Interclear Central de Valores, S.A.

Financial Statements

For the year ended December 31, 2016 and for the
two-month period ended December 31, 2015
(with the Independent Auditors' Report)

Deloitte & Touche
Centro Corporativo El Cafetal
Edificio Deloitte
La Ribera, Belén, Heredia
Costa Rica

Tel: (506) 2246 5000
Fax: (506) 2246 5100
www.deloitte.com/cr

INDEPENDENT AUDITORS' REPORT

To the General Superintendence of Securities, the Board of Directors, and
Stockholders of Interclear Central de Valores, S.A.

Opinion

We have audited the accompanying financial statements of Interclear Central de Valores, S.A., ("the Company"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the statements of profit or loss and other comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Interclear Central de Valores, S.A. as of December 31, 2016 and 2015, its financial performance and its cash flows for the years then ended, in accordance with the International Financial Reporting Standards and with the regulatory provisions and the disclosure and accounting standards set out by the National Supervisory Board of the Financial System (CONASSIF), which are detailed in Note 2.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and in accordance with the regulatory provisions, disclosure standards, and accounting standards issued by the National Supervisory Board of the Financial System and by the General Superintendence of Securities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent from Bolsa Nacional de Valores, S.A., in accordance with the Code of Professional Ethics of the Association of Certified Public Accountant of Costa Rica, the Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC), and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on Matters

Accounting Basis – We direct the attention to Note 2 to the financial statements, where the accounting basis used by the Company is described, and which are regulated by the General Superintendence of Securities (SUGEVAL). The accompanying financial statements have been prepared in accordance with the formats, disclosure standards, and regulations issued by the National Supervisory Board of the Financial System and SUGEVAL, for their presentation to the regulatory entity, and as a result of this, such financial statements may not be appropriate for other purposes. Our opinion is not modified in regards to this matter.

Responsibilities of Management and Those Charged with the Entity´s Governance with the Individual Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the legal and regulatory provisions set out by the International Financial Reporting Standards, and in accordance with the regulatory provisions, disclosure standards, and accounting standards set out by the National Supervisory Board of the Financial System and by the General Superintendence of Securities, as indicated in Note 2 and for the internal control that Managements deems necessary to allow the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In the preparation of financial statements, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing as it may be necessary, the matters related to the going concern principle and using such accounting basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those in charge of the Company's governance are responsible for the supervision of the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the International Standards on Auditing and the legal and regulatory provisions issued by the National Supervisory Board of the Financial System and by the General Superintendence of Securities, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

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- 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 Company’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 in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available at the date of the auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

  Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Jose A. Zúñiga Taborda - C.P.A. No.1491
Insurance Policy No.0116 FIG 7
Expires: September 30, 2017
Revenue stamp of Law No.6663, ¢1.000

February 21, 2017

INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2015
(Expressed in Colones without Cents)

	Notes	2016	2015
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	2.d, 4	¢ 570,664,381	¢ 143,926,768
Investments in financial instruments	2.c, 5	732,481,726	556,782,125
Accounts receivable	2.e, 6	106,275,552	128,904,709
Deferred tax assets	2.f, 11b	780,902	-
Total current assets		**1,410,202,561**	**829,613,602**
Other assets	7	19,718,366	38,192,703
TOTAL ASSETS		¢ **1,429,920,927**	¢ **867,806,305**
LIABILITY AND STOCKHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	2.e, 8	¢ 61,462,399	¢ 133,490,385
Accumulated expenses and other accounts payable	2.g, 2.h, 9	12,396,871	6,153,051
Income tax payable	2.f, 16	163,881,427	15,982,662
TOTAL LIABILITIES		237,740,697	155,626,098
EQUITY			
Capital stock	11a	550,000,000	525,000,000
Non-capitalized equity contributions	11a	37,508,885	22,348,282
Unrealized losses from valuation of investments	2.o, 11b	(1,822,105)	-
Legal reserve	2.i	30,839,277	8,756,201
Retained earnings		575,654,173	156,075,724
TOTAL EQUITY		1,192,180,230	712,180,207
TOTAL LIABILITIES AND EQUITY		¢ **1,429,920,927**	¢ **867,806,305**
MEMORANDA ACCOUNTS	13	¢ **5,745,489,838,400**	¢ **5,781,712,317,059**

MBA Gustavo Monge
General Manager

MBA Cathy Marín
Accountant

MBA Javier Prendas
Internal Auditor

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

INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2016 and for the two-month period ended as of December 31, 2015
(Expressed in Colones without Cents)

	Note		2016		2015
Income:					
Custody and operations - local	14	¢	1,150,937,795	¢	194,596,178
Custody and operations - international	14		122,414,455		23,922,859
Trust management			121,465,246		-
Computer services			30,086,018		5,289,950
Income from book entries			26,443,396		6,393,044
Administrative services			50,034,722		-
Total operating income	2.k		1,501,381,632		230,202,031
General and administrative expenses	2.k, 15		(903,137,931)		(169,280,917)
Operating profit			598,243,701		60,921,114
Other income and expenses					
Income on investments			19,881,746		15,594,100
Exchange rate differences - net			2,259,180		85,789
Other income and expenses - net			2,039,660		243,095
Total other income and expenses			24,180,586		15,922,984
Profit before income tax			622,424,287		76,844,098
Income tax	2.f, 16		(180,762,762)		(18,375,000)
Net profit			**441,661,525**		**58,469,098**
Other comprehensive income, net of income tax					
Items that could be reclassified to losses and profits					
Unrealized loss from valuation of investments	2.o, 11b		(1,822,105)		-
Comprehensive income of the year		¢	**439,839,420**	¢	**58,469,098**

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INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the year ended December 31, 2016 and for the two-month period ended as of December 31, 2015
(Expressed in Colones without Cents)

