895,459,320	457,744,467,939
Other accounts receivable settled	27,940,398,021	25,037,420,793
Accrued interest receivable settled	47,462,709,684	44,134,262,935
Interest income on non-accrual loans of loan portfolio	40,271,515,783	37,569,403,174
Supporting documentation received in the Bank's custody	401,402	5,102
Securities issued pending placement	-	69,037,000,000
Notified letters of credit	880,885,522	2,909,592,202
Notional value subject to interest rate futures (Note 11)	8,972,775,000	11,117,168,000
Reversals made to income accounts for the year	29,358,998,302	32,235,526,621
Reversals made to expense accounts for the year	193,612,694,125	156,620,327,279
Nondeductible expenses	339,523,553,377	531,225,826,310
Nontaxable income	361,120,553,252	542,329,450,425
Other memoranda accounts	136,874,424,794	123,510,344,006
	15,218,715,693,906	12,524,651,272,337
Third-party debit memoranda accounts	1,637,710,425,088	1,668,740,260,281
Own debit memoranda accounts for custodial activities	708,498,437,176	583,156,384,372
Third-party debit memoranda accounts for custodial activities	17,822,623,003,105	16,330,529,345,402
	¢ 20,168,831,865,369	18,582,425,990,055
	¢ 35,387,547,559,275	31,107,077,262,392

(Continued)

(30) Income from financial instruments

For the year ended December 31, income from financial instruments are as follows:

		2024	2023
Cash and due from banks:			
Checking accounts and demand deposits in foreign entities	¢	15,867,393,207	14,672,806,141
		15,867,393,207	14,672,806,141
Financial instruments:			
Investments at FVTPL		195,857,904	151,415,159
Investments at FVOCI		39,441,927,647	39,864,460,421
Investments at amortized cost		42,603,025,648	38,598,763,201
Investments in past due and restricted securities		10,250,827,544	3,015,836,300
		92,491,638,743	81,630,475,081
	¢	108,359,031,950	96,303,281,222

(31) Income from loan portfolio

For the year ended December 31, income from the loan portfolio is as follows:

		2024	2023
Current loans:			
Individuals	¢	217,824,743,724	204,181,168,237
Development Banking System		9,617,625,244	9,280,682,329
Business		80,669,997,735	82,099,955,024
Corporate		101,027,830,583	108,116,724,527
Public sector		17,188,239,855	15,685,509,713
Financial sector		4,250,999,643	7,123,959,308
		430,579,436,784	426,487,999,138
Past due loans and loans in legal collection:			
Individuals		23,432,116,498	25,424,916,463
Development Banking System		508,739,050	684,831,171
Business		7,379,251,908	12,113,996,689
Corporate		2,673,213,847	4,919,697,376
Public sector		75,429,392	125,537,296
Financial sector		139,717	3,153,608
In legal collection		4,431,333,429	6,470,398,234
Amortization of net commission of incremental direct costs related to loans		1,353,423,249	1,108,090,801
		39,853,647,090	50,850,621,638
	¢	470,433,083,874	477,338,620,776

(32) Other finance income

For the year ended December 31, other finance income is as follows:

		2024	2023
Fees and commissions on letters of credit	¢	12,485,806	14,502,775
Fees and commissions on guarantees granted		417,661,006	369,856,085
Gain on sale of financial instruments		367,407,827	49,520,084
Gain on fair value hedge for item measured at cost		-	4,297,998,430
Other sundry finance income		61,686,578	109,482,803
Charges for overdue operations		1,477,776,165	1,474,996,726
Charges to customers for overdue operations - microcredits		410,292,881	358,744,084
Sundry finance income from late fees		885,685,044	742,981,665
	¢	3,632,995,307	7,418,082,652

(33) Finance costs for obligations with the public

For the year ended December 31, finance costs for obligations with the public are as follows:

		2024	2023
Demand deposits	¢	89,774,777,418	104,495,384,441
Term deposits		121,895,764,550	139,819,907,148
	¢	211,670,541,968	244,315,291,589

(34) Finance costs for obligations with financial entities

For the year ended December 31, finance costs for obligations with financial entities are as follows:

		2024	2023
Demand obligations	¢	3,964,221,900	4,944,334,104
Term obligations		12,845,044,724	26,211,816,073
	¢	16,809,266,624	31,156,150,177

(Continued)

(35) Other finance costs

For the year ended December 31, other finance costs are as follows:

