

Banco Nacional  
de Crédito, C.A., Banco  
Universal and  
Foreign Branch

**Consolidated Financial  
Statements**

31 December and 30 June 2022

With Independent Auditors'  
Report Thereon

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## Independent Auditors' Report

To the Stockholders and Board of Directors of  
Banco Nacional de Crédito, C.A., Banco Universal:

### Opinion

We have audited the consolidated financial statements of Banco Nacional de Crédito, C.A., Banco Universal and its Foreign Branch (the Bank), which comprise the consolidated balance sheets at 31 December and 30 June 2022, the consolidated statements of income and net income allocation, changes in equity and cash flows for the six-month periods then ended and the notes that contain significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material aspects, the consolidated financial position of the Bank at 31 December and 30 June 2022, its consolidated financial performance and consolidated cash flows for the six-month periods then ended, all in accordance with the Accounting Manual for Banking Institutions and other prudential regulations issued by the Superintendency of Banking Institutions.

### Basis for our Opinion

We conducted our audits in conformity with International Auditing Standards (IAS). Our responsibilities according to these standards, are described in the *Responsibilities of the Independent Auditor for the Consolidated Financial Statements Audit* section of our report. We are independent from the Bank according to the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (*IESBA Code*) which are relevant for our audit of the consolidated financial statements and, we have fulfilled our ethical responsibilities based on this code. We believe the audit evidence found is sufficient and appropriate for providing a basis for our opinion.



## Key Audit Matters

Key audit matters are those matters that in our professional judgment, have the utmost importance in our audit of the consolidated financial statements for the current semester. These matters are treated in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We do not express a separate opinion thereon.

<b>Provision for Loan Portfolio</b> <i>See notes 3(d) and 8 to the consolidated financial statements.</i>	
<b>Key audit matter</b>	<b>How key matter is treated in our audit</b>
<p>Estimating the allowance for loan portfolio involves certain significant judgments in order to assess loan quality of debtors by taking into account the standards regarding how the risk is classified for loan portfolio and to calculate the allowances established by the Superintendency of Banking Institutions (the Superintendency), for both, the underlying uncertainty therein and the operational changes and requirements of the Venezuelan Government and the Superintendency. Both aspects are rather complex and, are faced by the Bank with effects and risks on the consolidated financial statements. Similarly, consideration is also taken by the Bank at the time of determining the specific allowance, certain non-compliance aspects in connection with the conditions under which loans were originally granted, the absence of financial information, the debtors facing issues for generating their own resources and enabling them to honor the loans, any insufficient guaranties and extrajudicial recoveries, amongst other, which are used as input for calculating said allowance.</p> <p>Additionally, a 1% general allowance on the loan portfolio's principal balance is required, with the exception of the microcredit portfolio for which, a 2% allowance on the principal balance is kept by the Bank. Similarly, the Bank maintains a 0.75% anticyclical allowance on the gross balance of the loan portfolio.</p>	<p>Our auditing procedures included, amongst other:</p> <ul style="list-style-type: none"> <li>– Identifying the credit risk management framework and assessing how the Bank's accounting policies align with the standards established by the Superintendency.</li> <li>– Assessing appropriate classification on the basis of the loan portfolio risk, according to the standards issued by the Superintendency.</li> <li>– Testing relevant controls on loan granting, assessing loan conditions, guaranties and terms, amongst others, in compliance with the standards issued by the Superintendency and policies established by the Bank, through the inspection of each loan file.</li> <li>– Obtaining the list of the 500 main Bank debtors and assessing how the different regulations issued by the Superintendency apply to them.</li> <li>– Assessing whether the allowance is sufficient on the basis of the guidelines established by the Superintendency in connection with risk assessment.</li> </ul>



<b>Provision for Loan Portfolio</b>	
<i>See notes 3(d) and 8 to the consolidated financial statements.</i>	
<b>Key audit matter</b>	<b>How key matter is treated in our audit</b>
The use of certain significant judgments for estimating the allowance is a key audit matter due to the underlying complexity of considering all factors that may affect its calculation.	
<b>Information Technology (IT) associated risks</b>	
<b>Key audit matter</b>	<b>How key matter is treated in our audit</b>
<p>The Bank operates through a complex IT environment with different data processing centers.</p> <p>Automated accounting entry procedures and IT environment controls are included in governance; access, development and program changes overall controls; data and application programs, must be designed and must operate effectively to ensure both integrity and accuracy when issuing financial information.</p> <p>Risks associated with IT systems and controls on financial reporting are a key audit matter as the Bank's accounting systems and financial reporting rely on such systems and on the different overall existing controls for different application systems.</p>	<p>Our auditing procedures include the involvement of our IT specialists in order to assist us in:</p> <ul style="list-style-type: none"> <li>– Assessing the design and implementation of controls on key systems that process the Bank's financial information in two areas:               <ul style="list-style-type: none"> <li>(i) IT overall controls on the different technology platforms regarding user access, applications and data, management of application changes, management of systems development, and management of operations in the production environment.</li> <li>(ii) Automatic controls: Assessment of vulnerabilities linked to information integrity, accuracy and availability.</li> </ul> </li> <li>– Assessing the operating efficiency of IT controls implemented on key systems that are processing the Bank's financial information and related to compensating controls that mitigate the underlying risks, if any.</li> </ul>



## Emphasis of matter

We draw attention to:

- Note 5 to the consolidated financial statements, which discloses that the Bank is obligated to maintain in the account of the Central Bank of Venezuela (the BCV account) a legal reserve in legal tender (bolivars) corresponding to the total net obligations in domestic and foreign currency. At 31 December and 30 June 2022, the minimum legal reserve established is 73% of the amount of net local currency obligations, and 31% of the amount of net foreign currency obligations, for both semesters; the banking institutions with a deficit legal reserve must pay a daily financial cost, which calculator and recipient is the BCV. At 31 December and 30 June 2022, the required legal reserve fund is Bs1,018,438,839 and Bs430,683,307, respectively. At 31 December 2022, the Bank was not required to maintain the legal reserve fund, as a result of deductions applied for Bs1,033,074,941; at 30 June 2022, such fund amounted to Bs176,937,742, net of deductions for Bs253,745,565; deductions are applied in accordance with the provisions established by the BCV in bulletins and resolutions issued by it in this regard. These obligations on the legal reserve have originated and may continue to represent challenges for the Bank in terms of its monetary liquidity and financial intermediation.
- Note 31(a) to the consolidated financial statements, which discloses that in accordance with Exchange Agreement N° 1 (see note 6 to the consolidated financial statements), the exchange rates at 15 February 2023, are Bs24.2822 per U.S. dollar, Bs26.1316 per euro and Bs0.0051 per Colombian peso, which are substantially higher than those at 31 December 2022. Consequently, the use of these exchange rates for the subsequent measurement of those assets and liabilities denominated in foreign currencies existing at that date, including those arising from 31 December 2022, has a significant impact on the consolidated financial statements of the subsequent reporting period.

Our opinion remains unchanged regarding this matter.

## Other Matter

Management is responsible for the other information, comprising the Second Half 2022 Report, which includes the consolidated financial statements and our report of independent public accountants. It is expected that the 2022 Half-Year II Report will be available to us after the date of this independent auditors' report.

Our opinion on the consolidated financial statements does not include the other information and we will not express any kind of assurance conclusion on such information.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Should we, upon reviewing the Second Half 2022 Report, come to the conclusion that there is a material misstatement in the report, we are required to communicate the matter to those charged with governance.



## **Responsibility of Management and of those in charge of Corporate Governance for the Consolidated Financial Statements**

Management is responsible for preparing and presenting fairly the consolidated financial statements in accordance with the Accounting Manual for Banking Institutions and other prudential regulations issued by the Superintendency of Banking Institutions and, for internal control as deemed necessary by the latter in order to prepare the consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, by disclosing, as the case may be, those matters relating to a going concern and by using the going concern basis of accounting, unless Management intends to liquidate the Bank, or bring its operations to a standstill, or has no realistic alternative but to do so.

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

## **Responsibilities of the Independent Auditor for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance as to the whether the consolidated financial statements as a whole, are free of material misstatement due to fraud or error and, to issue an independent auditors' report that includes our opinion thereon. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with IAS will always detect material misstatement when present. Misstatements can arise from fraud or error and, they are considered material if individually or in the aggregate, it could be reasonably expected that they may affect the economic decision-making of users on the basis of these consolidated financial statements.

As part of an audit carried out pursuant to IAS, we exercise our professional judgment and maintain professional skepticism during the entire audit. In addition:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. We design and conduct auditing procedures in light of these risks and audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than the risk resulting from error, as fraud can imply collusion, forgery, intentional misrepresentation, false declarations or the avoidance of internal control.
- We obtain an understanding of internal control relevant for the audit, in order to design the auditing procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Bank.
- We assess whether the accounting policies used are appropriate and, whether the accounting estimates and disclosures made by Management are fair.
- We conclude on whether the use by Management of the going concern basis of accounting is appropriate and, based on the audit evidence obtained, whether there is material uncertainty or not in connection with any events or conditions that could cast significant doubt on the Bank's ability to continue as a going concern. Should we conclude that there is material uncertainty, we must draw attention in our independent auditors' report on the disclosures relating the consolidated financial statements, or whether such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence that we obtained until the date of our independent auditors' report. However, future events or conditions could lead the Bank to cease operations as a going concern.



- We assess the overall presentation, structure and contents of the consolidated financial statements, including disclosures and, whether they represent the underlying transactions and events fairly.
- We obtain sufficient and appropriate evidence in connection with the financial information of the entities or activities of the Bank's business, to express an opinion on the consolidated financial statements. We are responsible for conducting, supervising and executing the audit for the Bank. We are solely responsible for our audit opinion.

We communicate with those in charge of corporate governance in regard to, amongst other matters, the scope and timeframe planned for the audit and significant findings including any important deficiency in internal control as it may be identified during the course of our audits.

We also provide those in charge of corporate governance with a statement on our compliance with the ethical requirements applicable in connection with independence and we communicate with them on any links and other issues that could reasonably affect our independence and, as the case may be, of any action taken to eliminate threats or any safeguards applied.

Based on the matters informed to those in charge of corporate governance, we have determined those matters with the highest importance in the audit of the consolidated financial statements of the current semester, which are consequently, key audit matters. We describe these matters in our independent auditors' report, unless there may be any laws or regulations that ban us from publicly disclosing the matter, or when, by reason of extremely unusual circumstances, we determine that a certain matter should not be communicated in our report because it may be reasonably expected that any adverse consequences from such disclosure may exceed the public interest's benefits thereon.

### **Ostos Velázquez & Asociados**

Jacques R. Valero Rauseo  
Public Accountant  
C.P.C. N° 14.257  
S.I.S.B. N° CP-576  
S.N.V. N° V-897

15 February 2023  
Caracas, Venezuela

**BANCO NACIONAL DE CREDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Consolidated Balance Sheets

31 December and 30 June 2022

(In bolivars)

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
<b>ASSETS</b>			
CASH AND DUE FROM BANKS	5	3,634,902,385	1,645,051,921
Cash		2,879,958,744	1,270,234,780
Central Bank of Venezuela		200,063,269	223,127,808
Domestic banks and other financial institutions		424,886	363,937
Foreign banks and correspondents	24	554,318,486	151,296,593
Parent company and branches		-	-
Immediate collection effects		137,000	28,803
Allowance for cash and due for banks		-	-
INVESTMENT SECURITIES	7	1,672,688,039	75,268,177
Placements in the Central Bank of Venezuela and interbank operations		1,400,859,000	-
Trading securities		-	-
Investments in available for sale securities		24,251,632	598
Held to maturity investment securities		53,730,281	14,577,618
Restricted availability investments		193,847,126	60,689,961
Other investment securities		-	-
Allowance for investment securities		-	-
LOAN PORTFOLIO	8	2,011,982,530	445,105,132
Current		2,011,434,704	429,909,856
Restructured		51,070,604	24,846,142
Overdue		8,666,508	4,332,033
Loans in litigation		-	-
Allowance for loan portfolio		(59,189,286)	(13,982,899)
INTERESTS AND COMMISSIONS RECEIVABLE	9	9,075,646	467,568
Accrued interests receivable from cash and due from banks		-	-
Accrued interests receivable from investment securities		67,773,525	17,557,077
Accrued interests receivable from loan portfolio		3,385,180	526,437
Commissions receivable		80,008	18,303
Allowance for interests receivable and others		(62,163,067)	(17,634,249)
INVESTMENT IN SUBSIDIARIES, AFFILIATES AND BRANCHES	10	111,744,540	49,135,496
REALIZABLE ASSETS	11	8,381,031	4,709,697
FIXED ASSETS	12	597,942,151	402,284,231
OTHER ASSETS	13	872,935,031	507,069,917
TOTAL ASSETS		<u>8,919,651,353</u>	<u>3,129,092,139</u>
MEMORANDUM ACCOUNTS			
Contingent accounts receivable	22	4,513,210	699,171
Trust fund assets	22(a)	405,577,966	476,171,735
Accounts receivable for other trust orders	22(b)	38,268	18,598
Other memorandum accounts receivable	22	5,221,046,308	1,434,231,986
		<u>5,631,175,752</u>	<u>1,911,121,490</u>

**BANCO NACIONAL DE CREDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Consolidated Balance Sheets, continuation

31 December and 30 June 2022

(In bolivars)

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
<b>LIABILITIES</b>			
CUSTOMERS' DEPOSITS	14	5,416,073,941	1,870,747,558
Sight deposits -		4,816,075,715	1,648,048,751
Non-interest bearing checking accounts		809,819,393	373,058,346
Checking accounts as per the Exchange Market System of Free Convertibility		3,492,943,563	1,050,232,268
Interest-bearing checking accounts		113,479,793	26,991,096
Checking accounts as per exchange agreement N° 20		303,861,949	106,761,687
Certificates and sight deposits		95,971,017	91,005,354
Other demand obligations		3,733,388	4,997,427
Saving deposits		486,495,010	197,944,253
Time deposits		109,769,828	19,757,127
Restricted customers' deposits		-	-
DEPOSITS AND OBLIGATIONS NATIONAL BANK OF HOUSING AND HABITAT		-	-
OTHER FINANCING OBTAINED	15	164,721,085	262,600,122
Obligations with domestic financial institutions due within one year		145,697,217	258,994,724
Obligations with foreign financial institutions due within one year		19,023,868	3,605,398
OTHER FINANCIAL INTERMEDIATION OBLIGATIONS		-	-
INTERESTS AND COMMISSIONS PAYABLE	16	3,054,074	1,807,241
Accrued expenses payable for customers' deposits		1,859,067	860,543
Accrued expenses for other borrowings		1,195,007	946,698
ACCRUALS AND OTHER LIABILITIES	17	901,788,781	359,146,549
TOTAL LIABILITIES		6,485,637,881	2,494,301,470
<b>STOCKHOLDERS' EQUITY</b>			
CAPITAL STOCK	23	28,959,650	28,960
UNCAPITALIZED EQUITY CONTRIBUTIONS	23	82,816,267	-
CAPITAL RESERVES	23	29,104,911	29,423
EQUITY ADJUSTMENTS	23	2,058,219,015	579,318,039
ACCUMULATED INCOME		237,394,273	55,417,056
UNREALIZED INCOME (LOSS) IN AVAILABLE-FOR-SALE INVESTMENT SECURITIES	7	(2,480,644)	(2,809)
TOTAL STOCKHOLDERS' EQUITY		2,434,013,472	634,790,669
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,919,651,353	3,129,092,139

The accompanying notes 1 through 31 are an integral part of these consolidated financial statements.