	Note	Capital Stock	Non-Capitalized Equity Contributions	Unrealized Losses from Valuation of Investments	Legal Reserve	Retained Earnings	Total Equity
Balance as of December 31, 2014		¢ **425,000,000**	**-**	**-**	**5,832,746**	**100,530,081**	**531,362,827**
Capital increase	11a	100,000,000		-		-	100,000,000
Non capitalized equity contributions	11a		22,348,282	-			22,348,282
Transfer to reserve					2,923,455	(2,923,455)	-
Comprehensive income of the year		-	-	-	-	58,469,098	58,469,098
Balance as of December 31, 2015		¢ **525,000,000**	**22,348,282**	**-**	¢ **8,756,201**	¢ **156,075,724**	¢ **712,180,207**
Capital increase	11a	25,000,000		-		-	25,000,000
Non capitalized equity contributions	11a		15,160,603	-			15,160,603
Transfer to reserve	2.i				22,083,076	(22,083,076)	-
Comprehensive income of the year				(1,822,105)		441,661,525	439,839,420
Balance as of December 31, 2016		¢ **550,000,000**	**37,508,885**	¢ **(1,822,105)**	¢ **30,839,277**	¢ **575,654,173**	¢ **1,192,180,230**

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INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2016 and for the two-month period ended as of December 31, 2015
(Expressed in Colones without Cents)

	Note		2016		2015
Cash flows of the operating activities					
Net profit		¢	441,661,525	¢	58,469,098
Items applied to results that do not require the use of funds					
Adjustments to reconcile the net profit with net cash provided by the operating activities:					
Amortization	7		9,040,463		15,806,906
Net losses from exchange rate differences			(4,144,925)		74,303
Interest income			(19,881,746)		(15,594,100)
Income tax expense	16		180,762,762		18,375,000
			607,438,079		77,131,207
Variation in assets, (increase) or decrease					
Accounts receivable			25,124,050		(124,344,631)
Ne variation in liabilities, increase or (decrease)					
Accounts payable			(68,356,097)		134,718,979
Accumulated expenses and other accounts payable			6,243,820		6,153,051
			570,449,852		93,658,606
Interest charged			10,198,460		15,594,100
Income tax paid			(32,863,997)		(2,392,338)
Net cash flows provided by the operating activities			547,784,316		106,860,368
Net cash flows of investment activities					
Increase in other assets			6,628,422		(21,620,809)
Increase in investments in financial instruments			(167,835,728)		(64,008,222)
Net cash flows used in the investment activities			(161,207,306)		(85,629,031)
Net cash flows of financing activities					
Capital contribution	11a		25,000,000		100,000,000
Non capitalized equity contributions	11a		15,160,603		22,348,282
Net cash flows provided by the financing activities			40,160,603		122,348,282
Net increase in cash and cash equivalents			426,737,613		143,579,618
Cash and cash equivalents at the beginning of the year			143,926,768		347,150
Cash and cash equivalents at the end of the year	4	¢	570,664,381	¢	143,926,768

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

1. Operations and Organization

Interclear Central de Valores, S.A., hereinafter ("the Company" or INTERCLEAR) was organized under the laws of the Republic of Costa Rica, and it was authorized through Resolution SGV-R-1997 of the General Superintendence of Securities (SUGEVAL) on January 28, 2009. This Company was created with the purpose of complying with the shareholding structure requisite established by the Securities Market Regulatory Law No. 7732 for this type of entity, where Bolsa Nacional de Valores, S.A (Costa Rican National Stock Exchange) can participate up to 40% of capital stock.

For this reason, starting on November 1, 2015, this Company assumes all operations that were previously performed by Central de Valores, S.A.; thus, as of this date, it becomes the new entity responsible of electronic custody and management of securities through the book entry systems. In this sense, the statement of profit or loss and other comprehensive income for 2015 contains the statement of operations for the months of November and December of this year.

Interclear Central de Valores, S.A. is a corporation that consists of 23 stockholders (22 in 2015), out of which the National Stock Exchange owns an interest of 40.0%, in compliance with the provisions established in the Custody Regulations for the entities supervised by SUGEVAL.

As of December 31, 2016, the Company operates with 12 employees (11 employees in 2015), and it is located at Parque Empresarial Forum, in Santa Ana.

The information regarding the Company and the services rendered can be found at the official website: www.interclearcr.com.

2. Significant Accounting Policies

a. Basis for the Preparation of the Financial Statements

The financial statements have been prepared based on the accounting provisions issued by the National Supervisory System of the Financial Board (CONASSIF) and by the General Superintendence of Securities (SUGEVAL).

The financial statements were approved by the Audit Committee on February 21, 2017.

b. Functional Currency and Transactions in Foreign Currency

The Company's accounting records are kept in Costa Rican colones (¢), legal tender of the Republic of Costa Rica and functional currency of the Company. The transactions in foreign currency are recorded at the exchange rate in force as of the date of the transaction. The assets and liabilities in foreign currency are adjusted at the end of each period using the purchasing exchange rate established by the Central Bank of Costa Rica in force as of such date. The exchange rate differences resulting from the liquidation of rights and obligations denominated in foreign currency, as well as the adjustment of balances as of closing date, are recorded against the operating results of the period in which they occur. The exchange rates as of December 31, 2016 for purchasing and selling foreign currency were ¢548,18 and ¢561,10, respectively, (¢531,94 and ¢544,87 in 2015)

c. Financial Instruments

A financial instrument is any contract that originates a financial asset at a company, and at the same time, a financial liability or equity instrument at another company. The principal financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable.

i. Classification

Marketable instruments are those that the Company keeps with the purpose of generating short term profits. However, according to the current regulation, only investments in open-end funds are recorded as marketable instruments.

Accounts receivable as classified as instruments originated by the Company since they were established in order to provide a borrower with funds and not to generate profits on the short term.

Available for sale assets are those financial assets that are not held to maturity, have not been originated by the Company, nor will be kept until maturity.

Held-to-maturity investments are debt securities with defined yields and terms that the Company has the intention and capacity to keep until maturity. According to the current regulations, the Company cannot use the category of held-to-maturity investments.

ii. Recognition

The Company recognizes marketable and available-for-sale financial assets and liabilities on the date in which it commits to buy or sell the financial instrument. As of this date, any profit or loss from resulting from changes in the market value is recognized.

iii. Measurement

Financial instruments are initially measured at cost, including transaction costs. For financial assets, cost is the fair value of the counteritem given. For financial liabilities, cost is fair value of the counteritem received. Transaction costs included in the initial measurement are those costs resulting from the purchase of the investment.