		2024	2023
Fees and commissions on letters of credit obtained	¢	232,127,760	245,726,614
Loss on financial instruments measured at amortized cost		34,201,175	-
Loss on hedged item measured at cost from fair value hedge on interest rate risk		-	5,457,107,985
Other sundry finance costs		212,614,393	249,846,624
	¢	478,943,328	5,952,681,223

(36) Expenses for allowance for impairment of assets

For the year ended December 31, expenses for allowance for impairment of assets are as follows:

		2024	2023
Allowance for loan losses (Note 12)	¢	58,090,874,911	27,578,110,407
Allowance for impairment of other accounts receivable (Note 13)		1,638,145,141	4,627,438,498
Allowance for stand-by credit losses (Note 12)		19,339,500	3,797,574
General and counter-cyclical allowance for loan portfolio (Note 12)		42,786,459,633	6,972,479,771
General and counter-cyclical allowance for stand-by credit losses (Note 12)		79,280	-
Allowance for impairment of investments at FVOCI		902,552,321	1,911,379,402
Allowance for impairment of financial instruments at amortized cost		365,546,110	861,607,159
Allowance for impairment of operations with derivative financial instruments		722,147	4,158,770
	¢	103,803,719,043	41,958,971,581

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

For the year ended December 31, income from recovery of assets and decreases in allowances and provisions is as follows:

		2024	2023
Recovery of loan write-offs	¢	13,253,884,372	15,787,471,167
Recovery of accounts receivable write-offs		40,349,829	6,557,263
Decrease in allowance for loan losses (Note 6)		-	381,416,885
Decrease in allowance for impairment of other accounts receivable (Note 8)		564,643,261	280,020,795
Decrease in allowance for impairment of investments in financial instruments (Note 6)		1,184,406,459	5,418,388,699
	¢	15,043,283,921	21,873,854,809

(38) Income from service fees and commissions

For the year ended December 31, operating income from service fees and commissions is as follows:

		2024	2023
Drafts and transfers	¢	12,145,743,618	12,120,204,586
Certified checks		682,401	1,351,882
Trusts		1,717,936,473	1,757,318,072
Custodial services		2,320,790,594	2,151,438,461
Banking mandates		-	105,129
Collections		9,651,915	15,569,268
Credit cards		64,439,309,855	65,463,676,282
Management services		2,954,692,752	3,452,908,639
Insurance underwriting		3,932,922	646,979,694
Transactions with related parties		959,809,058	801,871,540
Commissions charged to other affiliates due to covenants		14,283,321,572	14,180,208,049
Servibanca local interchange		23,525,143,515	25,161,084,350
Other service fees and commissions		14,360,256,224	12,337,290,826
	¢	136,721,270,899	138,090,006,778

(Continued)

(39) Other operating income

For the year ended December 31, other operating income is as follows:

		2024	2023
Recovery of expenses *(1)*	¢	2,328,736,287	2,845,028,645
Net valuation of other assets (Note 6)		386,690,647	698,955,881
Other income from accounts receivable		1,693,541	2,245,790
Savings accounts liquidation		186,417,026	175,026,318
Administrative charges - PMEP		345,697,986	245,796,988
Liquidation of term certificate of deposit not claimed		848,507,096	474,014,971
Liquidation of checks		195,383,320	400,048,789
Fines applied to vendors		452,866,551	266,763,525
Excess cash from human teller		169,312,558	186,347,808
Commission due to markup of BN cards		1,105,799,092	1,019,711,835
Other operating income		632,210,813	642,618,253
Decrease in provisions		737,085,689	3,393,789,140
	¢	7,390,400,606	10,350,347,943

(1) When the *Law of Public Administration's Salaries* (Law No. 9908) became effective, the provision for the payment of employee annuities was reversed.

(40) Expenses for assets held for sale and assets held for sale outside the scope of IFRS 5

For the year ended December 31, expenses for assets held for sale and assets held for sale outside the scope of IFRS 5 are as follows:

		2024	2023
Expenses for assets held for sale			
Loss on sale of assets awarded in judicial auctions	¢	2,923,517,463	4,963,231,382
Management of assets received in lieu of payment		3,837,020	8,425,067
Management of assets awarded in judicial auctions		6,370,849,636	5,524,997,488
Loss on impairment of assets held for sale *(Note 14)*		77,205,462	191,081,290
Loss on allowance for impairment of assets held for sale and per legal requirement (Note 14)		-	5,379,347,417
Other expenses for assets held for sale		15,091,062	10,589,747
	¢	9,390,500,643	16,077,672,391
Assets held for sale outside the scope of IFRS 5			
Expense for management of assets received in lieu of payment	¢	70,225,468	-
		70,225,468	-
	¢	9,460,726,111	16,077,672,391