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Consolidated Statements of Income and Net Income Allocation

Semesters ended 31 December and 30 June 2022

(In bolivars)

	Notes	Semesters ended	
		31 December 2022	30 June 2022
FINANCIAL INCOME		433,442,570	62,182,932
Income from cash and due from banks	5	808,428	35,648
Income from investment securities	7	13,464,144	27,889,653
Income from loan portfolio	8	413,996,733	32,480,234
Income from other accounts receivable	14	5,173,265	1,777,397
Other financial income		-	-
FINANCIAL EXPENSES		(129,848,112)	(48,846,489)
Expenses on customers' deposits		(54,904,092)	(18,135,824)
Expenses on deposits and obligations National Bank of Housing and Habitat		-	-
Expenses on other borrowings	15	(51,397,503)	(22,660,234)
Other financial expenses	5	(23,546,517)	(8,050,431)
Expenses on other financial intermediation obligations		-	-
GROSS FINANCIAL MARGIN		303,594,458	13,336,443
INCOME FROM RECOVERY OF FINANCIAL ASSETS	8	6	9
ALLOWANCE FOR UNCOLLECTIBLE AND DEVALUATED FINANCIAL ASSETS		(36,906,293)	(12,352,193)
Expenses on uncollectible loans and other accounts receivable	8, 9 and 17	(36,906,293)	(12,352,193)
Creation of allowance and adjustments of cash and due from banks		-	-
NET FINANCIAL MARGIN		266,688,171	984,259
OTHER OPERATING INCOME	19	434,319,494	148,376,125
OTHER OPERATING EXPENSES	20	(37,487,810)	(10,969,956)
FINANCIAL INTERMEDIATION MARGIN		663,519,855	138,390,428
OPERATING EXPENSES		(450,449,061)	(97,119,064)
Personnel expenses		(89,641,268)	(26,782,998)
General and administrative expenses	21	(348,380,656)	(65,761,177)
Contributions to Fund of Deposits Guarantees and Banking Protection	25	(3,765,983)	(997,220)
Contributions to the Superintendence of Institutions from the Banking System	26	(8,661,154)	(3,577,669)
GROSS OPERATING MARGIN		213,070,794	41,271,364
INCOME FROM REALIZABLE ASSETS	11	-	994,158
VARIOUS OPERATING INCOME		1,553,033	1,569,820
EXPENSES FROM REALIZABLE ASSETS	11	(6,564,420)	(2,480,328)
VARIOUS OPERATING EXPENSES	20	(7,496,313)	(2,142,138)
NET OPERATING MARGIN		200,563,094	39,212,876
EXTRAORDINARY INCOME	12	68,065,345	7,069
EXTRAORDINARY EXPENSES		(857,379)	(65,729)
GROSS INCOME BEFORE INCOME TAXES		267,771,060	39,154,216
NET WORTH TAX	18	(1,166,420)	(1,507,894)
INCOME TAX	18	(44,431,429)	(5,993,389)
NET INCOME		222,173,211	31,652,933
NET INCOME ALLOCATION			
Legal reserve		28,930,690	-
Accumulated income		193,242,521	31,652,933
LOD contribution	20	2,045,350	394,000

The accompanying notes 1 through 31 are an integral part of these consolidated financial statements.

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

 Consolidated Statements of Changes in Equity  
 Semesters ended 31 December and 30 June 2022  
 (In bolivars)

	Notes	Adjustments to stockholder's equity						Accumulated income					Unrealized profit or loss in available for sale investment securities (see note 7)	Total stockholders' equity
		Paid-in capital stock	Equity Contributions Not Capitalized	Capital reserves	Income or loss from exchange variation for holding of assets and liabilities in foreign currency	Variation of commercial credits granted through UVC (see note 8)	Total	Surplus pending allocation	Restricted surplus	Undistributed surplus	Accrued loss	Total		
Balances at 31 December 2021		28,960	-	29,278	265,521,380	1,325,978	266,847,358	9,388,319	9,399,790	6,156,964	(1,180,805)	23,764,268	(2,359)	290,667,505
Adjustments of investment securities available for sale														
at fair market value		-	-	-	-	-	-	-	-	-	-	-	(450)	(450)
Income from net exchange variation	23	-	-	-	253,336,942	-	253,336,942	-	-	-	-	-	-	253,336,942
Income from variation of commercial loan capital granted by means of UVC	8	-	-	-	-	73,452,601	73,452,601	-	-	-	-	-	-	73,452,601
Allocation with charge to income of the benefits generated by increase in variations of credits collected and granted through UVC	8	-	-	-	-	(14,318,862)	(14,318,862)	-	-	-	-	-	-	(14,318,862)
Net result for the semester		-	-	-	-	-	-	31,652,933	-	-	-	31,652,933	-	31,652,933
Creation of the Social Fund for Contingencies	23	-	-	145	-	-	-	(145)	-	-	-	(145)	-	-
Reclassification for net income from the Curacao Branch	10	-	-	-	-	-	-	(323,253)	-	323,253	-	-	-	-
Reclassification to restricted surplus of 50% of the semester		-	-	-	-	-	-	(15,664,840)	15,664,840	-	-	-	-	-
Balances at 30 June 2022		28,960	-	29,423	518,858,322	60,459,717	579,318,039	25,053,014	25,064,630	6,480,217	(1,180,805)	55,417,056	(2,809)	634,790,669
Adjustments of investment securities available for sale														
at fair market value		-	-	-	-	-	-	-	-	-	-	-	(2,477,835)	(2,477,835)
Income from net exchange variation	23	-	-	-	958,050,516	-	958,050,516	-	-	-	-	-	-	958,050,516
Income from variation of commercial loan capital granted by means of UVC	8	-	-	-	-	816,559,839	816,559,839	-	-	-	-	-	-	816,559,839
Allocation with charge to income of the benefits generated by increase in variations of credits collected and granted through UVC	8	-	-	-	-	(277,899,195)	(277,899,195)	-	-	-	-	-	-	(277,899,195)
Increase in capital stock	23	28,930,690	-	-	(17,810,184)	-	(17,810,184)	(3,054,351)	(8,066,155)	-	-	(11,120,506)	-	-
Equity contributions pending capitalization	23	-	82,816,267	-	-	-	-	-	-	-	-	-	-	82,816,267
Net result for the semester		-	-	-	-	-	-	222,173,211	-	-	-	222,173,211	-	222,173,211
Increase in legal reserve	23	-	-	28,930,690	-	-	-	(28,930,690)	-	-	-	(28,930,690)	-	-
Social Fund for Contingencies	23	-	-	144,798	-	-	-	(144,798)	-	-	-	(144,798)	-	-
Reclassification for net income from the Curacao Branch	10	-	-	-	-	-	-	(10,515,298)	-	10,515,298	-	-	-	-
Reclassification of net income to net income from investments in subsidiaries and affiliates	10 and 23	-	-	-	-	-	-	(61,347,882)	-	61,347,882	-	-	-	-
Reclassification to restricted surplus of 50% of the semester		-	-	-	-	-	-	(60,689,670)	60,689,670	-	-	-	-	-
Balances at 31 December 2022		28,959,650	82,816,267	29,104,911	1,459,098,654	599,120,361	2,058,219,015	82,543,536	77,688,145	78,343,397	(1,180,805)	237,394,273	(2,480,644)	2,434,013,472

The accompanying notes 1 through 31 are an integral part of these consolidated financial statements.

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Consolidated Statements of Cash Flows

Semesters ended 31 December and 30 June 2022

(In bolivars)

	Notes	Semesters ended	
		31 December 2022	30 June 2022
Cash flows from operating activities:			
Net income for the period		222,173,211	31,652,933
Adjustments to reconcile net income to net cash used in operating activities:			
Income from amortization of rebates in held-to-maturity investments	7 and 19	(3,846,687)	(2,044,833)
Allowance for loan portfolio	8	33,623,647	10,773,522
Allowance for return on capital receivable	9	3,282,646	1,578,671
Allowance for other assets	13	85,856	94,073
Depreciation of fixed assets	12	28,691,867	1,670,971
Amortization of deferred charges	13	8,583,715	1,551,098
Amortization of realizable assets	11	6,495,048	2,398,254
Allowance for labor indemnities		7,081,194	5,494,398
Current income tax		47,703,966	4,406,910
Deferred income tax assets		(4,699,819)	(372,888)
Deferred income tax liabilities		1,427,282	1,959,367
Net worth tax		1,166,420	1,507,894
Net variation of placements in the BCV and inter-bank operations		(1,400,859,000)	9,150,000
Interests and commissions receivable		(11,214,237)	(1,501,959)
Other assets		(212,391,226)	(364,907,968)
Accruals and other liabilities		165,822,907	276,442,579
Unrealized income in available-for-sale securities		(2,477,835)	(450)
Net cash used in operating activities		(1,109,351,045)	(20,147,428)
Cash flows from financing activities:			
Net variation of:			
Customers' deposits		3,330,520,982	895,300,792
Other financing obtained		(105,812,903)	239,682,673
Interests and commissions payable		1,246,833	(130,020)
Equity contributions not capitalized		82,816,267	-
Net cash provided by financing activities		3,308,771,179	1,134,853,445
Cash flows from investment activities:			
Loans granted in the semester		(2,019,456,001)	(454,087,810)
Loans collected in the semester		1,062,363,313	238,920,399
Net variation of:			
Available-for-sale investment securities		(24,251,034)	(101)
Held-to-maturity investment securities		(35,305,976)	(2,449,508)
Restricted availability investments		235,457,783	(38,803,062)
Investments in subsidiaries		99,219,582	(68,989,626)
Realizable assets		(10,166,382)	(1,206,386)
Fixed assets		(224,349,787)	(354,013,081)
Net cash used in investing activities		(916,488,502)	(680,629,175)
Net variation in cash and due from banks		1,282,931,632	434,076,842
Income from exchange difference		706,918,832	235,961,467
Cash and due from banks at the beginning of the semester		1,645,051,921	975,013,612
Cash and due from banks at the end of the semester		3,634,902,385	1,645,051,921
Supplementary information on activities which do not require cash flows:			
Loan write-offs	8	(209,847)	(9,562,853)
Other assets write-offs	13	(2,287,880)	(94,073)
Variation in unrealized net losses in investment securities available for sale		(2,477,835)	(450)
Increase for valuation of trade credits receivable granted through UVC		816,559,839	73,452,601
Decrease from collection of trade credits receivable granted through UVC		(277,899,195)	(14,318,862)
Cash and due from banks		706,918,832	235,961,467
Investment securities		368,614,948	5,825,818
Loan portfolio		104,747,713	(978,270)
Interests and commissions receivable		676,487	11,653
Investment in affiliates		161,828,626	12,626,332
Other assets		157,443,640	4,873,514
Customer deposits		(214,805,401)	(567,841)
Other financing obtained		(7,933,866)	(17,520)
Accruals and other liabilities		(319,440,463)	(4,398,211)
Net income recorded in equity		958,050,516	253,336,942

The accompanying notes 1 through 31 are an integral part of these consolidated financial statements.

## **BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

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### **(1) Reporting Entity**

#### **(a) Operations**

Banco Nacional de Crédito, C.A., Banco Universal (the Bank) was authorized to operate in the Bolivarian Republic of Venezuela as a commercial bank in February 2003, under the commercial name of Banco Tequendama, S.A. and, on 2 December 2004 it was authorized to operate as a universal bank. The Bank engages in financial brokerage activity, consisting of drawing-down resources for the purpose of granting loans or financing and making securities investment.

The Bank is a company incorporated and domiciled in the Bolivarian Republic of Venezuela (the Republic), which main seat is located at Avenida Francisco de Miranda, entre Avenida Los Cortijos, Torre BNC, Urbanización Campo Alegre y Los Campos de Golf del Caracas Country Club, Municipio Chacao, State of Miranda, Caracas.

At 31 December and 30 June 2022, the Bank maintains 3,209 and 3,453 employees, respectively.

The Bank's stocks are listed in the Caracas Stock Exchange (see note 23).

The Bank operates in an economy characterized by significant devaluation of the local currency, high hyperinflation and multiple and changing regulations, which have a significant impact on the banking sector and the economy in general.

#### **Curaçao Branch**

Banco Nacional de Crédito, C.A., Banco Universal, Curaçao Branch (the Foreign Branch), is the Bank's Branch which object is to engage in financial brokerage and other financial operations and services that are compatible with its nature, in accordance with the legislation in force and established by Centrale Bank Curaçao & Sint Maarten, when it does not contravene the provisions contained in the Decree with Rank, Value and Force of Law of Banking Institutions of Venezuela, published on 19 November 2014 in Official Gazette of the Bolivarian Republic of Venezuela N° 6.154 Extraordinary and re-printed in Official Gazette N° 40.557 dated 8 December 2014.

#### **(b) Legal Regime**

The Bank's activities are governed by the provisions contained in:

- The Organic Law of the National Financial System, published in Official Gazette of the Bolivarian Republic of Venezuela N° 39.447 dated 16 June 2010 and re-printed in Official Gazette N° 39.578 dated 21 December 2010.
- Decree N° 1.402 with Rank, Value and Force of Law of Banking Institutions, published on 19 November 2014 in Official Gazette of the Bolivarian Republic of Venezuela N° 6.154 Extraordinary dated 19 November 2014, and re-printed in Official Gazette N° 40.557 dated 8 December 2014 (the Law of Banking Institutions).
- Decree with Rank, Value and Force of Law of the Securities Market and the provisions issued by the National Securities Superintendency.
- The regulations established by the Superintendency of Banking Institutions (the Superintendency).
- The Central Bank of Venezuela (BCV).
- The Bank Deposits Social Protection Fund (FOGADE).
- The Centrale Bank van Curaçao & Sint Maarten

The BCV, exercising its functions, has issued a series of resolutions whereby limits to interest rates payable and receivable are established, as well as the commissions that may be charged by banks and other financial institutions for different operations conducted with active and passive clients.

**(c) Acquisition of Banking Operations**

**Acquisition of operations from Banco Occidental de Descuento, Banco Universal, C.A.**

Extraordinary Stockholders' Meeting held on 31 March 2022, as part of the Bank's expansion plan and after obtaining prior clearance from the Superintendency, approved the acquisition of certain assets and assumed liabilities of Banco Occidental de Descuento, Banco Universal C.A. (the Seller) maintained in Venezuela. The Superintendency informed the Bank through Official Communication SIB-DSB-CJ-OD-03896 dated 9 June 2022, that the Seller was cleared for transferring assets and liabilities.

On 10 June 2022, the Bank signed a transfer agreement with the Seller on said rights and obligations. Assets and rights are comprised by the ownership rights over the assets, including domestic and foreign currency funds available, fixed assets, private property, loans and securities. Obligations include client deposits, client custody including those unclaimed, supplier agreements and leases, employees, other financing obtained, all of them recorded in the Seller's financial statements; and all of the obligations and responsibilities concerning the rights and obligations transferred, after the transfer date. On 23 June 2022, the Seller transferred the rights and obligations as agreed and recognized in the consolidated financial statements of the Bank on 30 June 2022.

The Bank, through notice sent on 11 July 2022, informed the Superintendency that as a result of the transfer of assets and the acquisition of liabilities of Banco Occidental de Descuento, Banco Universal, C.A., a difference arose between such assets and liabilities, which the Bank recognized as account receivable in the other assets element for US\$17,340,960 equivalent to Bs95,270,031 (see note 13) in June 2022 and which considerations consisted of account receivable and payable in the trust, in order to close and present the Bank's consolidated financial statements at 30 June 2022. The Superintendency by means of Official Letter SIB-DSB-CJ-OD-04481 dated 13 July 2022, seeing that the Bank transmitted the consolidated financial statements, required the presentation of the accounting vouchers generated for the review and subsequent pronouncement.

The Bank, in a communication sent on 15 July 2022, informed the Superintendency that both institutions, after assessing and reviewing each of the items that make up such difference, agreed to make adjustments mainly related to the increase in the valuation of real estate, with a credit to the abovementioned account receivable, reducing its balance to US\$3,825,345.

The Superintendency, by means of Official Letter SIB-DSB-CJ-OD-04800 dated 21 July 2022, informed it has no objection to the proposed adjustments. Regarding the difference to be compensated of US\$3,825,345, a statement will be issued once the definitive statements have been submitted.