After the initial measurement, all marketable and available for sale securities are registered at fair value. Those instruments that do not have a quote price in an active market and for which other methods to estimate fair value haven clearly shown inappropriate or inapplicable are recorded at cost, plus the transactions costs, less any impairment loss. If a reasonable valuation arises in subsequent date, such instruments are valued at fair value.

Held-to-maturity securities are shown at fair value, and interest earned and dividends are recognized as income. Changes in fair value of these securities, if any, are directly registered in other comprehensive income until such securities are sold, or when it is determined that they have suffered an impairment loss. In these cases, accumulated losses or earning previously recognized in other comprehensive income are included in the net profit or loss of the year.

The items originated by the Company and financial liabilities that are not marketable are recorded at amortized cost, using effective interest rate method.

iv. Profits and Losses and Subsequent Measurements

Profits and losses resulting from changes in fair value of marketable and available-for-sale investments are recognized in the statement of profit or loss and other comprehensive income, respectively.

v. Write-Off of Financial Assets

A financial asset is written off when the Company loses control of contractual rights in which the asset is included. This occurs when the rights are realized, expire, or are assigned to a third party.

Available for sale and marketable investments that are sold are written off, and they are corresponding account receivable from the buyer is recognized on the date in which the Company commits to sell the asset. The Company uses the specific identification method to determine the profits or losses realized as a result of the written-off asset.

A financial liability is written off when the obligation specified in the contract has been paid, canceled, or has expired.

vi. Financial Asset Impairment

Financial assets that are recorded at cost or at amortized cost are reviewed by the Company as of the date of each balance sheet in order to determine if there is objective evidence of impairment. Should there be any evidence, impairment loss is recognized, based on the estimated recoverable amount.

If during a subsequent period, the impairment loss amount is decreased, and decrease can be objectively linked to an event occurred after determining the loss, such loss is reversed and its effect is recognized in the statement of income and loss and other comprehensive income.

d. Cash and Cash Equivalents

The balance of cash, deposits at sight, and fixed term deposits, as well as investments in securities intended to be converted into cash within a term no greater than three months, are considered as cash and cash equivalents.

e. Accounts Receivable and Payable

Accounts receivable and payable are recorded at nominal value pending of collection and payment, respectively.

f. Income Tax

Income tax of the period is calculated according to the provisions established by the Costa Rican Income Tax Law and its Regulations. Should any tax result from this calculation, it is charged to profits and losses and credited to a liability account.

Deferred income tax is recognized on the temporary differences that arise from the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax asset is recognized for all temporary deductible differences. A deferred tax asset is recognized for all temporary deductible differences to the extent that the future taxable profit will be offset against those temporary deductible differences that can be used. These assets and liabilities are not recognized if the temporary differences arise from initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax or the accounting profit. Also, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of the surplus.

The carrying amount of the deferred tax asset is subject to review at the end of each reporting period, and it should be reduced, to the extent it is likely that there will be no sufficient tax profit in the future to recover the totality of part of the asset.

Deferred tax assets and liabilities should be measured using the tax rates that are expected to be applied in the period in which the asset is realized or the liability is paid off, based on rates (and tax laws) that at the end of the reporting period have been approved or practically approved once the approval process has been concluded.

The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would result from the way in which the entity expects, at the end of the reporting period, to recover or liquidate the carrying amount of its assets and liabilities.

g. Provisions

A provision is recognized in the statement of financial position when the Company acquires a legal or contractual obligation as a result of a past event, when it is likely that an economic disbursement occurs to pay off such obligation, and when it is possible to estimate it with high accuracy. The recognized provision is approximate to payoff value; however, it cannot differ from the final amount. The estimated value of the provisions is adjusted to the date of statement of financial position that directly affects the statement of profit or loss and other comprehensive income.

h. Employees' Legal Benefits

(i) Termination or Dismissal Benefits

The Costa Rican legislation requires payment of severance benefits to personnel dismissed without just cause, at the moment of death, or retirement. The law establishes the equivalent to 7-day payment for staff who has worked between 3 and 6 months, 14-day payment for those who have worked more than 6 months and less than one year, and finally, for those who have over one year of service, a maximum of eight years, according to a table published in the Worker's Protection Law.

According to the Worker's Protection Law, every employee will contribute 3% of monthly salaries of employees to the Complementary Pension Regime during the time the business relationship remains active. Such amount will be collected by the Costa Rican Social Security System (CCSS) and the respective contributions transferred to the entities authorized by the employee.

In addition, 5.33% of the salaries paid to the associated employees is transferred to the Employees' Association, which is registered as an expense of the year in which it occurs. This contribution made to the Employees' Association, and the amount contributed to the Complementary Pension Regime, are considered severance pay advances.

According to the Labor Code of Costa Rica, the Company should indemnify the employees dismissed without a just cause, those that retire, and the families of the deceased employees. It is the Company's policy to record these indemnifications as expenses of the period when incurred, including severance benefits made to the Employee Association,

(ii) *Employees' Legal Benefits on the Short-Term*

Christmas Bonus

Costa Rican law requires payment of a twelfth of the monthly salary for each worked month. This payment is made in December, and it is paid to the employee, regardless if dismissed or not. The Company monthly records a provision to cover future disbursements for this concept.

Vacation

The Costa Rican law establishes that for each year of work, employees are entitled to a certain number of vacation days. The Company has the policy of accruing vacation days based on a study prepared for this purpose. For such concept, a provision to pay vacation to employees has been established.

i. Legal Reserve

According to the provisions of the Code of Commerce, Interclear Central de Valores, S.A. records a reserve of 5%, calculated based on the net profits of the year and until reaching 20% of capital stock.

j. Basic Earning per Share

The basic earnings per share measures performance of an entity on the reported period, and it is calculated dividing the available profit for the common stockholders by the weighted average of outstanding common shares during the period.

k. Recognition of Income and Expenses

Income from services, commissions, and others is recognized when the service is provided. Interest earned on the portfolio of securities, notes receivable, and trade accounts receivable is recognized as earned. Expenses are recognized when incurred.

l. Asset Impairment

At the end of each reporting period, the Company evaluates the carrying amounts of its tangible and intangible assets to determine if there is any indication of impairment on the assets. Should there be any, the recoverable amount of the asset is calculated to determine and record the scope of the impairment loss (if any).