(41) Provision expenses

For the year ended December 31, provision expenses are as follows:

		2024	2023
Severance benefits	¢	34,406,500	44,252,684
Pending litigation		6,669,813,359	6,462,507,866
"BN Premios" points program		3,914,262,114	3,314,172,009
Notice of deficiency *(Note 41)*		13,110,754,314	11,645,700,382
Deposit Guarantee Fund		1,461,178,453	1,464,785,370
	¢	25,190,414,740	22,931,418,311

(Continued)

(42) Other operating expenses

For the year ended December 31, other operating expenses are as follows:

		2024	2023
Penalties for noncompliance with regulatory legal provisions	¢	8,085	25,414
Net valuation of other liabilities (Note 6)		308,781,157	1,275,069,483
Value-added tax expense		1,455,444,322	1,201,858,991
Income tax on foreign remittances		6,358,514	6,542,854
8% and 15% tax on income from interest on investments in financial instruments		51,110,689	348,697,943
Property tax		299,598,626	300,697,092
Patents		1,176,915,633	1,125,304,246
Other local taxes		165,482	87,330
Other foreign taxes		23,126	35,889
Transfer to FINADE		1,937,287,671	2,994,377,819
Amortization of deferred direct costs related to loans		628,735,230	580,100,897
Costs of microfinance insurance policies		4,627,519,808	3,368,466,623
Customer remittances		1,784,994,023	876,427,206
Authorization abroad		3,093,310,851	2,186,169,100
Cost of quarterly processing of credit cards		26,297,198,663	17,304,771,980
Life insurance unpaid balance		14,355,889,934	8,648,777,832
Software maintenance and licenses		18,088,195,923	11,839,032,850
Sundry operating expenses		7,272,607,458	21,616,948,555
	¢	81,384,145,195	73,673,392,104

(Continued)

(43) Personnel expenses

For the year ended December 31, personnel expenses are as follows:

		2024	2023
Salaries and bonuses, permanent staff	¢	70,933,766,071	69,992,443,816
Salaries and bonuses, contractors		2,496,051,443	2,366,312,914
Compensation for directors and statutory examiners		79,024,855	65,609,495
Overtime		875,037,790	678,002,694
Travel expenses		499,912,050	455,482,468
Statutory Christmas bonus		8,296,272,443	7,748,729,738
Vacation		6,648,986,497	6,379,549,201
Incentives		4,200,314,735	9,737,291
Other compensation		7,701,049,142	6,589,094,579
Severance benefits		4,896,394,933	4,570,121,254
Employer social security taxes		33,593,147,572	31,549,989,376
Refreshments		207,917,297	83,045,631
Uniforms		517,139,673	528,406,669
Training		626,528,258	771,211,330
Employee insurance		260,734,360	253,037,233
Back-to-school bonus		8,151,852,064	7,881,501,321
Mandatory retirement savings account		1,622,480,100	1,516,273,300
Other personnel expenses		443,124,504	552,178,182
	¢	152,049,733,787	141,990,726,492

(44) Other administrative expenses

For the year ended December 31, other administrative expenses are as follows:

		2024	2023
Outsourcing	¢	36,695,277,654	31,196,356,326
Transportation and communications		4,100,453,667	3,635,564,925
Infrastructure		32,250,405,581	31,238,106,917
Overhead		23,582,847,651	21,245,131,147
	¢	96,628,984,553	87,315,159,315

(45) Statutory allocations

For the year ended December 31, statutory allocations are as follows:

		2024	2023
CONAPE 5%	¢	4,958,572,254	4,634,499,667
Nacional Emergency Commission 3%		2,598,211,394	2,473,833,354
INFOCOOP 10%		7,181,256,840	7,094,104,247
RIVM 15%		12,991,056,971	12,369,166,773
	¢	27,729,097,459	26,571,604,042

(46) Fair value of financial instruments

As of December 31, 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:

		2024	
		Carrying amount	Fair value
Financial assets:			
Cash and due from banks	¢	1,432,349,067,458	1,432,349,067,458
Investments at amortized cost		763,238,847,389	770,461,299,230
Loan portfolio		5,323,752,539,462	5,293,848,770,968
	¢	7,519,340,454,309	7,496,659,137,656
Financial liabilities:			
Demand deposits from the public and financial entities	¢	4,971,731,185,033	4,971,731,185,033
Other demand obligations with the public		15,682,906,808	15,682,906,808
Term deposits from the public and financial entities		2,496,445,447,167	2,515,448,715,981
	¢	7,483,859,539,008	7,502,862,807,822

(Continued)

		2023	
		Carrying amount	Fair value
Financial assets:			
Cash and due from banks	¢	1,427,478,348,976	1,427,478,348,976
Investments at amortized cost		726,259,042,468	726,311,934,174
Loan portfolio		5,013,268,634,206	5,078,215,432,860
	¢	7,167,006,025,650	7,232,005,716,010
Financial liabilities:			
Demand deposits from the public and financial entities	¢	4,541,821,596,590	4,541,821,596,590
Other demand obligations with the public		14,826,284,084	14,826,284,084
Term deposits from the public and financial entities		2,449,571,867,137	2,469,749,126,024
	¢	7,006,219,747,811	7,026,397,006,698

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 separate balance sheet:

(a) Cash and due from banks, accrued interest receivable, other accounts receivable, demand deposits from the public, accrued interest payable and other liabilities.

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 December 31, 2024 and 2023.

(Continued)

(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.

As of December 31, financial instruments measured at fair value by level in the fair value hierarchy are as follows:

		2024			
		Level 1	Level 2	Level 3	Total
FVTPL	¢	-	10,006,510,347	3,747,441,024	13,753,951,371
FVOCI	¢	714,878,088,526	-	-	714,878,088,526
Derivative financial instruments	¢	-	-	51,184,872	51,184,872

		2023			
		Level 1	Level 2	Level 3	Total
FVTPL	¢	-	15,263,063,067	3,778,656,909	19,041,719,976
FVOCI	¢	528,307,163,386	-	-	528,307,163,386
Derivative financial instruments	¢	-	-	102,383,490	102,383,490

(Continued)

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).

ii. Recurring Level 3 fair values

As of December 31, financial instruments categorized as Level 3 in the fair value hierarchy are measured as follows:

		2024			2023		
		FVTPL	Derivative financial instruments	Term obligations with foreign financial entities	FVTPL	Derivative financial instruments	Term obligations with foreign financial entities
Opening balance	¢	3,778,656,909	102,383,490	-	4,262,329,996	-	103,761,660,525
Valuation		70,264,519	4,290,104	-	48,135,757	20,902,320	1,145,892,786
Amortizations		-	-	-	-	-	(856,607,365)
Exchange differences		(101,480,404)	(55,488,722)	-	(531,808,844)	81,481,170	(104,050,945,946)
Closing balance	¢	3,747,441,024	51,184,872	-	3,778,656,909	102,383,490	-

(47) <u>Contingencies</u>

As of December 31, the Bank is a defendant in ordinary, labor and criminal lawsuits as follows:

Number of cases as defendant				Total estimated amount	
2024	2023	Phase		2024	2023
198	273	First instance	¢	48,228,484,383	48,572,060,843
17	18	Second instance		945,229,815	127,080,500
58	43	Appeal		7,190,597,985	12,922,969,377
273	334	(Note 22)	¢	56,364,312,183	61,622,110,720

Legal actions filed against the Bank are booked in memoranda accounts under “Other contingencies - pending litigation and lawsuits.”

As of December 31, the Bank is a claimant in ordinary, labor and criminal lawsuits for which the outcome is uncertain; they are not booked in the accounting records. The lawsuits are as follows:

Number of cases as claimant				Total estimated amount	
2024	2023	Phase		2024	2023
214	227	First instance	¢	54,784,285,529	82,114,453,888
-	1	Second instance		-	33,449,683
1	1	Appeal		15,255,204,109	12,770,124,232
215	229		¢	70,039,489,638	94,918,027,803

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.

(Continued)

- *File No.: 11-001042-0612-PE.*

  ✓ Court: Office of Economic, Tax, and Customs Crimes

  ✓ 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.

  ✓ Latest activity: Resolution dated November 16, 2022 set the date for the preliminary hearing from September 2 to November 29, 2024. However, the hearing will take place from October 21 to 26 and from November 25 to 29, 2024 solely to hear previous aspects, as indicated by the resolution.

  ✓ Current status: A complaint and a civil lawsuit were filed.

- *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.

  ✓ 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.