The Bank, in a communication sent on 27 July 2022, informed that the relevant adjustments were made, which included the increase in the valuation of investments in affiliated companies and certain real estate assets, with a credit to the account receivable in comments, fully offsetting it. These offsets to the account receivable reported at 30 June 2022 had no effect on the Bank's results or equity. The Superintendency, by means of Official Letter SIB-DSB-CJ-OD-05287 dated 3 August 2022, informed that it has no observations or objections to make in relation to the proposed adjustments. Therefore, the Bank was instructed to submit the proposed Addendum to the contract for the transfer of rights and obligations, for assessment and prior authorization by the Superintendency. On 4 August 2022, the Bank submitted the proposed Addendum to the Superintendency for consideration.

The Superintendency, by means of Official Letter SIB-DSB-CJ-OD-05558 dated 11 August 2022, notified its observations on the proposed Addendum and instructed the parties to make the corresponding modifications and submit it for assessment and approval. On 12 August 2022, the Bank filed and submitted the proposed Addendum for approval on behalf of the Superintendency.

**(2) Basis of Preparation**

**(a) Statement of Conformity**

The Bank, as a financial institution of the Venezuelan banking sector, is obligated to prepare and present its consolidated financial statements (comprehensive) in accordance with the Accounting Manual for Banking Institutions (the Accounting Manual) and other prudential regulations issued by the Superintendency of Banking Institutions, which differ from the Accounting Principles Generally Accepted for Large Entities (VEN-NIF for LE). In regard to all aspects not established in these provisions, the Accounting Principles Generally Accepted in Venezuela (VEN-GAAP) that were in force until 31 December 2007 must be followed; in the succeeding order and in a supplementary manner, the provisions contained in the Accounting Principles Generally Accepted in Venezuela for Large Entities (VEN-NIF for LE).

In April 2008, the Federation of Public Accountants of the Bolivarian Republic of Venezuela (FCCPV), through Application Bulletin on VEN-NIF N° 0 Frame Agreement for Adopting International Financial Reporting Standards, approved the adoption of the VEN-NIF as the Accounting Principles Generally Accepted in Venezuela. At 31 December and 30 June 2022, the applicable version of VEN-NIF is the version approved in February of 2020 by the National Extended Directory of the FCCPV, through Application Bulletin on VEN-NIF N° 8 version 7 Accounting Principles Generally Accepted in Venezuela (VEN-NIF).

In Official Gazette of the Bolivarian Republic of Venezuela N° 39.637 dated 18 March 2011, Resolution N° 648.10 was published, whereby the Superintendency established that the presentation of consolidated financial statements or combined with the notes thereto, and the independent auditors' report corresponding to semester closings according to VEN-NIF is deferred until further notice from the Superintendency.

On 16 June 2022, the Superintendency issued Official Communication SIB-II-GGR-GNP-04002, deferring the presentation of complementary information corresponding to the 2022 first semester closing, in connection with the consolidated or combined financial statements, prepared on the basis of accounting principles generally accepted, as well as the individual audited financial statements for publishing, duly adjusted by inflation. The presentation for the semiannual inflation-adjusted audited financial statements has been deferred until 31 December 2022 [see note 31(d)].

Some of the policies established in the Accounting Manual and other prudential standards issued by the Superintendency, which differ from the Accounting Principles Generally Accepted in Venezuela for Large Entities (VEN-NIF for LE), follow:

- 1) The presentation of the consolidated financial statements adjusted by inflation as basic is not contemplated, these effects refer to the age of certain assets, to the stockholders' investments and to the net average monetary position maintained by the Bank. The VEN-NIF for LE require recognition of the effects of inflation in the consolidated financial statements.
- 2) As for the statements of cash flows, the Bank considers as cash equivalents the cash and due from banks item. The VEN-NIF for LE consider as cash equivalent short-term investments with high liquidity, which are easily convertible into determined amounts of cash, subject to insignificant risk of change in value, and with maturities lesser than 90 days.

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- 3) Allowances are created for 100% of unreconciled accounts receivable from domestic banks and other financial institutions, and from banks and correspondents abroad, which are more than 30 and 60 days old, respectively. These items must be disposed against the allowance recorded, since they are aged over 180 days. VEN-NIF LE do not contemplate the recognition of an allowance for impairment based on the specific age but based on the risk of loss.
- 4) Accounts receivable from banks and other financial institutions in the country, and from banks and correspondents abroad, aged over 30 and 60 days, respectively, are recorded in the other assets account; these are 100% provided for 30 and 60 days after their recording, respectively, if they are still pending reconciliation. VEN-NIF LE do not include reclassifications of accounts receivable pending recording, nor their provision based on their maturity.
- 5) Maximum holding periods are established for securities recorded in the subaccounts of investments for trading and available-for-sale, except those issued and/or guaranteed by the nation, as well as all those capital securities in the reciprocal guarantee companies. The VEN-NIF LE do not contemplate any time limitation for these investments to remain recorded in such categories.
- 6) The premium or discount on investments held to maturity is amortized over the term of the security with a charge or credit to the gain or loss on investments securities account, in the other operating income and other operating expenses accounts, respectively. In accordance with VEN-NIF LE, these premiums or discounts are part of the yield of the security and are therefore presented as part of financial income.
- 7) Gains or losses generated by variations in the official exchange rate are recorded in the adjustments to equity account, forming part of equity. In accordance with VEN-NIF LE, gains or losses are recognized in the consolidated statement of income for the period.
- 8) Balances and transactions in foreign currency must be valued at the current official exchange rate of the BCV at 31 December and 30 June 2022. In accordance with VEN-NIF LE, the valuation and presentation of balances and transactions in foreign currency at the date of the consolidated financial statements should be made considering a comprehensive assessment of the financial position, the monetary position in foreign currency and the financial effects derived from the exchange regulations applicable to the entity. The valuation options for foreign currency items are at the official exchange rates established in various exchange agreements or based on the best estimate of the expected future flows of bolivars, which at the date of the transaction or of the consolidated financial statements would have been disbursed or received.
- 9) If there is evidence of a permanent impairment in the value of investments held to maturity, such impairment must be recorded in the results of the year in which it occurs. Any subsequent recovery of the cost does not affect the new accounting basis. VEN-NIF LE allows any recovery of impairment previously taken to income, up to the concurrent amount of the original investment.
- 10) The value to be recorded for transfers from available-for-sale to held-to-maturity investments is measured at fair value at the time of the transfer. The unrealized gain or loss continues to be reported separately in equity and is amortized over the remaining life of the debt security, as an adjustment of its yield. VEN-NIF LE establishes that the fair value of the investment at the date of transfer will become its new amortized cost, and any gain or loss previously recognized in equity will be accounted for as follows: a) investment with fixed maturity: gain or loss will be taken to income over the remaining life of the investment, and any difference

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between the new amortized cost and the amount at maturity will be amortized equally over the remaining life; b) investment with no maturity: the gain or loss will remain in equity until the asset is sold or otherwise disposed of; at which time it will be recognized in income for the six-month period.

- 11) The Accounting Manual does not contemplate the transfer of the entire portfolio of held-to-maturity investments to available-for-sale investments when transfers are made between these accounts. VEN-NIF LE require the transfer of the entire portfolio of held-to-maturity investments to available-for-sale investments, if the reclassification was made for a significant amount, and the transfer is originated by a change in the original intention for which the securities were acquired, which does not qualify, among others, as an isolated or exogenous, non-recurring and unusual event of the Bank.
- 12) In addition to the specific provision, a generic and a countercyclical provision is required for the loan portfolio [see note 3(d)]. It also establishes a generic provision and a specific provision for indirect credit risks controlled by the Bank in memorandum accounts. VEN-NIF LE do not contemplate the recording of generic and counter-cyclical allowances and establish the recognition of impairment and uncollectibility of loans only if there is objective evidence of impairment resulting from one or more events occurring after the initial recognition of the asset. That event causes an effect on the estimated future cash flows of receivables, provided that it can be reliably estimated. This value is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.
- 13) It is established that loans which original payment plan, term and other previously agreed terms have been modified by the creditor, in response to an express request by the debtor to refinance the loan, must be reclassified to the restructured loans portfolio account. VEN-NIF LE does not establish accounting criteria in this regard.
- 14) The period for writing off the past-due loan portfolio may not exceed 24 months, counted from the date of registration of the entire loan in that category. At 24 months from the date of registration in that category, the credits in dispute must be fully provisioned. According to VEN-NIF LE, allowances are recorded based on the risk of uncollectibility.
- 15) Income originated by the current and restructured loan portfolio, with a collection term equal to or greater than six months, is recorded as deferred income until it is effectively collected. In accordance with VEN-NIF LE, interest is recognized as income when accrued.
- 16) When there are excess provisions, the difference is recognized as income and/or the accumulated results are affected, with the prior authorization of the Superintendency. VEN-NIF LE allows the reversal of provisions based on an analysis of the realization of the item.
- 17) Yields on past-due loans and loans in litigation are recognized as income when collected, and this amount is recorded in the memorandum accounts group. In accordance with VEN-NIF LE, interest is recognized as income when accrued, provided that it corresponds to loans with no risk of uncollectibility.
- 18) Provision is made for the yields receivable on the loan portfolio based on the risk percentage applied to the principal that originated it, except for loans classified in the real risk category, which are provided for in full. Interest accrued on loans considered as high risk and non-recoverable is not recognized in income. In accordance with VEN-NIF LE, allowances for impairment are established based on the risk of uncollectibility of the items, and interest is recognized as income when accrued and when it corresponds to loans with no risk of collection.

## **BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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- 19) An allowance for the total amount of accrued and uncollected interest must be created when the term loan is considered past due. Interest from installment loans will be provisioned when the installment is 30 days past due. VEN-NIF LE does not establish the creation of allowances for impairment based on maturity.
- 20) Fees charged on loans are recognized as income when collected. In accordance with VEN-NIF LE, commissions should be recorded as income during the term of the loan and are part of the value of the loan at the time of initial recognition. Interest is recognized as revenue when accrued, until the loan and accrued interest are considered uncollectible.
- 21) The presentation of consolidated financial statements with those of companies in which the Bank owns 50% or more of the capital stock is not contemplated as the only one. In accordance with VEN-NIF, the accounts of subsidiaries owned more than 50%, and entities created for specific purposes in which the Bank maintains control and/or is considered the main beneficiary of their results, must be consolidated.
- 22) Assets received in payment are recorded at the lower of the amount awarded, the book balance, market values or the appraisal amount. In accordance with VEN-NIF LE, they are stated at the lower of carrying amount and fair value, less costs to sell, and are recorded as property, plant and equipment or assets held for sale, depending on their intended use.
- 23) Available-for-sale assets are depreciated over the period established in the Accounting Manual. Likewise, deadlines are established for the disposal of these assets. According to VEN-NIF LE, depreciation of these assets ceases, and they are valued at the lower of their carrying amount and fair value less costs to sell. Under VEN-NIF LE establish that an asset held for sale must have a management plan to be sold and a program to find a buyer must have been initiated, and the sale is expected to be completed within a period not exceeding one year, except in particular external conditions.
- 24) Property, plant and equipment are stated at original cost less accumulated depreciation. The original cost of a property, plant and equipment is determined by its acquisition or construction cost, as the case may be. Furthermore, assets with a useful life of less than four years and those which acquisition cost is less than 320 TU should be recorded in the general and administrative expenses account. In accordance with VEN-NIF LE, property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses; the recognition of an item as property, plant and equipment is not subject to the useful life of the asset or its amount.
- 25) Substantial improvements to leased properties are recorded as amortizable expenses and recorded in other assets. In accordance with VEN-NIF LE these substantial improvements are part of property for use.
- 26) The Superintendency is empowered to authorize financial institutions to defer normal and recurring expenses. Most of the VEN-NIF LE do not contemplate the maintenance of deferred expenses, allowing recognition as intangible assets, if they meet the conditions of being identifiable, controlled and a future economic benefit is expected to be obtained from them; otherwise, they will be recognized as an expense in the period in which they are incurred.
- 27) Principal and yields receivable on investments in securities more than 30 days past due are recorded in other assets and fully provided for; interest on these investments that accrue thereafter is not recognized in income. In accordance with VEN-NIF LE, these assets are not reclassified and the allowance for impairment is determined based on the risk of loss of the items.

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- 28) Minimum terms and criteria similar to those prescribed for the loan portfolio are established in the evaluation of the collectability of the items presented as other assets, in order to establish the corresponding allowance. These assets may remain on the balance sheet for one year after their maturity date, after which time a 100% allowance must be set up on them. These accounts may not be written off if the corresponding debtor is linked to the ownership, direction, management or control of the Bank. According to VEN-NIF LE, the allowance for impairment is determined based on the risk of loss of such items.
- 29) In the case of deferred income tax for the determination of the temporary difference generated by the allowance for loan portfolio, only allowances for loans classified as high risk or unrecoverable are considered. The deferred income tax cannot exceed the tax expense. In accordance with VEN-NIF-LE, deferred taxes must be recognized for all temporary differences between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax basis, the latter being used to determine income tax.
- 30) Revenues from the sale of property, plant and equipment, realizable assets and property, plant and equipment out of use that are made in installments and/or with financing, must be deferred until they are effectively collected and are presented in the accruals and other liabilities account as deferred gains on sales of goods. According to VEN-NIF LE, revenues from the sale of assets held for sale are recognized as income when accrued.

### **(b) Approval of the Consolidated Financial Statements**

The consolidated balance sheets at 31 December and 30 June 2022 and the consolidated statements of income and net income allocation, previously authorized by the Board of Directors on 11 January 2023, were published in a national newspaper on 13 January 2023 in compliance of the requirements established by the Superintendency. On 14 February 2023, management authorized issuance of the consolidated financial statements, which in addition to the abovementioned, are comprised by the consolidated statements of changes in equity and cash flows for the semesters then ended and the notes containing significant accounting policies and other explanatory information. The consolidated financial statements at and for the semester ended 30 June 2022, have been approved by the Stockholders' Meeting on 21 September 2022. The consolidated financial statements at and for the year ended 31 December 2022, will be submitted to the approval of the Stockholders' Meeting which is expected to be held in March 2023.

### **(c) Basis of Measurement**

The consolidated financial statements have been prepared on the basis of historic cost, pursuant to the provisions contained in the general provisions of the Accounting Manual.

### **(d) Functional and Presentation Currency**

The consolidated financial statements have been presented in bolivars, which is the Bank's functional currency. Transactions in other currencies different than bolivars are considered foreign currency transactions.

### **(e) Use of Estimates and Judgments in the Preparation of the Consolidated Financial Statements**

Preparation of the consolidated financial statements requires management to conduct a series of estimates and affirmations in connection with the amounts shown on assets and liabilities, and the disclosures on contingent assets and liabilities, as well as the amounts shown in income and expenses during the respective period. Actual income could vary in comparison to the original estimates.

Estimates and underlying assumptions are reviewed on a continuous basis. The review of accounting estimates is recognized in the income for the period under review, if they affect that period only or in the income of this period and future periods, if the review affects the current period or future periods.

Information on the most significant areas requiring the application of estimated and a critical judgment in the application of accounting policies, having a significant effect on the value recognized in the consolidated financial statements, are described in note 3:

(b) cash and cash equivalents; (c) investment securities; (d) loan portfolio; (e) interest and commissions receivable; (f) realizable assets; (g) fixed assets and depreciation; (h) other assets; (i) Income tax and deferred income tax and (j) provisions for labor-related indemnities.

**(f) Measurement of Fair Value of Financial Instruments**

The following methods and assumptions are used by the Bank when estimating the fair value of financial instruments:

▪ Short-term financial instruments

Short-term financial instruments, assets and liabilities presented at carrying value included in the balance sheet, which do not defer significantly from fair market value, in light of the relatively short period of maturity of these instruments. This category includes available cash and cash equivalents, public funds drawn without defined maturity and with short-term maturities, other financing obtained, other obligations resulting from financial brokerage with short-term maturities, interest and commissions both receivable and payable.

▪ Investment securities

Investment securities are based on fair market value or fair values easily determined.

▪ Loan portfolio

The net recorded value of the provisions for loan portfolio are considered the best fair value estimate.