Intangible assets with an undefined useful life or not available for use yet should be subjected to an annual impairment test, or even more frequently if there is any indication that value could be impaired.

The recoverable amount is the higher of fair value less the disposal costs and value in use. When estimating the value in use, the estimated future cash flows are discounted from the current value using a discount rate before tax that reflects the current market valuations regarding the temporary value of money and the specific risks for the asset for which the future cash flows estimates have not been adjusted.

If the calculated recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognized in profits or losses, except if the asset is recorded to a revaluated amount, in which case the impairment loss should be considered a decrease in revaluation.

When a loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) increases to the revised estimated value of its recoverable amount, in such way that the increased carrying amount does not exceed the carrying amount that would have been calculated if the impairment loss for such asset (or cash generating unit) would not have been recognized in previous years. Reversal of an impairment loss is automatically recognized in profit or loss, unless the corresponding asset is recorded at the revaluated amount, in which case the impairment loss must be considered a decrease in revaluation.

m. Intangible Assets

The intangible assets with a defined useful life separately acquired are recorded at cost less the accumulated amortization and any accumulated impairment loss. The estimated useful life and the amortization method are reviewed at the end of each reporting period, and the effect of any change in the estimate is recorded on a prospective basis.

n. Use of Estimates

The Company's management has conducted a number of estimates and assumptions related to the assets, liabilities, results, and the disclosures of contingent liabilities at the time of preparing these financial statements. Actual results could differ from those estimates.

The relevant estimates and assumptions are regularly reviewed. The adjustments to accounting estimates are recognized in the period when the estimate is reviewed and in any future period affected.

Significant estimates that are particularly susceptible to significant changes are related to the determination of fair value of the financial instruments and the determination of the useful lives of property, furniture, equipment in use, and intangible assets.

o. Unrealized Losses from Valuation of Investments

These correspond to the profit or loss generated from the market valuation of the assets available for sale, quoted at a stock exchange. The value of these investments is updated at fair value, for which market value or other valuation methodology recognized by SUGEVAL is used as reference. Profits or losses arising from variation in fair value and nominal value are taken to other comprehensive income in the account denominated "Profit (loss) not realized by valuation of investments", and they are included in the net profit or loss of the period until the financial asset is sold, expires, or until its monetary recovery or renewal takes place, or until it is determined that the asset at issue has suffered an impairment on value.

3. Assets Subject to Restrictions

As of December 31, 2016 and 2015, the Company did not have any assets subject to restrictions.

4. Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows:

	As of December 31,			
		2016		2015
Cash due from banks	¢	61,946,981	¢	9,054,612
Plus: cash equivalents		508,717,400		134,872,156
	¢	570,664,381	¢	143,926,768

As of December 31, 2016, the detail of cash equivalents is the following:

Issuer	Interest Rate	Instrument	Currency		Amount
BNCR	0.80%	icp	Colones	¢	273,000,000
BNCR	0.20%	icp$	Dollars		235,717,400
				¢	508,717,400

As of December 31, 2015, the detail of cash equivalents is the following:

Issuer	Interest Rate	Instrument	Currency		Amount
BNCR	1.05%	icp	Colones	¢	93,700,000
BNCR	0.08%	icp$	Dollars		41,172,156
				¢	134,872,156

5. Investments in Financial Instruments

As of December 31, 2016 and 2015, investments in financial instruments are detailed as follows:

	As of December 31			
		2016		2015
Marketable investments	¢	171,383,793	¢	556,782,125
Available for sale investments		551,414,647		-
Interest receivable		9,683,286		-
	¢	732,481,726	¢	556,782,125

As of December 31, 2016 and 2015, the detail of investments in financial instruments is the following:

Issuer	Interest Rate	Tax		Maturity in months From 0 to 3	From 3 to 6	More than 12		Total
Marketable								
SAMA	2.77%	Liquidity in colones	¢	10,748,732			¢	10,748,732
SAMA	1.87%	Liquidity in dollars		160,635,062				160,635,062
Sub-Total Negociables				171,383,793	-	-		171,383,793
Available for sale								
BCCR	6.06%	bem		-	-	302,616,000		302,616,000
BPDC	5.55%	CDP		-	149,884,500	-		149,884,500
G	4.14%	tp$		-	-	98,914,147		98,914,147
Sub-Total Available for Sale				-	149,884,500	401,530,147		551,414,647
Interest Receivable				-	9,683,286	-		9,683,286
			¢	171,383,793	159,567,786	401,530,147	¢	732,481,726

Issuer	Interest Rate	Instrument		Maturity in months From 0 to 3	From 3 to 6	More than 12		Total
Marketable								
SAMA	1.66%	Liquidez Colones	¢	556,782,125			¢	556,782,125
			¢	556,782,125	-	-	¢	556,782,125

6. Accounts Receivable

Accounts receivable are detailed as follows:

		As of December 31 2016		2015
Accounts receivable from brokerage houses and depositors	¢	104,346,741	¢	123,739,437
Employees		75,694		243,288
Income tax receivable		300,136		4,689,757
Others		1,552,981		232,227
	¢	106,275,552	¢	128,904,709

Accounts receivable from brokerage firms and depositors correspond to services billed during the month but paid in the following month. These correspond to custody services fees.

7. Other Assets

Other assets are detailed as follows:

	As of December 31	
	2016	2015
Deferred charges	¢ 17,447,435	¢ 26,881,309
Intangible assets	2,270,931	11,311,394
	¢ 19,718,366	¢ 38,192,703

Deferred charges correspond to prepaid expenses for insurance policies and maintenance of information systems.