  ✓ Current status: An appeal for nullification with a higher court was filed, dated October 10, 2024, and is under study by the First Chamber of the Supreme Court of Justice.

(Continued)

- *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).

  ✓ 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.

  ✓ 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.

- *<u>File No.: 18-011428-1027-CA</u>*

  ✓ 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.

  ✓ Latest activity: The wait of the oral public trial, set for May 8 and 9, 2024, was suspended as an attempt to reach an out-of-court settlement.

  ✓ 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.

- *<u>File No.: 19-007376-1027-CA</u>*

  ✓ 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.

  ✓ 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.

  ✓ Current status: The motions are pending resolution. If they are rejected, the proceedings will continue with 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.

  ✓ Latest activity: The answer to the complaint was filed in due time and form. Awaiting the preliminary hearing to be set.

  ✓ Current status: The answer to the complaint was filed in due time and form.

(48) 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 December 31, 2024, the loan portfolio that required at least one modification to the originally agreed conditions amounts to ¢1,121,879,572,935 representing 21.22% of the total loan portfolio (2023: ¢1,312,692,854,100 representing 26.44% of the total loan portfolio).

(Continued)

The loan portfolio, restructured at least once due to COVID-19, by economic activity, is as follows:

		2024	2023
Agriculture and forestry	¢	19,753,247,988	27,930,051,024
Trade		77,561,578,814	101,587,782,118
Construction		20,862,988,840	23,746,122,736
Consumer or personal loans		57,778,733,427	78,475,192,293
Electricity, water, sanitation and other related sectors		135,103,825,012	140,834,903,322
Mining		236,081,858	262,574,377
Livestock, hunting and fishing		15,673,411,741	19,365,099,282
Industry		35,372,665,788	42,531,009,820
Services		283,340,934,800	345,622,322,816
Financial services		21,007,257,145	23,249,333,712
Transportation, communication and storage		12,763,579,198	15,643,776,134
Tourism		70,318,201,539	82,556,612,628
Housing		372,107,066,785	410,888,073,838
		1,121,879,572,935	1,312,692,854,100
Accounts and accrued interest receivable		2,247,410,744	2,359,575,276
Loans restructured due to COVID-19		1,124,126,983,679	1,315,052,429,376
Allowance for doubtful accounts		(38,956,563,748)	(37,413,455,849)
	¢	1,085,170,419,931	1,277,638,973,527

of December 31, the loan portfolio, restructured at least once due to COVID-19, by arrears, is as follows:

		2024	2023
Current	¢	1,000,199,005,379	1,160,232,297,800
1 to 30 days		34,837,481,099	38,977,129,524
31 to 60 days		30,405,931,522	45,737,237,629
61 to 90 days		11,841,346,068	14,669,105,915
91 to 120 days		3,485,693,889	5,263,928,539
121 to 150 days		1,092,883,033	2,593,238,158
In legal collection		40,017,231,945	45,219,916,535
		1,121,879,572,935	1,312,692,854,100
Accounts and accrued interest receivable		2,247,410,744	2,359,575,276
Total loans restructured due to COVID-19		1,124,126,983,679	1,315,052,429,376
Allowance for loan losses		(38,956,563,748)	(37,413,455,849)
Loan portfolio, net	¢	1,085,170,419,931	1,277,638,973,527

(Continued)

As of December 31, the loan portfolio, restructured at least once due to COVID-19, by guarantee, is as follows:

		2024	2023
Collateral	¢	10,319,634,419	21,052,318,468
Surety		4,463,690,657	9,655,517,340
Assignment of loans		32,198,005,454	39,010,985,819
Back-to-back		1,466,811,375	1,915,900,090
Mortgage		520,403,023,534	593,164,016,788
Trust		89,627,429,280	102,101,169,773
Surety - Mortgage		103,202,638,747	124,090,497,068
Surety - Trust		118,775,571,315	143,549,822,378
Other		195,720,056,925	227,438,307,702
Not assigned		2,086,673,285	2,349,998,065
Surety - Collateral		1,261,893,363	2,478,302,178
Collateral - Mortgage		527,206,977	608,650,253
Surety - Collateral - Mortgage		1,201,774,128	2,042,793,834
Securities		19,677,940,402	21,413,418,170
Mortgage - Trust		88,547,552	90,917,308
Surety - Securities		21,262,172	25,399,658
Mortgage - BTB		43,431,398	-
Collateral - Trust		20,793,981,952	21,704,839,208
		1,121,879,572,935	1,312,692,854,100
Accounts and accrued interest receivable		2,247,410,744	2,359,575,276
Loans restructured due to COVID-19		1,124,126,983,679	1,315,052,429,376
Allowance for loan losses		(38,956,563,748)	(37,413,455,849)
Loan portfolio, net	¢	1,085,170,419,931	1,277,638,973,527

(49) 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.