▪ Off-balance sheet financial instruments

Amounts are close to fair values.

**(3) Significant Accounting Policies**

Accounting policies and bases mentioned below are equally applied by the Bank in the preparation of the consolidated financial statements:

**(a) Principles of Consolidation (Comprehensive)**

The consolidated financial statements (comprehensive) include the accounts of Banco Nacional de Crédito, C.A., Banco Universal and the Foreign Branch.

Assets, liabilities and income from the Foreign Branch are consolidated (comprehensive) with the financial statements of the parent company in Venezuela. The capital assigned by the Bank to the Foreign Branch is eliminated from equity in the latter, as well as all accounts holding reciprocal balances. The Foreign Branch applies the accounting policies of the parent company when preparing its own financial statements.

Assets, liabilities, equity and income of the Foreign Branch are converted from dollars to bolivars at the exchange rate in force in conformity with Exchange Agreement N° 1 (see note 6).

**(b) Cash and Cash Equivalents**

It comprises assets that by reason of their liquidity are immediately available, therefore, they include cash, sight deposits at the BCV, balances held in foreign and correspondent banks, as well as effects subject to immediate collection.

**(c) Investment Securities**

Investment securities are classified in accordance with the intention for which they are purchased, and are valued in accordance with their classification as follows:

- Placements in the Central Bank of Venezuela and inter-banking operations, which include the placements in excess in BCV and overnight obligations.

Investment securities are valued at realization value. For investment securities issued by financial institutions according to the Law of Banking Institutions and the BCV, the realization value is their cost or nominal value. Income or losses are recorded at the transaction date.

- Available-for-sale securities, investments in debt and principal securities that may not be included as trading securities or held-to-maturity securities or investments in subsidiaries and affiliates and may not be held in this account for a term greater than one year, beginning on the date of inclusion into this account.

The Superintendency informed through Official Communication SBIF-DSB-II-GGTE-GNP-06459 dated 4 May 2009, that investment securities, whether issued and/or endorsed by the nation, and all investments in principal securities from mutual guarantee companies, will be exempted from compliance of the one-year term.

If investment securities are listed in stock exchanges, they are valued at fair market value, and their net unrealized profit or loss is recorded in a separate account in the stockholders' equity.

If they are not listed, they are recorded at purchase value and assessed at fair market value or fair value easily determinable (market value), the latter being the present value of future cash flows generated from the securities. The discount rate to be used for this calculation is based on performance curves (Spot), using data from the primary and secondary market, corresponding to instruments with similar risk characteristics.

If permanent impairment is determined in the investment's value, it is recorded in the results for the period of the impairment. Any subsequent recovery of cost does not affect the new accounting base. Recovery is presented directly and separately under stockholders' equity as long as securities are not realized.

- Held-to-maturity securities, representing debt and acquired firmly for the purpose to be held to maturity.

These must be recorded at acquisition cost, which must reflect the market value at the purchase date, subsequently adjusted by the amortization of premiums or discounts and recognized in the statements of income and net income allocation.

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Permanent impairment in the value of securities is recorded in the consolidated statements of income and net income allocation. Any subsequent recovery of cost does not affect the new accounting basis.

- Restricted availability securities, which include amongst other, funds delivered to another institution in trust, provided that availability is restricted, as well as any other restricted availability securities.

For assessment purposes, the existing criteria for the securities originating them are taken into account.

The Bank considers the value listed in stock exchanges the market value, as well as market value similar to fair value, as provided for in the Accounting Manual.

Gains or losses on transfers between investment categories are accounted for as follows:

- From trading securities to available-for-sale or held-to-maturity securities. Fair value is calculated at the time of transfer, and the difference with the previous fair value will be recorded in the results of the year, since the unrealized gain or loss was already recognized in income; this treatment is not reversed.
- From available-for-sale or held-to-maturity securities to trading securities. Their fair value is calculated at the time of transfer; the unrealized gain or loss at the date of transfer is recognized immediately in income.
- From available-for-sale securities to held-to-maturity securities, their fair value is calculated at the time of transfer, the unrealized gain or loss continues to be presented separately in equity and is amortized over the remaining life of the investment.
- From held-to-maturity securities to available-for-sale securities. Fair value is calculated at the time of transfer, the unrealized gain or loss at the date of transfer is recognized, and the net balance is presented separately in equity.

When investments securities are past due, they are reclassified together with their yields to other assets and, if after 30 days from their maturity date they have not been collected, the amounts must be 100% provisioned.

Any transfer between the different categories of investments, when they are sold for circumstances other than those indicated in the Accounting Manual or reclassified to another category, must be authorized by the Superintendency.

The provision for investments in securities is established when the Bank's management becomes aware of any circumstance affecting the value or recoverability of an investment. When it is considered that the specific provision assigned to an investment is in excess, because the circumstances that originated its constitution have changed, the reversal of such provision must be made with the authorization of the Superintendency.

The Superintendency will authorize exchanges and other transactions involving changes in securities or financial instruments denominated in foreign currency, and the financial institution must attach to the request for authorization, the supports evidencing the fair market value or book value, as applicable, together with the approval of the committee, or whoever corresponds, among others. During the semesters ended 31 December and 30 June 2022, the Bank did not carry out any exchange transactions of securities or financial instruments denominated in foreign currency.

**(d) Loan Portfolio**

The Bank expresses the loans granted in terms of the Credit Value Unit (UVC), in accordance with Resolution No. 22-03-01 dated 17 March 2022, published in Official Gazette of the Republic N° 42.341 dated 21 March 2022, resulting from dividing the amount in bolivars to be settled of the credit granted by the Investment Index (IDI) in effect at that date and daily updates the Investment Index (IDI) by adjusting the amount of the credit.

The credits of the Single National Productive Portfolio, commercial and micro-credits granted prior to the entry into force of Resolution N° 22-03-01, will maintain the conditions under which they were agreed until their total cancellation.

Excluded from Resolution N° 22-03-01 dated 17 March 2022, published in Official Gazette of the Republic N° 42.341 dated 21 March 2022, are those active operations related to loans to employees and directors of the entities.

The balance of the loan portfolio is updated daily, taking into account the variation of the Investment Index (IDI) published by BCV from the time the loan is granted until its liquidation. Increases or decreases in the principal of the loans, due to the variation of the Investment Index (IDI), are recorded in the Adjustments to Equity account 358. When the loan is collected, these amounts previously recorded in the Adjustments to Equity account 358 are reclassified to income for the year, in the Income from Loan Portfolio account 513.

The loans of the Single National Productive portfolio that consider the modality of a single payment at maturity, will have an additional charge of 20% at the time of loan liquidation, which is recorded in the Income from Loan Portfolio account 513.

The Bank maintains allowances: specific, generic and anticyclic for bad debts. Losses from bad debts are charged against these allowances.

The Bank carries out a monthly assessment of its loan portfolio and possible contingencies to determine and create a specific allowance from possible loss on loans, in accordance with the standards set forth in:

- Resolution N° 009-1197 "Standards Relating to Classification of Risk in the Loan Portfolio and Calculation of Allowances" dated 28 November 1997.
- Resolution N° 028.13 dated 18 March 2013, Standards Related to the Special Regime of Information Requirements and Constitution of Provisions for the Risk Coverage of the Agricultural Portfolio.
- Resolution N° 021.18 dated 5 April 2018, Standards Related to the Characteristics and Risk Classification of the Microfinance System and Small and Medium Enterprises.

In addition, a 1% general allowance on the loan portfolio's principal balance is maintained, as set forth by Resolution N° 009-1197, with the exception of the microcredit portfolio for which, a 2% general allowance on the principal balance is kept by the Bank, in accordance with the provisions contained in Resolution N° 021.18. Furthermore, according to Resolution N° 146.13 Standards Relating to the Creation of the Anticyclical Allowance, the Bank maintains a 0.75% allowance on the gross balance of the loan portfolio. In order to revert these allowances, clearance from the Superintendency is required.

The Bank maintains an allowance of 100% of the portfolio unmoved, which is composed by the portfolio due and under litigation. This allowance is applicable when the sum of the specific allowances and the generic allowance is lower than the abovementioned percentages.

The term to write off the overdue portfolio shall not exceed 24 months, beginning on the registration date of the entire loan in the "Overdue Loans" account. However, a balance may be maintained in the portfolio in litigation for those loans in connection to which judicial collection actions have been initiated provided that they are pending decision by the respective court; nevertheless, at 24 months beginning on the date on which the "Loans in Litigation", an allowance of 100% must have been created.

Regarding contingent memorandum accounts arising from guarantees granted, a 1% generic allowance must be created, as well as a specific allowance based on the guidelines established for credit operations.

**(e) *Interests and Commissions Receivable***

Interest and commissions receivable from investment securities, loan portfolio, contingent credits, services rendered and other accounts receivable, are recognized and recorded as income based on the amount of the uncollected principal.

Uncollected interest on the loan portfolio requires an allowance based on the specific allowance percentage applicable to the related loans when their risk classification is either normal or potential. When the loan's risk classification is real, interest earned and credited to income is fully provisioned for, and interest earned on loans classified in categories D and E is not recognized; such interest is controlled in memorandum accounts and recorded as income based on the amounts effectively collected.

Interest originated by the current and restructured loan portfolio with a term for collection equal to or more than six months must be registered monthly in the portion corresponding to deferred income in the item of Accruals and other Deferred Liabilities-Income, until effectively collected.

Interest in arrears is earned by the loan portfolio in installments and at fixed terms in case of current or restructured loans and is recognized as income when the period of arrears is less than 30 days; if collection has not been made by that time, an allowance of 100% is required. Interest in arrears collected after said term is recorded in the memorandum account.

When the loan (fixed term) or the installment loan is overdue or in litigation, it will not bear interest as income, and said amount will be entered under the memorandum accounts, Interest Receivable, where subsequent income will be recorded.

Profit receivable on investments in securities that have not been collected within 30 days from the date on which the collection should have been made, must be provisioned at 100%, the yields that are generated subsequently are recorded in memorandum accounts and are recognized as income based on the amount actually collected.

Interest from investment securities, contingent loans, services rendered or other accounts receivable, pending collection, requiring the creation of a specific allowance based on its recovery risk.

**(f) Realizable Assets**

Realizable assets are stated at acquisition or incorporation value. The value of incorporation of realizable assets (received in lieu of payment) is determined based on the lesser amount between the value determined by the judicial authority in the transfer, the accounting balance of the corresponding credit capital and recoverable disbursements originated by the collection process of the loan paid, the market value of said property and the amount of the valuation.

The incorporation value (cost) may be increased only by the number of improvements or additions to such value up to the amount by which such improvements or additions increase their useful lives or realizable value; other expenditures made in connection with these assets should be expensed in the period in which they are incurred.

Realizable assets must be disposed of within a period of one to three years from the date of acquisition, and a valuation reserve must be created one month after the date of entry into the Bank or registration in this group, in order to reach 100% of these assets at the end of the period in which they must be disposed of.

The Bank does not recognize realizable assets until they are collected.

Discontinued assets must be disincorporated within a term of 24 months, and the carrying amount shall not exceed its realization value.

**(g) Fixed Assets and Depreciation**

Fixed assets are initially recognized at their original cost, which is the acquisition cost or construction cost or restated cost, as the case may be, plus all necessary expenses to maintain the asset in place and conditions for use.

Depreciation is calculated using the straight-line method based on an estimated useful life for the different assets, as follows:

	<u>Years</u>
Buildings and facilities (at cost)	40
Computers	4
Furniture and equipment	10
Equipment for transportation	<u>5</u>

Upgrades and facilities are depreciated in the remaining useful life of the main asset.

Fixed assets owned by the Bank, cannot be given on lease.

**(h) Other Assets**

Deferred expenses are presented at cost and are amortized by the straight-line method in monthly installments beginning in the month following the that when the expense was incurred, as mentioned below:

- Capital gains will be amortized over a period not exceeding five years.
- Leasehold improvements, software and licenses purchased will be amortized over a period not to exceed four years.
- Expenses related to the implementation of the monetary reconversion process will be amortized between three and eight years from the date they are included in this account.

Service expenses recorded in subaccount 188.06 "Other prepaid expenses" should be amortized over a period not to exceed one year. Any prepaid service expense paid in advance for more than one year will be considered as a loan and should therefore be recorded in the loan portfolio.

The items in this group remain for a maximum of 360 days, counted from the date of maturity or due date. If after this period they have not been realized, a provision of 100% is made and, with prior authorization, they are written off and the balance is recorded in the corresponding memorandum account. Excepted from this maximum period are miscellaneous goods, value added tax (VAT) resulting from leasing transactions, income tax (ISLR) paid in advance, tax stamps paid to states of the nation and items that, as required by the National Integrated Customs and Tax Administration Service (SENIAT), must remain in said account [tax on large financial transactions (IGTF)].

The Bank assesses the collectability of items recorded in other assets, by means of similar criteria, to the extent applicable, to those established for the loan portfolio. Additionally, it maintains provisions for all those items thus requiring it, based on their age and nature, as well as by requirements of the Superintendency.

**(i) Income Tax**

Income tax expense for the year consists of current and deferred taxes. The provision for current income tax is calculated on the basis of the Bank's net taxable income, determined in accordance with current Venezuelan tax legislation and using tax rates in effect (or substantially in effect in the foreseeable future) at the balance sheet date (see note 18).

A deferred income tax asset and/or liability should be recognized based on the tax amount expected to be recovered over temporary differences between the carrying values of assets and liabilities and their corresponding tax bases.

The value of deferred assets and liabilities is determined based on the tax rates that are expected to be applicable to taxable income in the year in which the temporary differences will be deducted or taxed. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the results of operations in the year in which they become effective.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which it can be utilized. The Bank's management believes that estimates of future taxable income are reasonable and sufficient to realize the deferred tax asset recognized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow some or all of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax will be calculated as long as the financial institution has generated income tax in any of the last three fiscal years and there will be no creation of a deferred tax asset, with credit to the consolidated statement of income and net income allocation, for an amount greater than the current tax based on taxable income.

**(j) Labor Benefits**

On 13 November 2020, the renewal of the Collective Bargaining Agreement that was in effect until 1 July 2020 was entered into, in which a revision and extension of the clauses of the previously approved Collective Bargaining Agreement was made, and it is established that it will be in effect until there is a new agreement between the parties. This Collective Bargaining Agreement was in effect until 30 June 2021, and on 23 July 2021 the renewal of this agreement was signed, where the clauses of the previous agreement were reviewed, which did not have significant changes. This new Collective Bargaining Agreement is effective at 1 July 2021 and its term will be three years.

**Accrual for severance indemnities**

The Bank accrues and transfers monthly to a trust on behalf of each employee, as a guarantee of social benefits, the equivalent of 15 days of salary, up to a total of 60 days per year of service, calculated based on the last salary earned by the employee at the end of each quarter. Additionally, as from the second year of service, the Bank accrues to each employee two additional days per year of service or fraction greater than six months, cumulative up to a maximum of 30 days. During the semesters ended 31 December and 30 June 2022, the Bank determined the effect of the retroactivity scheme through a non-actuarial calculation, which consisted in the determination of the social benefits in accordance with Article 142 (b) of the Organic Tax Law, recognizing additional expenses and liabilities for the employees which calculation was greater than the accrued social benefits guarantee.

Upon termination of the labor relationship, the Bank will make the retroactive calculation of social benefits, based on 30 days of salary for each year of service or fraction greater than six months, taking for this purpose the last salary earned by the employee; and will pay the amount that is greater between the social benefits guarantee and the retroactive calculation.

**Profit-sharing**

The Bank's Collective Labor Agreement requires the Bank to distribute an annual profit sharing to all of its employees for a maximum amount equivalent to 150 days of salary, which is payable in April and July, and the remainder in November of each year.

**Vacations and vacation bonus**

Based on the provisions of the Organic Tax Law and the Collective Labor Agreement, the Bank grants annually at least 15 days of effective vacation and 23 days of salary for vacation bonus, based on the seniority of the employees.