As of December 31, 2016 and 2015, intangible assets are detailed as follows:

	Balance as of 12/31/2015	Additions	Balance as of 12/31/2016
Cost:			
Computer programs	¢ 40,663,545	-	¢ 40,663,545
Accumulated amortization	(29,352,151)	(9,040,463)	(38,392,614)
	¢ 11,311,394	(9,040,463)	¢ 2,270,931

	Balance as of 12/31/2014	Additions	Balance as of 12/31/2015
Cost:			
Computer programs	¢ 40,663,545	-	¢ 40,663,545
Works in progress	-	-	-
Accumulated amortization	(13,545,245)	(15,806,906)	(29,352,151)
	¢ 27,118,300	(15,806,906)	¢ 11,311,394

Amortization expense for 2016 amounted to ¢9,040,463, (¢15,806,906 in 2015), and it was charged to profit or loss and other comprehensive income of the period. Intangible assets are amortized within a 3-year period.

8. Accounts Payable

Accounts payable are detailed as follows:

		As of December 31		
		2016		2015
Related companies (see note 10)	¢	53,419,017	¢	129,094,134
Vendors		86,600		58,246
Others		7,956,781		4,338,005
	¢	61,462,399	¢	133,490,385

9. Accumulated Expenses and Other Accounts Payable

Accumulated expenses and other accounts payable are detailed as follows:

		As of December 31		
		2016		2015
Salaries, bonuses, CCSS, and others	¢	6,274,092	¢	4,404,101
Christmas bonus and vacation		6,122,779		1,748,950
	¢	12,396,871	¢	6,153,051

10. Transactions with Related Parties

Balances with related parties are the following:

		As of December 31		
		2016		2015
Accounts Payable:				
Cam-X Technologies, S.A.	¢	38,441,178	¢	68,766,735
Bolsa Nacional de Valores, S.A.		14,977,840		55,555,148
Central de Valores de la BNV, S.A.		-		4,772,251
	¢	53,419,017	¢	129,094,134

Balance payable to Bolsa Nacional de Valores, S.A. originates mainly from the lease agreement for office space that Bolsa has with the Company.

The balance payable to Cam-x Technologies, S.A. originates mainly from the information services provided to the Company.

Balance payable to Central de Valores, S.A. originated from the assignment of some services that are being used by the Company.

The transactions with related parties that were included in the statement of profit or loss and other comprehensive income are the following:

		As of December 31		
		2016		2015
Adminitrative and IT Expenses				
Bolsa Nacional de Valores, S.A.	¢	42,683,239	¢	6,658,989
Cam-X Technologies, S.A.		396,269,757		68,074,277
	¢	438,952,996	¢	74,733,266

During 2016, remunerations paid to the Company’s key staff amount to ¢32,367,250 (¢5,266,825 for the two months ended December 31, 2015)

11. Equity

a) Capital Stock

As of December 31, 2015, capital stock was represented by 525,000,000 shares with a nominal value of ¢1 each. In 2016, a new stockholder was incorporated, which made a contribution of ¢24,096,362, corresponding to the purchase of 15,000,000 shares at a cost of ¢1.6064 each, which generated an excess payment of ¢9,096,362.

In addition, Bolsa made a contribution of ¢16,064,241 corresponding to the acquisition of 10,000,000 shares at a price of ¢1.6064, which generated an excess of ¢6,064,241. This contribution was made in order to balance shareholding interest.

As of December 31, 2016, capital stock is represented by 550,000,000 common and nominative shares, subscribed and paid, of ¢1 each, for the total sum of ¢525,000,000. The non-capitalized equity contributions amount to the sum of ¢37,508,885. (¢22,348,282. in 2015)

b) *Unrealized Losses for Valuation of Investments*

As of December 31, 2016, unrealized losses for valuation of investments amounted to ¢1,822,105. The detail of the movements of profits and losses for valuation during the year amounts to:

	As of December 31	
	2016	2015
Initial balance	¢ -	¢ -
Valuation effect of unrealized investments	(2,603,007)	-
Effect from deferred income tax	780,902	-
Final balance	¢ (1,822,105)	¢ -

12. Profit per Share

Calculation of net profit per share is shown as follows:

	As of December 31	
	2016	2015
Net profit of the period	¢ 441,661,525	¢ 58,469,098
Average amount of common shares	537,500,000	475,000,000
Net profit per share	¢ 0.82	¢ 0.12

13. Memoranda Accounts

Memoranda accounts are detailed as follows:

	As of December 31	
	2016	2015
Securities under Custody:		
Local operations	¢ 4,769,069,309,441	¢ 5,458,489,174,034
International operations	269,133,022,127	323,221,156,073
Trust operations and others	707,271,271,959	-
Others	16,234,873	1,986,952
	¢ 5,745,489,838,400	¢ 5,781,712,317,059

14. Income from Custody and International Operations

Detail of income from local custody fees is the following:

	As of December 31	
	2016	2015
Fee over balances	¢ 579,533,092	¢ 101,824,500
Charges for movements	571,404,703	92,771,678
	¢ 1,150,937,795	¢ 194,596,178

Income from international custody fees is detailed as follows:

	As of December 31	
	2016	2015
Services to depositors at CEDEL - Clearstream	¢ 122,414,455	¢ 23,922,859
	¢ 122,414,455	¢ 23,922,859

15. General and Administrative Expenses

General and administrative expenses are detailed as follows:

	As of December 31	
	2016	2015
Salaries and labor obligations	¢ 293,736,259	¢ 41,934,467
Services received from BNV	42,683,239	6,658,989
Board of Directors' seating fees	8,899,707	4,436,481
Services received from Camx Tech	396,269,757	68,074,277
Hardware and software maintenance	8,841,672	10,225,731
Insurance	18,454,114	3,090,128
SINPE fees	57,794,244	4,940,713
Miscellaneous	2,720,470	1,004,306
Training	6,965,463	-
Entertainment expenses	1,138,756	-
Professional fees	14,903,674	7,764,403
Expenses from contributions to Sugeval	14,314,985	1,692,090
Subscriptions	2,124,280	-
Visits abroad - employees	7,395,002	-
Events and meeting	2,395,855	2,081,796
Marketing and advertising	9,381,716	-
Amortization	9,040,463	15,806,906
Others	6,078,275	1,570,630
	¢ 903,137,931	¢ 169,280,917

16. Income Tax

According to the Income Tax Law, the Company should file its annual income tax returns for the twelve-month period ended December 31 of each year.