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.

(Continued)

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 ¢39,102,783,764, and it prepared a claim to initiate legal proceedings. The claim was filed on August 5, 2024, before the Administrative Court.

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.

As of December 31, 2024, 2,552 loan operations were placed under this modality, applying a discount to the interest rate on the loans in colones in the amount of ¢120,764,583,575, reaching an average rate of the operations already processed of 6.00%. The remaining average maturity term is 9.11 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.

d) *Treatment of foreign exchange differences as per ruling DGT-R-09-2022*

The Bank filed a consultation before the Costa Rican Tax Administration pursuant to Article 119 of the Tax Code of Standards and Procedures, in relation to the treatment of the exchange differences provided through Ruling DGT-R-09-2022. That consultation was served and communicated via e-mail according to Official Letter MH-DGT-OF-119-0001-2023, dated January 31, 2023. The answer reads as follows:

In accordance with the above, considering that the consulting party is an entity regulated by the Superintendency General of Financial Entities (SUGEF), for purposes of calculation of exchange differences, the calculation is made according to the regulation on the position in foreign currency of foreign exchange intermediaries set forth in Article 4 of the Cash Operations Regulations, issued by the Board of Directors of the Central Bank of Costa Rica and Number 4 of Ruling DGT-R-009-2022…Take into account that such ruling is applicable to the 2022 fiscal period, in accordance with Number 5 of the mentioned ruling.

(50) 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 Bank'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.

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) <u>IAS 21: The Effects of Changes in Foreign Exchange Rates</u>

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.

(Continued)

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) <u>Sustainability standards:</u>

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 S2 were adopted by the Costa Rican Institute of Public Accountants as of January 1, 2024. Their application is voluntary as of January 1, 2024 and they will be mandatory as follows:

- Companies with a public obligation of accountability, that are supervised and regulated by CONASSIF, will report in 2026 the information on the fiscal year ended December 31, 2025.

- Companies categorized as large taxpayers before the Tax Administration that are not part of subsection a), will report in 2027 the information on tax year ended December 31, 2026.

- Other entities outside of the categories mentioned in subsections a) and b) that apply IFRS can adopt IFRS S1 AND 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.

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.

(51) 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.

(52) Annual individual contribution as per Decree No, 44705-H

Decree No. 44705-H, published in Alcance No. 199 of the Official Gazette, dated December 9, 2024, of subparagrapgh 2 of Article 8, sets forth the obligation of SUGEF-regulated entities to disclose in their notes the amount of the annual retained earnings, based on which the contribution to the superintendency's budget would be calculated.

Accordingly, for the year ended December 31, the detail is as follows:

		2024	2023
Finance income			
Cash and due from banks	¢	15,867,393,207	14,672,806,140
Investments in financial instruments		92,491,638,743	81,630,475,081
Accrued interest on current loans		430,579,436,785	426,487,999,138
Accrued interest on past due loans and loans in legal collection		39,853,647,089	50,850,621,638
Position in derivative financial instruments		3,485,051,228	5,087,635,474
Foreign exchange differences and development units		306,996,098,875	491,833,073,312
Other finance income		11,491,661,401	13,975,965,330
		900,764,927,327	1,084,538,576,113
Income from recovery of assets and decrease in allowances and provisions			
Recovery of liquidated financial assets		13,294,234,202	15,794,028,430
Decrease in allowance for loan losses		564,643,261	661,437,680
Decrease in allowance for investments in instruments		1,184,406,458	5,418,388,699
Decrease in provisions		737,085,689	3,393,789,140
		15,780,369,610	25,267,643,949
Other operating income			
Service fees and commissions		136,721,270,899	138,090,006,778
Assets held for sale		44,406,215,915	5,503,416,095
Investments in other companies		16,300,794,703	13,526,712,380
Foreign currency exchange and arbitrage		32,456,045,708	33,097,424,168
Other assets held for sale outside of the scope of IFRS 5		1,212,979	-
Other income from related parties		972,305,273	1,230,025,206
Other operating income		6,653,314,916	6,956,558,803
		237,511,160,393	198,404,143,430
Total gross income	¢	1,154,056,457,331	1,308,210,363,492