**(k) Financial Income**

Financial income is included in the results of operations as earned, with the exception of interest accrued by loans and matures discounts and under litigation, which are recognized as income when collected.

Deferred income from short- and long-term loans is recognized as income during the term of the loan or upon presentation and settlement of the valuations, in the case of the loan portfolio to construction workers.

**(l) Financial Expenses**

Financial expenses are included in the results of operations as incurred.

**(m) Investments in Subsidiaries, Affiliated companies and Branches**

Investments in subsidiaries and affiliates other than banks are valued by the equity method when:

- More than 20% equity interest is held over the equity of the subsidiary or affiliate.
- Less than 20% of the subsidiary's or affiliate's equity is owned, but there is significant influence in the management of the subsidiary or affiliate; that is, when without having a majority of the votes, the Bank is in a position to influence operational and financial decisions and the Bank intends to be maintained over time.

The basis for calculation is the audited financial statements of the subsidiary or affiliate in nominal bolivars. If this documentation is not available, such share is calculated based on the most recent unaudited financial information provided by the subsidiary or affiliate.

Other investments in companies in which the Company holds less than 20% of the subsidiary's or affiliate's equity and does not have significant influence in the management of the subsidiary or affiliate are recorded in accordance with the cost method. Long-term investments in shares of other companies are measured and recorded, at the date of acquisition of the shares, at the total amount paid for them. This total includes the acquisition cost plus all commissions and other costs incurred to purchase them, provided that the total does not exceed the market value.

**(n) Trust Assets**

Accounts in the trust's balance are presented with the same parameters used by the Bank to value its balance sheets accounts, except for investment securities which must be presented and valued at acquisition cost and, it must be consistent with market value, adjusted by amortization of the premium and/or discount. If permanent impairment is observed in the investment's value, it is recorded in the results for the period when impairment occurred.

Overdue investment securities and the corresponding interest are reclassified to other assets, and if after 30 days subsequent to their maturity date they have not been collected, the amounts must be fully provisioned 100%.

The Bank's Trust consider the quoted value on the stock exchange as market value, which is also considered similar to fair value as set forth in the Accounting Manual for Banks.

The loans are granted by directed funds and by loan requests from the beneficiaries of the funds, and therefore no provisions are required. For the overdue loan portfolio of administration trusts, the Trust's management conducts an analysis of its maturity and establishes a provision.

**(o) Off-balance-sheet Financial Instruments**

In the ordinary course of business, the Bank enters into off-balance sheet financial instruments, consisting of commitments to extend credit and commitments on credit card agreements. Such instruments are reflected as commitments when the related contract is entered into and are recorded in the financial statements when the disbursement is made, i.e., when they are triggered by the allocation of funds or when the related fees are incurred or received. In cases of non-utilization of credit lines, no additional costs are incurred by the Bank.

**(p) Net Income per Share**

Net income (net profit) per share has been determined by dividing the net income for the semester by the weighted average of circulating shares during the semester.

**(q) Consolidated Statements of Cash Flows**

For the purpose of the consolidated statements of cash flows, the Bank considers its cash and due from banks, net of the allowance for cash and due from banks, such as cash and cash equivalents.

**(r) Commitments and Contingencies**

The effects of long-term commitments with third parties, such as supply contracts with clients or suppliers, are recorded in the consolidated financial statements considering the economic substance of the agreements on the basis of the amounts incurred or earned, and the relevant commitments are disclosed in the notes to the consolidated financial statements. Obligations or losses associated with contingencies from claims, litigation, fines or penalties in general are recognized as liabilities in the balance sheets, when a certain or legal obligation resulting from past events exists and it is probable that a disbursement will be necessary to pay for the obligation and the amount can be fairly estimated; otherwise, quality details on the situation causing the contingency are disclosed in the notes to the consolidated financial statements. No contingent assets, income or revenues are recognized.

**(4) Risk Management**

The Bank is mainly exposed to credit, liquidity, market and operating risks. The Bank's risk policy to manage these risks is described as follows:

- **Credit Risk:** The Bank assumes the credit risk exposure as the risk of a counterparty being incapable of paying debts entirely upon maturity. Credit risk exposure is monitored by the Bank by means of a regular analysis of the borrower's payment capability. The Bank structures the credit risk level placing limits in relation to a borrower or group of borrowers.
- **Liquidity Risk:** It is the risk where the Bank may face difficulty to comply with obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Bank reviews daily its resources available in cash, overnight placements, current accounts, loans and guarantees. The Bank's investment strategy aims towards guaranteeing the adequate level of liquidity. A significant part of cash is invested in guarantee deposits at the BCV.
- **Market Risk:** The market risk is materialized when market conditions change adversely, affecting liquidity and the value of the financial instruments the institution maintains in investment portfolios or contingent positions, resulting into a loss for the institution. The market risk is mainly constituted by interest rates risks and exchange rate risks.

The interest rate risk materializes due to the temporary differences existing between assets and liabilities in the balance. This difference, before adverse interest rate changes, generates a potential impact over the institution's financial margin. The Bank establishes a maximum exposure to be assumed before the change in interest rate. This limit is fixed as the maximum loss the Bank is willing to assume before a significant variation. Such variation is analyzed by the Risks Integral Committee on a monthly basis. There is a low interest rate risk exposure, as these are ruled by the BCV.

The interest rate risk is the risk that the value of a financial instrument fluctuates due to changes in the foreign currency rates. The Bank's operations are essentially conducted in bolivars. The Bank identifies a market opportunity in the short and medium term, investments shall be placed in foreign currency instruments, observing the regulatory limits established. The extent of this risk the Bank assumes is determined by the net position and predominant volatility of the exchange rates (the greater the position or volatility of the exchange rate, the greater the risk will be). The quantification of the exposure to the exchange rate will be measured as the net open position in each currency. Due to the exchange control regime existing in the country, the Bank does not assume significant risks for this concept.

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

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- Operating Risk: The operating risk is the risk that a direct or indirect loss provided by a broad variety of causes associated to the Bank's processes, personnel, technology and infrastructure, and the external factors other than credit risks, liquidity and market, such as those arising in the legal and regulatory requirements, as well as the generally accepted standards of corporate conduct. Operating risks arise from all the Bank's operations.

It is assumed by the Bank as the loss resulting from deficiencies or failures in internal processes, human resources or systems, or as those derived from external circumstances.

The Bank's objective is to manage operating risk in order to balance the prevention of financial losses and damages to the Bank's reputation with the cost's general effectiveness and avoid control procedures that restrict initiative and creativity.

At 31 December and 30 June 2022, the Bank does not maintain hedging instruments that allow minimizing the abovementioned risks. Management's overall risk management focuses on the unpredictable nature of financial markets and seeks to minimize potential adverse effects on the Bank's financial performance.

### (5) Cash and Due from Banks

A detail of cash accounts follows (in bolivars, except for the amounts in US dollars, Euros, and Colombian pesos):

	<u>Notes</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Notes and coins:			
Local		134,468,173	79,512,403
Foreign (including US\$144.603.809, €10.183.643 and COP50.000; and US\$196.610.265, €10.929.561 and COP50.000, respectively)	6 and 24	2,712,554,455	1,149,002,221
Foreign notes and coins acquired in transactions as per Foreign Exchange Market System of Free Convertibility (including US\$1.768.572 and €111.697; and US\$7.278.682 and €263.136, respectively)	6	<u>32,936,116</u>	<u>41,720,156</u>
		<u>2,879,958,744</u>	<u>1,270,234,780</u>

A detail of the BCV accounts follows (in bolivars, except for the amounts in US dollars and Euros):

	<u>Note</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Legal reserve		-	176,937,742
Foreign notes and coins in custody of the BCV (Including €30 and US\$8.319.331, respectively)	6	559	45,948,499
Other deposits in the BCV (US\$21.000, for both semesters)	6	366,351	115,985
Sight deposits		<u>199,696,359</u>	<u>125,582</u>
		<u>200,063,269</u>	<u>223,127,808</u>

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### *Legal reserve*

The Bank is required to maintain in the account of the Central Bank of Venezuela (BCV account) a legal reserve in legal tender (bolivars) corresponding to the total of net obligations in local and foreign currency. At 31 December and 30 June 2022, the minimum legal reserve requirement is 73% of the amount of net obligations in local currency, and 31% of the amount of net obligations in foreign currency, for both semesters; banking institutions which reserve requirement is deficient must pay a daily financial cost calculated and received by the. At 31 December and 30 June 2022, the legal reserve fund required is Bs1,018,438,839 and Bs430,683,307, respectively. At 31 December 2022, the Bank did not need to maintain the legal reserve fund, as a consequence of the deductions applied for Bs1,033,074,941; at 30 June 2022, such fund amounted to Bs176,937,742, net of deductions for Bs253,745,565; deductions are applied in accordance with the provisions established by the BCV in circulars and resolutions issued in this regard. These legal reserve obligations have caused and may continue to cause challenges for the Bank in its monetary liquidity and financial intermediation.

A detail of deductions applied to the requirements of the legal reserve (in bolivars):

		<b>31 December 2022</b>	<b>30 June 2022</b>
Bank intervention	(a)	805,772,685	64,770,656
Deficit interests	(b)	182,222,256	160,574,909
Cash in BCV headquarters	(c)	38,500,000	28,400,000
Hedging securities	(d)	6,580,000	-
		<u>1,033,074,941</u>	<u>253,745,565</u>

- (a) Corresponding to the foreign exchange intervention in accordance with BCV Resolution No. 19-09-03 dated 21 October 2019, according to which the constitution of the legal reserve must be made as of the day the foreign exchange intervention was executed and until the last day of the subsequent week, where the BCV will deduct the amount in bolivars equivalent to the amount applied in the operation; as well as, in the case of interbank operations destined to the final demand, the deduction will be made the following bank working day and until the last day of the subsequent week.
- (b) In accordance with BCV Circular S/N dated 22 October 2021, issued by the BCV, according to which discounts will be calculated daily and will be determined by the sum of the interest paid to the BCV on the deficit of the legal reserve.
- (c) In accordance with BCV Circular S/N dated 30 September 2022, according to which the equivalent amount of the cash withdrawal to be settled by each banking institution from 3 October to 30 November 2022, both dates inclusive, will be deducted from the legal reserve position.
- (d) In accordance with BCV Circular S/N dated 28 March 2022, according to which the deduction will be equivalent to the amount liquidated to individuals and legal entities, on the occasion of the acquisition of the Hedging Securities, which will be applied from the day on which the liquidity absorption operation is liquidated until the last day of the following week.

### *Interests to the BCV*

During the six-month periods ended 31 December and 30 June 2022, the Bank recorded the amounts of Bs23,079,499 and Bs8,047,755, respectively, in the consolidated statements of income and application of net income, included in the other financial expenses account, corresponding to the payment of interest on the legal reserve deficit.

### *Exchange Operations*

At 31 December and 30 June 2022, the Bank maintains Bs554,318,486 (including US\$25,621,297 and €5,756,716) and Bs151,296,593 (including US\$22,585,121 and €4,599,600), in Banks and correspondents abroad. It also includes the amount of US\$3,818, in both six-month periods, equivalent to Bs66,606 and Bs21,085, respectively, deposited in the BNC International Banking Corporation, corresponding to deposits received from the Bank in accordance with Exchange Agreement N° 20 (see note 24).

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During the semesters ended 31 December and 30 June 2022, the Bank recognized interest income of Bs808,428 and Bs35,648, respectively, recorded in the interest income from cash and cash equivalents account in the consolidated statements of income and net income allocation, as a result of the yields obtained from deposits in foreign correspondent banks.

On 5 September 2019, the BCV issued Resolution N° 19-09-03, which establishes that when the BCV deems it pertinent, it may carry out foreign currency sale transactions to financial institutions by debiting the single account held by such financial institutions with the BCV for the amount of bolivars equivalent to the foreign currency sold by the BCV. Likewise, the total foreign currency position sold must be used in foreign currency purchase and sale operations integrated to the Foreign Exchange Market System, to its private sector clients at the official exchange rate in effect on the date of the transaction, except for those that integrate the banking and stock market sectors. The amount in bolivars equivalent to the amount of the exchange intervention will be deducted from the amount of the legal reserve from the date of the transaction until the last day of the following week. Additionally, this Resolution establishes that in the event that the banking institutions do not manage to apply all the foreign currency sold that was liquidated as a result of the foreign exchange intervention, the balance not applied in purchase and sale operations will not be subject to the deduction of the legal reserve fund for the following week. At 31 December and 30 June 2022, the Bank maintains bills for Bs559 (US\$32) and Bs45,948,499 (US\$8,319,331) respectively, under custody of the BCV, which are sold to customers through this mechanism, which in turn are part of the public deposits included in the current accounts according to the Free Convertibility Exchange Market System. Also, during the semesters ended 31 December and 30 June 2022, the Bank charged its customers commissions for exchange intervention operations and transfer of banknotes to customers for Bs11,488,368 and Bs5,743,443, respectively, which are included in the other operating income account in the consolidated statements of income and net income allocation (see note 19).

### *Bills for immediate collection*

At 31 December and 30 June 2022, the account of immediately collectible bills of exchange for Bs137,000 and Bs28,803, respectively, corresponds to clearing house operations in charge of the BCV and other banks.

## **(6) Foreign Currency Operations**

At 31 December and 30 June 2022, the Bank valued its assets, liabilities and memorandum accounts in foreign currency at the exchange rates in effect at those dates, corresponding to the weighted average of the transactions traded in the Foreign Exchange Market System, in accordance with Exchange Agreement N° 1 dated September 2018, as follows:

	<b>31 December 2022</b>	<b>30 June 2022</b>
Bolivars per US\$1	17.4453	5.5231
Bolivars per €1	18.6473	5.7737
Bolivars per COP1	0.0036	0.0013

A summary of income from operations conducted in foreign currency, which are presented as part of the statement of income and net income allocation (in bolivars):

		<b>Semesters ended</b>	
	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Other operating income -			
Income from exchange difference	19	895,170	67,102
Other operating expenses -			
Loss from exchange difference	20	690,477	350,909

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

### Notes to the Consolidated Financial Statements

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A detail of assets, liabilities and memorandum accounts in foreign currency follows:

	31 December 2022			30 June 2022		
	US\$	€	COP	US\$	€	COP
<b>Assets -</b>						
Cash and due from banks	172,014,678	16,052,086	50,000	234,814,399	15,792,297	50,000
Investment securities	95,581,708	-	-	13,627,787	-	-
Loan portfolio	24,716,710	-	-	22,762,378	-	-
Provision for loan portfolio	(1,076,318)	-	-	(1,181,623)	-	-
Interests and commissions receivable	4,074,703	-	-	3,281,555	-	-
Provision for returns receivable	(3,562,957)	-	-	(3,192,441)	-	-
Investments in subsidiaries, affiliates and branches	-	97,966	-	-	97,966	-
Realizable assets	480,418	-	-	852,727	-	-
Fixed assets	24,520	-	-	29,501	-	-
Other assets	9,905,668	941,268	-	10,680,490	1,652,333	-
Provision for other assets	-	-	-	(131,125)	-	-
<b>Total long position</b>	<b>302,159,130</b>	<b>17,091,320</b>	<b>50,000</b>	<b>281,543,648</b>	<b>17,542,596</b>	<b>50,000</b>
<b>Liabilities -</b>						
Customer deposits	226,297,101	10,614,341	50,000	214,908,335	10,436,706	50,000
Other financing obtained	1,090,486	-	-	652,785	-	-
Interests and commissions payable	35,872	-	-	5,239	-	-
Accruals and other liabilities	32,340,022	1,931,508	-	48,179,538	2,304,255	-
<b>Total short-term position</b>	<b>259,763,481</b>	<b>12,545,849</b>	<b>50,000</b>	<b>263,745,897</b>	<b>12,740,961</b>	<b>50,000</b>
<b>Net long position</b>	<b>42,395,649</b>	<b>4,545,471</b>	<b>-</b>	<b>17,797,751</b>	<b>4,801,635</b>	<b>-</b>
<b>Memorandum accounts -</b>						
Trust assets	65,525,039	-	-	65,383,039	-	-
Memorandum accounts	174,612,537	-	-	174,820,243	-	-
<b>Total memorandum accounts</b>	<b>240,137,576</b>	<b>-</b>	<b>-</b>	<b>240,203,282</b>	<b>-</b>	<b>-</b>

On 5 April 2019, by means of Resolution N° 19-04-01 published in Official Gazette of the Republic of Venezuela N° 41.611, the BCV established the Rules Regarding Foreign Currency Positions of Banking Institutions, according to which:

- The BCV will determine the maximum limit that the global net foreign currency position of each banking institution may reach at the close of each day's operations.
- The BCV will review at least semiannually the limits determined for each banking institution and may modify them whenever the situation and circumstances so advise.
- The percentage of interest to be paid by the banking institutions that exceed the limits is established.
- The BCV may authorize banking institutions to exclude certain transactions from the calculation of the foreign currency position authorized for such purpose, or to maintain in any way a total risk position in excess of that resulting from the maximum limit established.