Income tax was calculated on net profit, applying the current rate, deducting non-taxable income, and adding non-deductible expenses, as detailed below:

	As of December 31			
		2016		2015
Tax expected when applying the current tax rate (30%) to earnings before taxes	¢	186,727,286	¢	23,053,229
Less				
Effect from non-taxable income - interest on investments in securities withheld at source		(5,964,524)		(4,678,229)
	¢	180,762,762	¢	18,375,000

A detail of current income tax payable is the following:

	As of December 31			
		2016		2015
Income tax	¢	180,762,762	¢	18,375,000
Income tax advance payment		(14,655,585)		(2,392,338)
Wittholdings to customers		(2,225,750)		-
Income tax payable	¢	163,881,427	¢	15,982,662

Transfer Pricing - On September 13, 2013, the Government of Costa Rica through Decree No.37898-H issued transfer pricing regulations. For tax purposes, this decree requires taxpayers performing related-party transactions to determine their income, costs, and deductions, taking into account for such operations, the prices and amounts of the consideration to be agreed between independent entities or individuals in comparable operations in accordance with the arm’s length principle, pursuant to the principle of economic reality contained in Article 8 of the Code of Tax Standards and Procedures.

To comply with this requirement, companies must conduct transfer pricing studies and make adjustments to their income tax returns when the conditions agreed with related parties result in lower taxes in the country or in deferred tax payments. Moreover, a transfer pricing tax return must be filed on an annual basis and must contain sufficient information, documents, and analyses to assess their transactions with related parties.

In the opinion of the Company's management, there is no significant impact on the assessment of income tax for the corresponding periods in case an audit is performed by the tax authorities as a result of the law established through decree No.37898-H.

17. Gross Income

Per requirement of the General Superintendence of Securities, the Company's gross income is as follows:

	As of December 31			
		2016		2015
Fees from local custody	¢	1,150,937,794	¢	194,596,177
Fees from international custody		235,036,041		40,914,888
Trust management		121,465,246		-
Income from interest on investments		19,881,746		15,594,100
IT services		30,086,018		5,289,950
Book entry services		26,443,396		6,393,044
Administrative services		50,034,722		-
Other income		39,372,633		77,868,773
	¢	1,673,257,596	¢	340,656,932

18. Agreements and Contracts

As of December 31, 2016 and 2015, the Company has entered into the following agreements:

- ***Contract between Caja de Valores, S.A. and Bolsa de Valores Nacionales, S.A. de Honduras, Central Panamericana de Valores, Central de Depósito de Valores, S.A. de C.V. and Central Nicaragüense de Valores, S.A.*** – The object of the agreements is providing services including custody, management, transfer, liquidation, and others for securities deposited at those organizations. The term in indefinite and is in accordance with the instructions documented by the parties.

- ***Contract with Bancentro, S.A. (Nicaragua)*** – Special mandate to receive and safeguard securities on behalf of Interclear Central de Valores. The term of the agreement is for two years, which can be extended, and the rates charged will be equal to the ones that Interclear charges to Bancentro, S.A. (Nicaragua) for the same services.

- ***Contract with Clearstream, previously Centrale de Livraison de Valeurs Mobiliéres (CEDEL), and Otras S.D. Indeval, S.A. de C.V.*** – Agreements were signed so that, through these entities, the investors retired in Costa Rica could have access to the international market of external debt securities. Similarly, such agreements allow providing services including custody, management, transfer, and liquidation of other securities deposited at these organizations. The term in indefinite and is in accordance with the instructions documented by the parties.

- ***Commercial Lease Agreement between Bolsa Nacional de Valores, S.A. and Interclear Central de Valores, S.A.*** – In December 2014, the Company entered into an agreement with Bolsa Nacional de Valores, S.A., for the commercial lease of office space used by employees. This agreement is for a three-year term, and it can be automatically extended for periods of one year.

- ***IT Services Agreement between Cam-x Technologies, S.A. and Interclear Central de Valores, S.A.*** – In July 2014, the Company entered into an agreement with Cam-x Technologies, S.A. to provide information technology services. This agreement is for an indefinite term, and both parties could unilaterally terminate it at any moment.

19. Financial Instrument Risk Management

Interclear Central de Valores, S.A. is exposed to the following risks related to the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate and exchange rate)

The Company monitors the risk though a risk unit, which hierarchically depends of the Risk Committee, who at the same time reports to the Board of Directors.

The Board of Directors is responsible for establishing and supervising the risk management structure. The Directors have created the Risk Committee, which is responsible for developing and monitoring the Company’s risk management policies. This committee regularly reports to the Board of Directors of its activities.

The Company’s risk management policies are established to identify and analyze the risks faced, to establish proper risk controls and limits, and to monitor the risks and compliance with the limits.

Risk management systems and policies are regularly reviewed, so that they reflect changes in market conditions and in the activities of Interclear Central de Valores, S.A.

Through its management procedures and standards, the Company intends to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

The Audit Committee supervises the way in which Management monitors compliance with risk management policies and procedures, and it also reviews if risk management framework is appropriate. The Internal Audit performs regular reviews of risk management controls and procedures, which results are reported to the Audit Committee.

Due to the course of the business, the operating risk is the most important one, from which a number of causes depend on, such as processes, persons, technology, infrastructure, etc.

The operating risk is the potential loss for faults or deficiencies in the systems, in internal controls or for errors in the operating processes, and the best applicable practices and those adopted by Interclear Central de Valores, S. A.

The following are the financial instrument risk management schemes:

a) *Credit Risk*

The Company is exposed to credit risk, which is the risk of the counterparty not making the payments in full and on time. The financial assets that potentially present credit for the Company consist mainly of bank deposits, accounts receivable, and investments. Bank deposits are mainly placed at prestigious financial institutions.

The Company's investment portfolio establishes that in the short and midterm, 60% of the resources should be placed at the public sector and 40% in investment funds kept by their investment portfolios only in the public sector. In the case of long-term investments, management has the discretion to decide.

Accounts receivable originated by the services provided by the Company are paid on a monthly basis.

b) *Liquidity Risk*

Liquidity risk is the risk that exists for the Company if it cannot fulfill its financial obligations when they expire. The approach to administer liquidity is to make sure, to the extent possible, that there will be sufficient liquidity to comply with obligations when they expire, both under normal and stressful conditions, without incurring on unacceptable losses or risk the security of the company.

The Company's management administer liquidity risk keeping proper cash reserves. Also, it performs a constant monitoring of its cash flows and matched maturity analysis, which allows to timely attend to the short and mid-term obligations.

A detail of the recovery of the Company's financial assets and liabilities as of December 31, 2016 and 2015 is as follows:

		2016					
		From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	More than 1 year		Total
Assets							
Cash and cash equivalents	¢	570,664,381	-	-	-	¢	570,664,381
Investments in financial instruments		171,383,793	149,884,500	-	401,530,147		722,798,440
Interest receivable on investments		-	9,683,286	-	-		9,683,286
Accounts receivable		105,975,416	-	300,136	-		106,275,552
Total financial assets		848,023,590	159,567,786	300,136	401,530,147		1,409,421,659
Liabilities							
Accounts payable		61,462,399	-	-	-		61,462,399
Total financial liabilities		61,462,399	-	-	-		61,462,399
Asset and liability gap	¢	786,561,191	159,567,786	300,136	401,530,147	¢	1,347,959,260

		2015					
		From 1 to 3	From 3 to 6	From 6 months	More than 1		Total
Assets							
Cash and cash equivalents	¢	143,926,768	-	-	-	¢	143,926,768
Investments in financial instruments		556,782,125	-	-	-		556,782,125
Accounts receivable		124,214,952	-	4,689,757	-		128,904,709
Total financial assets		824,923,845	-	4,689,757	-		829,613,602
Liabilities							
Accounts payable		133,490,385	-	-	-		133,490,385
Total finanical liabilities		133,490,385	-	-	-		133,490,385
Asset and liability gap	¢	691,433,460	-	4,689,757	-	¢	696,123,217

c) *Market Risk*

Market risk is associated to changes in the price of market factors, such as interest rates, price of shares, and exchange rate, which can affect profits or the value of the Company's financial position. The objective of market risk management is to identify, measure, control, and monitor market risk exposures according to the risk parameters and at the same time optimize profitability.

Interest Rate Risk - The Company is exposed to the effects of changes in interest rates prevailing in the market, on its financial position, and cash flows. In virtue of such, Management regularly monitors this risk, reporting its behavior on a monthly basis to the Risk Committee and to the Company's top management, trying to keep a balanced mix of financial instruments with a fixed and variable rate. The Company is exposed to interest rate risk due to variation of financial instruments of variable rate. A detail of fixed rate investments is shown as follows:

As of December 31, 2016

Issuer	Instrument	Effective Interest Rate		Total
BNCR	icp	0.80%	¢	273,000,000
BNCR	icp$	0.20%		235,717,400
BCCR	bem	6.06%		302,616,000
BPDC	CDP	5.55%		149,884,500
G	tp$	4.14%		98,914,147
			¢	1,060,132,047

As of December 31, 2015

Issuer	Instrument	Effective Interest Rate		Total
BNCR	icp	1.05%	¢	93,700,000
BNCR	icp$	0.08%		41,172,156
			¢	134,872,156

The Company does not perform a sensitivity analysis of these investments since due to corporate policies, securities are kept until maturity; however, due to regulatory requirement, investments are classified and valued as available for sale.

A detail of variable rate investments and their rate review period is shown as follows:

As of December 31, 2016

Issuer	Instrument	Effective Interest Rate		Total		1 to 6 months
SAMA	Liquidity in colones	2.77%	¢	10,748,732	¢	10,748,732
SAMA	Liquidity in dollars	1.87%		160,635,062		160,635,062
			¢	171,383,794	¢	171,383,794

As of December 31, 2015

Issuer	Instrument	Effective Interest Rate		Total		1 to 6 months
SAMA	Liquidez Colones	1.66%	¢	556,782,125	¢	556,782,125
			¢	556,782,125	¢	556,782,125

Sensitivity Analysis

The sensitivity analysis of the effect on results over investments in the Company's variable rate securities, in the event of an increase or decrease of interest rates, is shown as follows:

		2016		
		Plus 1% Change		Less 1% Change
Open-end fund	¢	5,127,760	¢	(2,751,886)
	¢	5,127,760	¢	(2,751,886)

		2015		
		Plus 1% Change		Less1% Change
Variable equity securities				
	¢	6,916,543	¢	(6,537,759)
	¢	6,916,543	¢	(6,537,759)

Exchange Rate Risk – The Company incurs in transactions denominated in US dollars. This currency experiences periodic fluctuations regarding the US dollar, according to the monetary and exchange rate policies of the Central Bank of Costa Rica. Thus, any fluctuation in the value of the Costa Rican colón regarding the US dollar affects the Company's results, the financial position, and the cash flows. The Company constantly monitors its net position in US dollars and considers that this risk is an implicit part of its commercial operations in the country.

A detail of the assets and liabilities denominated in foreign currency is the following:

		As of December 31		
		2016		2015
Assets;				
Cash	US$	90,604	US$	16,676
Marketable securities		904,282		77,400
Accounts and interest receivable		91,238		107,878
Total		1,086,124		201,954
Liabilities:				
Accounts payable		(98,104)		(131,535)
Total		(98,104)		(131,535)
Net position in US dollars	US$	988,020	US$	70,419

Sensitivity Analysis

A sensitivity analysis on the position of the Company's net foreign currency. This analysis is made taking into consideration the effect on results of each increase or decrease percent point in the closing exchange rate of the period. As of the closing date, exchange rate is ¢548.18: (¢531.94 in 2015).