Notice VOI/GOC/DNPC-004 dated 8 April 2019 of the BCV establishes:

- When the result of the net global position in foreign currency is that of a liability or of short-term, the maximum limit will be considered exceeded, and the amount exceeded will be charged the corresponding rate.
- All assets and liabilities in foreign currency shall be part of the global net position.
- The global net asset or net long-term position in foreign currency will not be subject to the maximum limit temporarily.

At 31 December and 30 June 2022, the Bank maintains a net foreign currency asset position of US\$42,395,649 and €4,545,471; and US\$17,797,751 and €4,801,635, respectively.

At 31 December and 30 June 2022, the Bank maintains a net foreign currency asset position in the memorandum accounts of the trust of US\$65,525,039 and US\$65,383,039, respectively.

### ***Exchange Control Regime***

On 29 November 2013, Decree N° 601 established the creation of CENCOEX and the Venezuelan Corporation for Foreign Trade. On 14 April 2014, Decree N° 903 set forth the suppression of CADIVI and its competencies were assumed by CENCOEX.

### ***Exchange Agreement N° 1***

Extraordinary Official Gazette of the Republic N° 6.405 dated 7 September 2018, published Exchange Agreement N° 1, which repealed the 39 exchange agreements issued since January 2003 and its purpose is to establish the free convertibility of the currency throughout the national territory, with the purpose of favoring the development of the economic activity, in an orderly exchange market in which actions can be deployed to ensure its optimum operation. The agreement establishes that the exchange rate is governed according to the supply and demand of individuals and legal entities through the Exchange Market System, a system for the purchase and sale of foreign currency, in bolivars, in which demanders and suppliers participate without any restriction and which operation is in charge of the BCV. The exchange rate is published on the web page of the state banking institution. Additionally, individuals and legal entities in the private exporting sector may retain and manage 80% of the income they receive in foreign currency, the remainder must be sold to the BCV.

### ***Other Control Exchange Standards***

Official Gazette of the Bolivarian Republic of Venezuela N° 41.452, dated 2 August 2018, published Derogatory Constituent Decree for the Foreign Currency Exchange Control Regime and its Infringements, whereby derogating the Decree with Rank, Value and Force of Law of the Exchange Regime and its Infringements, published in Extraordinary Official Gazette of the Bolivarian Republic of Venezuela N° 6.210 dated 30 December 2015.

In Official Gazette of the Bolivarian Republic of Venezuela N° 41.580 dated 6 February 2019, the Central Bank of Venezuela, through an Official Notice, regulates the terms for the retail sale of foreign currency to the general public, contemplated in Exchange Agreement N° 1 issued back in September of 2018. In accordance with the aforementioned regulations, universal banks may sell up to 1,000 Euro or the amount equivalent thereto in another currency, on a daily basis, per client, i.e., 4,000 Euro per calendar month or 8,500 Euro per calendar year. This Official Notice indicates that in the event that the operation's object is the purchase of foreign notes, the operation may not exceed from the amount of 500 Euro per day or the amount equivalent thereto in another currency. Similarly, the provisions set forth that the minimum amount permitted for retail sale of foreign currency for individuals is 50 Euro or the amount equivalent thereto in another currency, whilst the minimum amount has been set for legal entities in 500 Euro.

During the semesters ended 31 December and 30 June 2022, the Bank recorded gains mainly originated by the variation in the official exchange rate of the US dollar and the euro for Bs958,050,516 and Bs253,336,942, respectively, which were included in the consolidated statements of changes in equity under the item of income or losses for exchange variations for net assets and liabilities in foreign currency [see note 23(c)].

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

**(7) Investment Securities**

Details on investment securities based on the intent of the Bank's management (in bolivars) follow:

	<b>31 December 2022</b>	<b>30 June 2022</b>
Placements in the Central Bank of Venezuela and interbank operations	1,400,859,000	-
Available for sale	24,251,632	598
Held to maturity	53,730,281	14,577,618
Restricted cash	193,847,126	60,689,961
	<u>1,672,688,039</u>	<u>75,268,177</u>

Details on investment securities (in bolivars, except the amounts in U.S. dollars, maturities and percentage of participation or interest rates) follow:

**Placements in the Central Bank of Venezuela  
and interbank operations -**

	<b>Realization value</b>	<b>Nominal value</b>	<b>Maturities</b>	<b>Interest rate (%)</b>
<b>31 December 2022 -</b>				
Other certificates of deposit:				
BCV hedging securities	3,570,000	3,570,000	05-01-2023 y 06-01-2023	16
Interbank transactions:				
Overnight placements -				
Banco Caroní, C.A. Banco Universal	1,665,000	1,665,000	02-01-2023	1
Other obligations issued by the country's financial institutions:				
Fixed-term certificate of deposit -				
Banco de Desarrollo Económico y Social de Venezuela (BANDES) (equivalent to US\$80.000.000)	1,395,624,000	1,395,624,000	15-03-2023	11
	<u>1,400,859,000</u>	<u>1,400,859,000</u>		

During the semesters ended at 31 December and 30 June 2022, recognized interest income for Bs9,097,286 and Bs26,303,314, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the profit obtained from placements in the BCV and interbank transactions.

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

### Available for Sale Investment Securities

Details on available for sale investment securities (in bolivars) follow:

	<u>Acquisition cost</u>	<u>Unrealized net loss</u>	<u>Fair market value</u>
<b>31 December 2022 -</b>			
Securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs120, annual return of 26,19% and maturing in August 2025	120	-	120 (a)
Global Bonds, equivalent to US\$1.390.146, with a nominal value of US\$15.446.500, annual return of 0,0001% and 9,25%, and maturing in May 2023 and September 2027	<u>26,732,156</u>	<u>(2,480,644)</u>	<u>24,251,512 (a)</u>
	<u>26,732,276</u>	<u>(2,480,644)</u>	<u>24,251,632</u>
<b>30 June 2022 -</b>			
Securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs160, annual return of 26,19% and maturing in August 2025	160	-	160 (a)
Global Bonds, equivalent to US\$79, with a nominal value of US\$800, annual return of 9,25% and maturing in September 2027	<u>3,247</u>	<u>(2,809)</u>	<u>438 (a)</u>
	<u>3,407</u>	<u>(2,809)</u>	<u>598</u>

(a) The estimated fair value determined by the purchase and sale operations in the secondary market according to the valuation system screens or curves of return.

Available for sale investments at 31 December and 30 June 2022 are under custody and details thereon, follow:

<u>Security</u>	<u>Custodian</u>
Securities issued or endorsed by the Nation	Central Bank of Venezuela
Global Bonds	C.V.V. Caja Venezolana De Valores, S.A. AV. Securities, INC

Through Official Communication SIB-II-GGIBPV2-40535 dated 13 December 2012, the Superintendency informed the Bank that the *Reuters* and *Bloomberg* valuation systems cluster referential prices for the entire financial market, therefore, when no referential prices are found in these systems, the Bank will consider a similar system, or by default, will apply the present value (Curve of Return) for valuation of its available for sale investment portfolio, according to the provisions contained in the Accounting Manual. The Bank used these guidelines for valuation of these available for sale investment securities at 31 December and 30 June 2022.

At 31 December and 30 June 2022, the Bank holds an unrealized loss for available for sale investment securities, recorded in the consolidated statements of changes in equity, for Bs2,480,644 and Bs2,809, respectively, corresponding to foreign currency securities issued or endorsed by the Nation.

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

During the semesters ended 31 December and 30 June 2022, the Bank recognized interest income for Bs340 and Bs193, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the returns obtained from “available for sale investment securities.”

A classification of available for sale investment securities, according to their due dates (in bolivars), follows:

	<b>Fair market value</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Between 6 months and 5 years	24,251,632	160
Over 5 years	-	438
	<u>24,251,632</u>	<u>598</u>

### ***Held to Maturity Investment Securities***

Details of held to maturity investment securities (in bolivars) follow:

	<b>Note</b>	<b>Acquisition cost</b>	<b>Amortized cost</b>	<b>Fair market value</b>
<b>31 December 2022 -</b>				
Securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$3.079.149, with a nominal value of US\$7.225.000, annual return of 9,25% and maturing in September 2027	6	13,591,263	53,716,686	11,357,671 (a)
Sovereign Bonds, equivalent to US\$96, with a nominal value of US\$100, annual return of 8,25% and maturing in October 2024	6	1,339	1,675	151 (a)
		<u>13,592,602</u>	<u>53,718,361</u>	<u>11,357,822</u>
Bonds and obligations issued by the Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$683, with a nominal value of US\$900, annual returns between 5,38% and 5,50%, and maturing in April 2027 and 2037	6	7,887	11,920	774 (a)
		<u>13,600,489</u>	<u>53,730,281</u>	<u>11,358,596</u>

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

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**30 June 2022 -**

Securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$2.638.622, with a nominal value of US\$7.225.000, annual return of 9,25% and maturing in September 2027	6	4,302,930	14,573,374	3,959,713 (a)
Sovereign Bonds, equivalent to US\$95, with a nominal value of US\$100, annual return of 8,25% and maturing in October 2024	6	424	524	54 (a)
		<u>4,303,354</u>	<u>14,573,898</u>	<u>3,959,767</u>
Bonds and obligations issued by ther Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$673, with a nominal value of US\$900, annual returns between 5,38% and 5,50%, and maturing in April 2027 and 2037	6	2,497	3,720	373 (a)
		<u>4,305,851</u>	<u>14,577,618</u>	<u>3,960,140</u>

(a) The market value determined by the purchase and sale operations in the secondary market according to the valuation system screens or the present value of estimated future cash flows.

Held to maturity investment securities at 31 December and 30 June 2022 are under custody as detailed below:

<b>Security</b>	<b>Custodian</b>
Securities issued or endorsed by the Nation	Euroclear Bank C.V.V. Caja Venezolana De Valores, S.A. AV. Securities, INC Central Bank of Venezuela
Bonds and obligations issued by the Nation's non-financial institutions	Euroclear Bank

During the semesters ended 31 December and 30 June 2022, the Bank recognized interest income for Bs2,918,016 and Bs1,551,184, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the return obtained from "held to maturity investment securities."

During the semesters ended 31 December and 30 June 2022, the Bank recorded amortization income from discounts on held to maturity investments of Bs3,846,669 and Bs2,044,833, respectively, recorded in the consolidated statements of income and net income allocation, in the other operating income item (see note).

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Notes to the Consolidated Financial Statements

31 December and 30 June 2022

A classification of held to maturity investment securities, according to their due dates (in bolivars), follows:

	31 December 2022		30 June 2022	
	Amortized cost	Fair market value	Amortized cost	Fair market value
Between 1 month and 5 years	53,721,353	11,357,997	1,453	137
Between 5 and 10 years	-	-	14,573,374	3,959,713
Over 10 years	8,928	599	2,791	290
	<u>53,730,281</u>	<u>11,358,596</u>	<u>14,577,618</u>	<u>3,960,140</u>

The Bank's capability and intention is for these securities to be held to maturity.

At 31 December and 30 June 2022, the Bank holds an account at Euroclear Bank in the name of the BCV, in order to hold foreign currency securities in custody that are held in other financial institutions overseas, in accordance with the provisions contained in Article 51 of the Law of Banking Institutions.

At 31 December and 30 June 2022, the Bank has not recognized impairment on securities issued or endorsed by the Bolivarian Republic of Venezuela, even though the market value of these investments is below amortized cost, management considers that this decrease is temporary, as it may recover its face value at maturity by paying taxes and contributions.

### Restricted Availability Investments

Details on the restricted availability investments (in bolivars) follow:

Notes	31 December 2022		30 June 2022	
	Amortized cost	Fair market value	Amortized cost	Fair market value
Certificates of deposit:				
Social Fund for Contingencies - Banco Exterior, C.A., Banco Universal	23	1,339	382	382 (a)
PNC Bank, with a nominal value of US\$5.356.006 and US\$5.285.435, respectively	6	93,437,125	29,191,986	29,191,986 (a)
JP Morgan Chase Bank, with a nominal value of US\$4.305.628 and US\$4.252.883, respectively	6	75,112,977	23,489,098	23,489,098 (a)
Standard Chartered Bank, with a nominal value of US\$450.000, for both semesters	6	7,850,385	2,485,395	2,485,395 (a)
Italbanc International, with a nominal value of US\$1.000.000, for both semesters	6	17,445,300	5,523,100	5,523,100 (a)
		<u>193,847,126</u>	<u>60,689,961</u>	<u>60,689,961</u>

(a) Market value is the equivalent to nominal value. For foreign currency deposit certificates, value is the equivalent to the official exchange rate.

At 31 December and 30 June 2022, the deposit certificates at JP Morgan Chase Bank, PNC Bank and Standard Chartered Bank are used as collateral to guarantee the Bank's operations with VISA, MasterCard and American Express credit cards, respectively.

During the semesters ended 31 December and 30 June 2022, the Bank recognized interest income for Bs1,448,502 and Bs34,962, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the return obtained from "restricted availability investments".

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

### Notes to the Consolidated Financial Statements

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During the semesters ended 31 December and 30 June 2022, the Bank paid commissions for Bs19,549,780 and Bs5,723,462, respectively, for use of trademarks and rights of use of its technology platform for processing VISA, American Express and MasterCard credit cards, as well Proyecto Naiquatá for processing debit and credit cards (see note 20).