		As of December 31		
		2016		2015
Increase in exchange rate				
Assets	¢	5,951,960	¢	1,074,395
Liabilities		(537,611)		(699,768)
Net		5,414,349		374,627
Decrease in exchange rate				
Assets		(5,951,960)		1,097,438
Liablities		537,611		(714,776)
Net	¢	(5,414,349)	¢	382,662

a) *Capital Management*

Management's policy is to keep a strong capital basis. In order to obtain an appropriate yield on equity, the Company has established goals that guarantee an acceptable profit on equity.

Management's objective is to maximize yields of its investors through an appropriate balance between invested capital and debt, trying to decrease the risk for stockholders and creditors.

During this year, there have been no changes on the way of managing the Company's capital.

As of this date, both the Board of Directors and the Stockholders' Meeting have not established a defined policy for paying dividends.

20. Fair Value of the Financial Instruments

The financial instruments have been prepared on the historical cost basis. In general, the historical cost is based on the fair value of the consideration granted in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability on the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and, measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

- **Level 1** - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2** - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (that is to say, prices) or indirectly; and (that is to say, derivative of prices).

- **Level 3** - unobservable inputs important for asset or liability.

Management considers that the carrying amount of accounts receivable, accounts payable, and cash on hand and due from banks approximates their fair value due to their short term nature.

Investments in financial instruments are valued according to the Price vector of Proveedor Integral de Precios Centroamérica, S.A. [Central American Comprehensive Pricing Provider] (PIPCA, S.A.), which considers among others, the latest prices quoted in the market.

21. Transition to International Financial Reporting Standards (IFRS) and New Accounting Pronouncements

Through various resolutions, the National Financial System Oversight Board (CONASSIF) (the Board) partially implemented the International Financial Reporting Standards (IFRS) as of January 1, 2004 and issued by the International Accounting Standards Board (IASB). In order to regulate application of those standards, the Board issued the Terms of Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, and SUPEN, and to non-financial Issuers, and on December 17, 2007, the Board approved a comprehensive amendment of the "*Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-Financial Issuers*".

Afterwards, through articles 8 and 5 of the minutes of meetings 1034-2013 and 1035-2013, held on April 2, 2013, respectively, the National Supervisory Board of the Financial System decided to reform the "*Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-Financial Issuers*" (the Regulations).

According to such document, IFRS and the corresponding interpretations are mandatory for supervised entities, in accordance with texts in effect as of January 2011; this applied for audits as of December 31, 2014, except for the special treatments applicable to supervised entities and non-financial issuers. Early adoption of the standards is not permitted.

Pursuant to the Regulations, the adoption of new IFRS or interpretations issued by the IASB, as well as any other revisions of IFRS adopted, will require the prior authorization of the National Supervisory Board of the Financial System (CONASSIF). There have not been new authorizations made by CONASSIF during 2016 and 2015 that affect the Company.

Following is a summary of some of the main differences between the accounting standards issued by CONASSIF and IFRS:

- ***Registration of Allowances, Provisions, and Reserves*** – These items are determined following pre-established formulas, relevant legislation, or upon request by the regulatory authorities. The result of these allowances, provisions, and reserves does not necessarily comply with the International Financial Reporting Standards.

- ***Financial Instruments*** – According to the standard approved for the investments made in bonds or other similar securities, in joint portfolios of investment funds, pension funds and capitalization funds should be classified as assets available for sale, regardless of the purpose that the Company has.

- ***Classification of Items*** – The items of the financial statements are classified according to the models and contents established by CONASSIF through SUGEVAL. Some of them include the obligation of classifying works in progress as other assets and the need to include information on profit per share.

- ***Functional Currency*** – According to the definition of the National Supervisory Board of the Financial System, the Costa Rican colón is defined as the functional currency for the supervised entities; thus, supervised entities must use the purchasing exchange rate of reference of the Central Bank of Costa Rica to record the translation of foreign currency to functional currency, and the exchange rate of reference of the Central Bank of Costa Rica at the end of the month should be used to recognize the exchange rate difference adjustment.

- ***Other Provisions*** - SUGEVAL issues specific provisions on specific transactions which can differ from the International Financial Reporting Standards.

- ***Accounting Policies, Changes in Accounting Estimates and Errors*** – Regarding the correction of fundamental errors of previous periods, these should be made adjusting the accrued profits at the beginning of the period, and the retrospective information should be corrected to restore the comparability, unless it is impossible to conduct such comparison. When an adjustment is made to retained earnings at the beginning, as a result of a fundamental error, the entity should submit to the Superintendence, within a term of three days after making an adjustment, a note that explains the transaction made.

- ***Interim Financial Information*** – The financial statements should comply with that required by IAS 1, except for what is indicated in the provisions of CONASSIF regarding presentation and disclosure of the financial statements.

- ***Intangible Assets*** - Assets should be recorded at cost of acquisition less the accumulated amortization and the accumulated value impairment losses that could have affected.

  As of December 31, 2010, the automated applications in use should be systematically amortized using the straight/line method, in the course of the period in which economic benefits for the entity are expected to be produced, which could not exceed five years (5), similar procedure and term should be used for the amortization of acquired surplus.

- ***Fair (Market) Value*** – Fair value of an investment that is negotiated under an organized financial market is determined by reference to prices quoted in such financial market for negotiations made as of the date of the balance sheet. For those investments for which an active financial market does not exist, fair value is determined using valuation techniques. Such techniques include recent market transactions among interested and duly informed parties that act under conditions of mutual independence; references to fair value of other substantially similar financial instrument, and the cash flow discount or other valuation models. The fair value for 2016 and 2015 is determined based on the price vector provided by Proveedor Integral de Precios de Centroamérica, S.A. (PIPCA), both for local investments as well as for foreign investments.

- ***Financial Instruments; Transfer of Assets*** – Interest on trusts and other special-purpose vehicles are valued in accordance with the trusted equity amount.

- ***Investment in Equity for Rent or Surplus*** – Investment properties are valued at fair value, unless when there is no evidence of being able to determine it. Residual value of the investment property should be considered as zero.

- ***Business Combinations*** – The business combination between entities under common control should be made by integrating their assets, liabilities, and equity, taking assets and liabilities at their fair value, in order to determine the final equity effect on the preceding equity.

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