Investment securities are concentrated as shown below (in bolivars):

	%	Placements in Central Bank of Venezuela	Available for sale	Held to maturity	Restricted cash	Total
<b>31 December 2022 -</b>						
Central Bank of Venezuela	83.75%	1,400,859,000	120	1,675	-	1,400,860,795
Bolivarian Republic of Venezuela	4.66%	-	24,251,512	53,716,686	-	77,968,198
Petroleos de Venezuela, S.A.	0.00%	-	-	11,920	-	11,920
Banco Exterior, C.A. Banco Universal	0.00%	-	-	-	1,339	1,339
JP Morgan Chase Bank	4.49%	-	-	-	75,112,977	75,112,977
PNC Bank	5.59%	-	-	-	93,437,125	93,437,125
Standard Chartered Bank	0.47%	-	-	-	7,850,385	7,850,385
Italbank International	1.04%	-	-	-	17,445,300	17,445,300
	<u>100.00%</u>	<u>1,400,859,000</u>	<u>24,251,632</u>	<u>53,730,281</u>	<u>193,847,126</u>	<u>1,672,688,039</u>
<b>30 June 2022 -</b>						
Central Bank of Venezuela	0.00%	-	160	524	-	684
Bolivarian Republic of Venezuela	19.36%	-	438	14,573,374	-	14,573,812
Petroleos de Venezuela, S.A.	0.00%	-	-	3,720	-	3,720
Banco Exterior, C.A. Banco Universal	0.00%	-	-	-	382	382
JP Morgan Chase Bank	31.21%	-	-	-	23,489,098	23,489,098
PNC Bank	38.78%	-	-	-	29,191,986	29,191,986
Standard Chartered Bank	3.30%	-	-	-	2,485,395	2,485,395
Italbank International	7.34%	-	-	-	5,523,100	5,523,100
	<u>100.00%</u>	<u>-</u>	<u>598</u>	<u>14,577,618</u>	<u>60,689,961</u>	<u>75,268,177</u>

## (8) Loan Portfolio

A summary of the loan portfolio and risk concentrations per economic activity, per type of guarantee, per maturity and per type of loan (in bolivars), follows:

	At 31 December 2022				At 30 June 2022			
	Current	Restructured	Overdue	Total	Current	Restructured	Overdue	Total
Per type of economic activity - Operations in Venezuela								
Manufacturing industry	716,980,899	3,082,356	424,737	720,487,992	128,744,046	1,385,782	623,957	130,753,785
Agribusiness, fishery and forestry	409,346,723	204,333	6,160	409,557,216	98,664,670	12,702,870	407,629	111,775,169
Wholesale and retail trade, restaurants and hotels	142,067,321	19,345,419	1,319,529	162,732,269	38,848,819	-	603,079	39,451,898
Financial institutions, insurance, properties and services, including US\$166.667, at 30 June 2022 (see note 6)	207,641,210	25,843,865	148,938	233,634,013	15,928,093	8,396,865	731,701	25,056,659
Communal, social and personal services, including	62,154,016	-	116,993	62,271,009	12,939,154	-	117,446	13,056,600
Exploitation of mines and hydrocarbons, including	-	-	-	-	1,595,807	-	-	1,595,807
Transportation, storage and communications	14,362,389	2,594,631	2	16,957,022	1,043,335	949,823	-	1,993,158
Electricity, gas and water	24,831,363	-	-	24,831,363	8,089,098	-	-	8,089,098
Construction	9,510,506	-	-	9,510,506	1,106,687	1,410,802	-	2,517,489
	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>
Per type of economic activity - Operations in Foreign Branch								
Manufacturing industry, equivalent to US\$11.718.943 and US\$11.650.017, respectively (see note 6)	204,440,479	-	-	204,440,479	64,344,207	-	-	64,344,207
Agribusiness, fishery and forestry, equivalent to US\$4.690.856 and US\$1.790.200, respectively (see note 6)	81,833,390	-	-	81,833,390	9,887,454	-	-	9,887,454
Financial institutions, insurance, properties and services, equivalent to US\$3.940.234 and US\$4.296.034, respectively (see note 6)	67,566,235	-	1,172,324	68,738,559	23,616,962	-	110,462	23,727,424
Wholesale and retail trade, restaurants and hotels equivalent to US\$2.670.667 and US\$2.521.972, respectively (see note 6)	46,346,353	-	244,234	46,590,587	13,851,778	-	77,323	13,929,101
Communal, social and personal services, equivalent to US\$1.339.760 and US\$1.191.155, respectively (see note 6)	23,372,522	-	-	23,372,522	6,575,361	-	3,507	6,578,868
Transportation, storage and communications, equivalent to US\$356.250 and US\$331.333, respectively (see note 6)	981,298	-	5,233,591	6,214,889	173,058	-	1,656,929	1,829,987
Exploitation of mines and hydrocarbons, equivalent to US\$815.000, at 30 June 2022 (see note 6)	-	-	-	-	4,501,327	-	-	4,501,327
	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>
	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>
Provision for loan portfolio, including US\$1.076.318 and US\$1.181.623, respectively (see note 6)								
				<u>(59,189,286)</u>				<u>(13,982,899)</u>
				<u>2,011,982,530</u>				<u>445,105,132</u>

# BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

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	At 31 December 2022				At 30 June 2022			
	Current	Restructured	Overdue	Total	Current	Restructured	Overdue	Total
Per type of guarantee - Operations in Venezuela -								
Bond	778,022,608	51,070,604	1,415,697	830,508,909	128,216,782	24,846,142	3,648	153,066,572
Collateral	318,981,752	-	123,006	319,104,758	79,026,884	-	123,005	79,149,889
Endorsement	283,361,848	-	101,141	283,462,989	44,593,731	-	94,805	44,688,536
Free	112,656,059	-	376,515	113,032,574	42,777,173	-	2,262,354	45,039,527
Real estate mortgage, including US\$166.667 at 30 June 2022 (see note 6)	90,605,592	-	-	90,605,592	12,345,139	-	-	12,345,139
Real estate mortgage	1,734,281	-	-	1,734,281	-	-	-	-
Non-possessory collateral	1,532,287	-	-	1,532,287	-	-	-	-
	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>
Per type of guarantee - Operations in Foreign Branch -								
Collateral, equivalent to US\$3,298.318 and US\$5.627.167, respectively (see note 6)	57,540,150	-	-	57,540,150	31,079,404	-	-	31,079,404
Bond, equivalent to US\$17.593.742 and US\$11.621.705, respectively (see note 6)	306,683,874	-	244,234	306,928,108	64,000,055	-	187,785	64,187,840
Free, equivalent to US\$1.197.616 and US\$1.981.655, respectively (see note 6)	15,659,187	-	5,233,590	20,892,777	9,284,444	-	1,660,436	10,944,880
Endorsed, equivalent to US\$1.557.200 and US\$2.417.350, respectively (see note 6)	25,993,497	-	1,172,325	27,165,822	13,351,266	-	-	13,351,266
Other guarantees, equivalent to US\$1.069.834 and US\$947.833, respectively (see note 6)	18,663,569	-	-	18,663,569	5,234,978	-	-	5,234,978
	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>
	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>
Per maturity - Operations in Venezuela -								
Overdue	28,385,082	-	1,140,516	29,525,598	13,671,208	-	2,483,057	16,154,265
Up to 30 days	269,721,046	-	114,766	269,835,812	24,888,030	-	1	24,888,031
From 31 to 60 days	180,128,043	-	-	180,128,043	23,130,330	-	-	23,130,330
From 61 to 90 days	126,324,463	-	-	126,324,463	78,081,562	-	-	78,081,562
From 91 to 180 days	612,075,993	42,798,986	691,565	655,566,544	123,934,144	257,416	-	124,191,560
From 181 to 360 days	258,242,419	-	1,845	258,244,264	38,231,669	13,736,298	115	51,968,082
Over 360 days	112,017,381	8,271,618	67,667	120,356,666	5,022,766	10,852,428	639	15,875,833
	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>
Per maturity - Operations in Foreign Branch -								
Overdue	54,603,789	-	6,650,149	61,253,938	-	-	1,734,253	1,734,253
Up to 30 days	31,221,662	-	-	31,221,662	12,563,054	-	-	12,563,054
From 31 to 60 days	56,207,282	-	-	56,207,282	19,858,582	-	110,462	19,969,044
From 61 to 90 days	56,790,267	-	-	56,790,267	25,831,539	-	-	25,831,539
From 91 to 180 days	139,935,151	-	-	139,935,151	14,043,418	-	-	14,043,418
From 181 to 360 days	69,962,924	-	-	69,962,924	41,648,176	-	-	41,648,176
Over 360 days	15,819,202	-	-	15,819,202	9,005,378	-	3,506	9,008,884
	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>
	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>
Per type of loan - Operations in Venezuela -								
Commercial loans granted through UVC	1,211,145,676	50,866,271	1,698,077	1,263,710,024	251,371,440	24,846,142	2,336,064	278,553,646
National Sole Productive Loan Portfolio granted through UVC	338,951,311	-	-	338,951,311	45,749,352	-	-	45,749,352
Microcredits granted through UVC	22,070,308	204,333	113,815	22,388,456	1,660,571	-	92,166	1,752,737
Loans to employees	13,761,823	-	-	13,761,823	6,784,437	-	-	6,784,437
Loans in foreign currency, equivalent to US\$166.667 at 30 June 2022 (see note 6)	-	-	-	-	920,517	-	-	920,517
Credit cards	764,167	-	69,634	833,801	454,406	-	754	455,160
Checking account loans	39,447	-	134,833	174,280	13,941	-	54,828	68,769
Tourism sector loans	-	-	-	-	4,892	-	-	4,892
Mortgage loans	161,695	-	-	161,695	124	-	-	124
Microcredits	-	-	-	-	29	-	-	29
	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>
Per type of loans - Operations in Foreign Branch -								
Commercial promissory notes, equivalent to US\$24.094.765 and US\$22.422.114, respectively (see note 6)	413,690,253	-	6,650,149	420,340,402	121,991,354	-	1,848,221	123,839,575
Syndicated loans, equivalent to US\$581.818 and US\$125.000, respectively (see note 6)	10,149,993	-	-	10,149,993	690,388	-	-	690,388
Loans to employees, equivalent to US\$ and US\$48.597, respectively (see note 6)	700,031	-	-	700,031	268,405	-	-	268,405
	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>
	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>

### National Sole Productive Loan Portfolio

On 29 January 2020, the National Constituent Assembly issued a constituent decree published in the Official Gazette of the Bolivarian Republic of Venezuela N° 6.507, whereby the National Sole Productive Loan Portfolio is created. As a result, all regulatory provisions governing the mandatory loan portfolios are derogated and, the Governing Committee of the National Sole Productive Loan Portfolio is created. This Governing Committee will establish the value and other calculation parameters for the National Sole Productive Loan Portfolio each month through resolutions issued to that effect, which shall be equivalent to a minimum mandatory percentage of 10% and a maximum percentage of 25%, of the gross loan portfolio.

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On 30 March 2022 the Superintendency informed through Official Communication SIB-DSB-CJ-OD-01817 that, beginning on 1 April 2022, Banking Institutions must apply 25% of the gross loan portfolio to the National Sole Productive Loan Portfolio each month, in order to finance the agri-food, manufacturing, tourism, health and mortgage sectors.

The Superintendency, through Administrative Ruling SIB-II-GGR-GNP-CCD-05550 dated 11 August 2022, established that banking institutions must allocate to the Single National Productive Portfolio a minimum mandatory monthly percentage of 25% of the gross loan portfolio balance at the end of the immediately preceding quarter, discounting the increase due to capital restatement resulting from the application of the UVC, generated on commercial loans.

At 31 December and 30 June 2022, the gross loan portfolio corresponding to the productive sectors indicated by the Governing Committee of the National Sole Productive Loan Portfolio, follows:

Type of loan	Percentage required	Percentage held	Balance maintained in bolivars	Number of		Calculation basis of gross loan portfolio
				debtors	loans	
<b>31 December 2022 -</b>						
UVC Agri-food loans	25%	43.79%	186,656,115	24	31	Gross loan portfolio at 30 September 2022, without the update of UVC loans.
<b>30 June 2022 -</b>						
UVC Agri-food loans	25%	30.77%	37,136,203	7	7	Gross loan portfolio at 31 December 2021, without the update of UVC loans.

### Microcredits

The detail of the classification of the microcredit portfolio, as established in Article 6 of Resolution N° 021.18 dated 5 April 2018, follows (expressed in bolivars, percentages, number of debtors and credits, as well as their calculation bases):

Type of loan	Percentage required	Percentage held	Balance maintained in bolivars	Number of	
				debtors	loans
<b>31 December 2022 -</b>					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Max. 40%	79.71%	7,993,700	33	39
Provision of services (maximum 40% of the allocated microcredit portfolio)	Max. 40%	131.13%	13,150,335	27	32
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	Min. 20%	12.41%	1,244,421	12	12
(a)	Min. 3%	6.70%	22,388,456	72	83
<b>30 June 2022 -</b>					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Max. 40%	14.58%	255,508	7	7
Provision of services (maximum 40% of the allocated microcredit portfolio)	Max. 40%	84.99%	1,489,629	9	9
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	Min. 20%	0.44%	7,629	2	2
(a)	Min. 3%	1.44%	1,752,766	18	18

(a) According to the Fourth Transitory Provision of the Law of Banking Institutions, a 3% minimum compliance percentage for the microcredits portfolio was established, its calculation base is the gross portfolio of the immediately prior semester.

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During the six-month periods ended 31 December and 30 June 2022, income accrued and recorded in the income from loan portfolio account in the consolidated statements of income and net income allocation comprises the following (in bolivars):

	<b>Note</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Financial interests		124,690,089	15,026,672
Increase in the Investment Index of loans			
Value Unit of Loans collected	23	277,899,195	14,318,862
Fiat commission		11,407,449	3,134,700
		<u>413,996,733</u>	<u>32,480,234</u>

During the semesters ended 31 December and 30 June 2022, the Bank obtained net benefits from the variation in the capital of the UVC loans, which were recorded in the consolidated statements of changes in equity for Bs816,559,839 and Bs73,452,601, respectively. Additionally, the Bank applied to the results of the semesters ended December 31 and June 30, 2022, Bs277,899,195 and Bs14,318,862, respectively, of the net benefits previously mentioned, corresponding to the loans granted through the use of UVC which are part of the income from loan portfolio [see note 23(c)].

In accordance with Resolution N° 009-1197 dated 28 November 1997, issued by the Superintendency, as of 31 December and 30 June 2022, the Bank maintains a generic provision for loan portfolio contingencies of Bs22,041,080 and Bs4,945,898, respectively; and a counter-cyclical provision of Bs15,535,294 and Bs3,443,160, respectively.

Changes in the allowance for loan portfolio follow (in bolivars):

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Balances at the beginning of the semester		13,982,899	9,703,002
Provision carried to expenses for bad debt of financial assets		33,623,647	10,773,522
Credit write-off		(209,847)	(9,562,853)
Relief of allowance for recovery of loans		(6)	(9)
Reclassification (a) of allowance for returns receivable	9	(637,310)	7,922
Reclassification (a) of allowance for contingent loans	17	(2,167)	31,738
Adjustment for exchange rate variation		12,432,070	3,029,577
Balances at semester-end		<u>59,189,286</u>	<u>13,982,899</u>

At 31 December 31 and 30 June 2022, past due loans on which interest has ceased to accrue totaled Bs8,666,508 and Bs4,332,033, respectively. At 31 December and 30 June 2022, included in memorandum accounts amount to Bs649,282 and Bs166,531, respectively, corresponding to interest not recognized as income on loans on which interest has ceased to accrue (see note 22).

During the semesters ended 31 December and 30 June 2022, the Bank charged commissions to its clients for Bs45,641,475 and Bs13,107,684, respectively, for the documentation of loans granted in UVC, recorded in other operating income in the consolidated statements of income and net income allocation (see note 19).

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At 31 December and 30 June 2022, the Bank maintains interest collected from debtors in advance at the time of settling the loan for Bs2,951,467 and Bs944,557, respectively, which are part of deferred income in the accruals and other liabilities group (see note 17). Such interest will be recorded as income as accrued.

At 31 December and 30 June 2022, the Bank's loan portfolio maintains risk concentrations in 10 individual customers, which represent 29% and 44% of the gross loan portfolio balance, respectively. Furthermore, the loan portfolio at 31 December and 30 June 2022 maintains risk concentrations in 10 groups of related companies, which represent 38% and 51% of the gross loan portfolio, respectively.

The Superintendency, through Administrative Notice SIB-DSB-CJ-OD-00317 dated 31 January 2021, establishes that banking institutions may grant loans in foreign currency with funds obtained through deposits from the public in foreign currency or any other modality, with the prior authorization of the BCV and this regulatory entity.

On 1 February 2021, the Bank requested the BCV for authorization to grant loans in foreign currency with funds obtained from deposits from the public, which would be backed by personal and actual guarantees, to which the BCV on 4 March 2021, through Official Notice VOI-GOC-008, ordered the Bank to suspend any type of loan in foreign currency, and to request authorization from the Superintendency.

On 12 March 2021, the Superintendency, through Official Notice SIB-II-GGIBPV-GIBPV-GIBPV4-01530, instructed the Bank to suspend the granting of loans in foreign currency and to constitute a provision on the totality of said loan portfolio, in view of the fact that said product is not framed within the legal regulations in force. On 26 March 2021, the Bank sent a communication to the Superintendency, in which the Bank explained the reasons and arguments to request that this regulatory entity consider the measure instructed.

On 22 March 2021, the Bank requested the Superintendency to authorize the granting of loans in foreign currency with funds obtained from deposits from the public, which would be granted at interest rates, commissions and other conditions established in accordance with the policies that the BCV considers applicable to them. Additionally, on 29 March 2021, the Bank once again presented to the Superintendency its grounds in connection with the loans it has been granting in foreign currency, since such loans have been granted with the Bank's own resources.

On 15 July 2021, the Superintendency, through Official Notice SIB-II-GGR-GA-05415, indicates that the request for granting credits in foreign currency is based on an operation that implies a financial negotiation involving a mobilization of funds, and contravenes the guidelines set forth in Exchange Agreement N° 1, which allows the handling of funds corresponding to deposits from the public in foreign currency. Therefore, the Superintendency suggests that the Bank submit to the BCV a request for authorization to continue granting loans in foreign currency only with the Bank's own resources, and once the respective authorization is received, the Bank must file the same with the Superintendency in order to request its opinion and statement.

On 19 July 2021, the Bank submitted to the BCV the request for authorization to continue granting short-term loans in foreign currency with the Bank's own resources, and if approved, it is requested to establish the interest rate (conventional and default), as well as the flat commission that would be applicable to loans in foreign currency with the Bank's own resources. On 21 September 2021, the BCV, by means of Official Notice VOI-GOC-2021-062, urged the Bank to immediately suspend the granting of foreign currency loans in any form, including not only those coming from funds raised from the public, but also any other funds that the Bank may obtain. Furthermore, the Bank is allowed to continue with the collection of the loans in foreign currency that it has to date in its loan portfolio, until the maturity of each of the loans.

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On 8 September 2021, the Superintendency, through Official Notice SIB-II-GGIBPV-GIBPV4-07434, indicated that it is in the process of evaluating the request for suspension of the provisioning measure on the entire foreign currency loan portfolio made by the Bank and the results will be disclosed in a separate official letter.

The Superintendency by means of Official Letter SIB-II-GGIBPV- GIBPV4-00535 dated 7 February 2022, ratifies the provisions of Official Letter SIB-II-GGIBPV-GIBPV4-01530 dated 12 March 2021, regarding the constitution of the provision of one hundred percent (100%) of the loan portfolio in foreign currency.

At 31 December 2022, the Bank has collected the totality of the credits in foreign currency. At 30 June 2022, the Bank has fully provisioned the foreign currency loans granted by means of its own resources.

The Superintendency, through Notice SIB-DSB-CJ-OD-00712 of 11 February 2022, instructs that banking institutions may grant loans in bolivars with the proceeds from fund raising in foreign currency, up to a maximum of 10% of such fund raising registered in the group of current accounts, according to the Free Convertibility Exchange Market System as of 21 January 2022, which must be offered by the banking institution in the foreign exchange market system, for subsequent settlement in bolivars in the different credit modalities provided for in the Banking Sector Institutions Law and complementary regulations, which must be measured and expressed only through the use of UVC. Furthermore, the banking institutions that intend to enter into such credit operations must submit a contract proposal to the Superintendency for its subsequent approval.

**(9) Interests and Commissions Receivable**

A summary of interests and commissions receivable follows (in bolivars):

	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Investment securities -			
Placements in the BCV and interbank operations, including US\$366.667, at 31 December 2022		6,396,703	-
Available for sale, including US\$466 and US\$429, respectively	6	8,130	2,374
Held to maturity, equivalent to US\$3.512.600 and US\$3.178.415, respectively	6	61,278,359	17,554,703
Restricted cash, including US\$5.178, at 31 December 2022		90,333	-
		<u>67,773,525</u>	<u>17,557,077</u>
Loan portfolio -			
Current loans, including US\$140.889 and US\$89.233, respectively	6	2,517,667	451,858
Overdue loans, including US\$48.903 and US\$13.478, respectively	6	867,513	74,579
		<u>3,385,180</u>	<u>526,437</u>
Commissions receivable -			
Trust fund	22(a)	72,057	18,303
Other commissions receivable		7,951	-
		<u>80,008</u>	<u>18,303</u>
		71,238,713	18,101,817
Provision for returns receivable and others, including US\$3.562.957 and US\$3.192.441, respectively	6	(62,163,067)	(17,634,249)
		<u>9,075,646</u>	<u>467,568</u>

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A summary of changes in provisions for returns on capital receivable and others follows (in bolivars):

	Note	Semesters ended	
		31 December 2022	30 June 2022
Balances at the beginning of the semester		17,634,249	13,220,913
Provision carried to expenses for bad debt of financial assets		3,282,646	1,578,671
Reclassification of (a) provision for loan portfolio	8	637,310	(7,922)
Adjustment for exchange rate variation		40,608,862	2,842,587
Balances at semester-end		62,163,067	17,634,249

### (10) Investments in Subsidiaries, Affiliates and Branches

A detail of investments in subsidiaries, affiliates and branches follows (in bolivars):

	Note	Number of nominal shares maintained	Equity carrying value of the Bank	Equity percentage	Income from net equity share (see note 19)
<b>31 December 2022 -</b>					
Issuing entity:					
Consortio Credicard, C.A.		340	107,757,370	33.33	60,312,894
Proyectos Conexus, C.A.		1,500	2,160,387	33.33	1,034,988
S.W.I.F.T. SCRL (€97.966)	6	22	1,826,783	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			<u>111,744,540</u>		<u>61,347,882</u>
<b>30 June 2022 -</b>					
Issuing entity:					
Consortio Credicard, C.A.		340	47,444,476	33.33	-
Proyectos CONEXUS, C.A.		1,500	1,125,399	33.33	-
S.W.I.F.T. SCRL (€97.966)	6	22	565,621	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			<u>49,135,496</u>		<u>-</u>

During the six-month period ended 30 June 2022, the Bank acquired through the transfer of the rights and obligations of the operations of Banco Occidental de Descuento, Banco Universal C.A. [see note 1(c)], participation rights of 33.33% over Consortio Credicard, C.A., 33.33% on Conexus, C.A. and 7.15% on Corporación Suiche 7B, C.A., recorded at acquisition cost, which was determined through an appraisal that generated an excess of cost over the net assets of these entities, which has been recorded in other assets (see note 13).

At 31 December and 30 June 2022, the Bank maintains an investment recorded at acquisition cost of €97,966 (see note 6), equivalent to Bs1,826,783 and Bs565,621, respectively, from 22 shares, with a nominal value of €125, acquired in September 2019 from Society for Worldwide Interbank Financial Telecommunications (SWIFT), an entity domiciled in Belgium, in which the Bank has less than 0.01% interest of its capital stock; therefore, the Bank does not have significant influence over such entity. Furthermore, such acquisition of shares was conducted in reference to and as a requirement for the rendering of the service.

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During the six-month period ended 31 December 2022, the Bank recognized equity investments of its subsidiaries and affiliates in other operating income from equity investment in subsidiaries and affiliates for Bs61,347,882 (see note 19).

A summary of the non-audited financial information of Consorcio Credicard, C.A. follows (in bolivars):

	<b>Consorcio Credicard, C.A.</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Noncurrent assets -		
Intangible assets	21,256,005	8,988,188
Property, plant and equipment	93,204,557	28,079,273
Other assets	44,925,300	11,176,152
Total noncurrent assets	<u>159,385,862</u>	<u>48,243,613</u>
Current assets -		
Cash and cash equivalents	83,408,066	27,625,826
Trade receivables and other accounts receivable	277,675,657	125,195,267
Inventory	66,345,068	9,705,639
Prepaid	74,136,911	43,963,324
Total noncurrent assets	<u>501,565,702</u>	<u>206,490,056</u>
Total assets	<u>660,951,564</u>	<u>254,733,669</u>
Liabilities -		
Current	124,788,405	54,971,408
Noncurrent	243,629,336	75,090,540
Total liabilities	<u>368,417,741</u>	<u>130,061,948</u>
Stockholders' equity -	<u>292,533,823</u>	<u>124,671,721</u>
Total liabilities and stockholder's equity	<u>660,951,564</u>	<u>254,733,669</u>
	<b>Semesters ended</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Income -		
Income from ordinary activities	392,085,318	164,038,448
Cost of sales	(40,571,044)	(9,781,953)
Operating costs	(28,095,301)	(16,188,983)
Gross income	<u>323,418,973</u>	<u>138,067,512</u>
General and administrative expenses	(150,924,533)	(67,001,463)
Financial income (cost), net	45,264,649	(14,332,516)
Income from operations before Income taxes	217,759,089	56,733,533
Income taxes	(49,896,987)	11,786,433
Net income for the period	<u>167,862,102</u>	<u>68,519,966</u>

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A summary of the non-audited financial information of Proyecto Conexus, C.A. follows (in bolivars):

	<b>Proyecto Conexus, C.A.</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Assets -		
Cash and cash equivalents	5,844,002	1,644,838
Investment securities	241,808	172,627
Fixed assets	7,179,372	7,509,859
Other assets	3,558,297	1,737,330
Total assets	<u>16,823,479</u>	<u>11,064,654</u>
Liabilities and stockholders' equity -		
Liabilities	7,140,327	1,712,240
Stockholders' equity	9,683,152	9,352,414
Total liabilities and stockholder's equity	<u>16,823,479</u>	<u>11,064,654</u>
	<b>Semesters ended</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Income -		
Income from ordinary activities	5,980,408	2,685,948
Operating costs	<u>(2,190,710)</u>	<u>(805,488)</u>
Gross operating income	<u>3,789,698</u>	<u>1,880,460</u>
General and administrative expenses	(1,884,095)	(939,108)
Financial income, net	<u>758,527</u>	<u>178,408</u>
Net income for the period	<u>2,664,130</u>	<u>1,119,760</u>

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

A summary of the financial statements of the Foreign Branch integrated to the financial statements of Banco Nacional de Crédito, C.A., Banco Universal follows (in US dollars and bolivars):

	<b>31 December 2022</b>		<b>30 June 2022</b>	
	<b>US\$</b>	<b>Bs</b>	<b>US\$</b>	<b>Bs</b>
<b>Assets:</b>				
Cash and cash equivalents	11,446,049	199,679,759	13,580,910	75,008,724
Investment securities	136,610	2,383,202	134,810	744,569
Loan portfolio	23,640,392	412,413,731	21,580,754	119,192,662
Interests and commissions receivable	139,901	2,440,615	75,637	417,751
Realizable assets	480,418	8,381,036	852,727	4,709,696
Fixed assets	24,520	427,759	29,501	162,937
Other assets	127,906	2,231,358	70,632	390,108
<b>Total assets</b>	<b>35,995,796</b>	<b>627,957,460</b>	<b>36,324,971</b>	<b>200,626,447</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities:</b>				
Customers' deposits	20,002,195	348,944,292	16,335,889	90,224,749
Other financing obtained	1,566,503	27,328,115	6,166,432	34,057,821
Interests and commissions payable	21,861	381,372	5,239	28,936
Accruals and other liabilities	334,540	5,836,151	349,472	1,930,168
<b>Total liabilities</b>	<b>21,925,099</b>	<b>382,489,930</b>	<b>22,857,032</b>	<b>126,241,674</b>
<b>Stockholders' equity:</b>				
Capital stock	7,599,462	132,574,894	7,599,462	41,972,589
Capital reserves	2,766,551	48,263,312	2,766,551	15,279,938
Accumulated results	3,704,684	64,629,324	3,101,926	17,132,246
<b>Total stockholders' equity</b>	<b>14,070,697</b>	<b>245,467,530</b>	<b>13,467,939</b>	<b>74,384,773</b>
<b>Total liabilities and stockholders' equity</b>	<b>35,995,796</b>	<b>627,957,460</b>	<b>36,324,971</b>	<b>200,626,447</b>
<b>Semester ended</b>				
	<b>31 December 2022</b>		<b>30 June 2022</b>	
	<b>US\$</b>	<b>Bs</b>	<b>US\$</b>	<b>Bs</b>
Financial income	1,740,614	30,365,533	1,424,548	7,867,921
Financial expenses	(39,875)	(695,631)	(13,959)	(77,097)
Expenses for bad debts regarding loans	(97,753)	(1,705,330)	(267,727)	(1,478,683)
Other operating income	51,313	895,171	12,149	67,100
Other operating expenses	(634,426)	(11,067,752)	(717,594)	(3,963,343)
Transformation expenses	(385,234)	(6,720,523)	(540,666)	(2,986,152)
Miscellaneous operating income	20,506	357,733	191,846	1,059,585
Miscellaneous operating expenses	(36,718)	(640,557)	(2,071)	(11,427)
Expenses for realizable assets	(3,977)	(69,380)	(14,850)	(82,018)
Income tax expenses	(11,692)	(203,966)	(13,151)	(72,633)
<b>Net income for the semester</b>	<b>602,758</b>	<b>10,515,298</b>	<b>58,525</b>	<b>323,253</b>

At 31 December and 30 June 2022, assets, liabilities, equity and results of the Foreign Branch were translated from U.S. dollars to bolivars at the exchange rate in effect at those dates, corresponding to the Exchange System Market (see note 6) of Bs17.4453 and Bs5.5231 per US\$1, respectively.

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

**(11) Realizable Assets**

A summary of changes in realizable assets follows (in bolivars):

	<b><u>Property</u></b>
Cost -	
Balance at 31 December 2021	8,090,264
Withdrawals	(1,518,853)
Effect of conversion in Foreign Branch	<u>1,653,797</u>
Balance at 30 June 2022	8,225,208
Effect of conversion of Foreign Branch	<u>17,754,987</u>
Balance at 31 December 2022	<u>25,980,195</u>
Accrued amortization -	
Balance at 31 December 2021	(2,188,699)
Amortization recognized in expenses	(2,398,254)
Withdrawals	1,518,853
Effect of conversion in Foreign Branch	<u>(447,411)</u>
Balance at 30 June 2022	(3,515,511)
Amortization recognized in expenses	(6,495,048)
Effect of conversion of Foreign Branch	<u>(7,588,605)</u>
Balance at 31 December 2022	<u>(17,599,164)</u>
Balance at 30 June 2022	<u>4,709,697</u>
Balance at 31 December 2022	<u>8,381,031</u>

During the six-month period ended 30 June 2022, the Bank sold properties for Bs1,518,853, recording profit on such sale for Bs994,158, in the account of income from realizable assets, in the consolidated statement of income and net income allocation.

During the six-month periods ended 31 December and 30 June 2022, the Bank recorded amortization of available-for-sale assets for Bs6,495,048 and Bs2,398,254, respectively, included in the consolidated statements of income and net income allocation, in the available-for-sale assets expense account. It also recorded maintenance expenses for goods received in payment of Bs69,372 and Bs82,074, respectively.

# BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

## Notes to the Consolidated Financial Statements

31 December and 30 June 2022

### (12) Fixed Assets

A detail of fixed assets follows (in bolivars):

	Note	Buildings and facilities	Computers	Furniture and equipment	Transportation	Works in progress	Other assets	Total
Cost -								
Balances at 31 December 2021		35,753,592	5,324,043	3,083,525	212,906	6,801,284	15,053	51,190,403
Additions		317,490,645	34,098,272	3,528,127	-	6,195,480	-	361,312,524
Effect of conversion of Foreign Branch		79,183	8,612	4,239	-	-	-	92,034
Withdrawals and/or reclassifications		(3,239,667)	(4,697)	(20,042)	-	(4,048,788)	-	(7,313,194)
Balances at 30 June 2022		350,083,753	39,426,230	6,595,849	212,906	8,947,976	15,053	405,281,767
Additions		22,088,318	4,998,855	9,894,340	85,684	17,800,497	-	54,867,694
Effect of conversion of Foreign Branch		170,924	1,091,254	440,058	-	-	-	1,702,236
Valuation supplements		92,218,440	-	-	-	-	-	92,218,440
Capitalizations		94,914,789	-	-	-	(5,257,662)	-	89,657,127
Withdrawals and/or reclassifications		(23,072,691)	(260,942)	-	-	(6,788,959)	-	(30,122,592)
Balances at 31 December 2022		536,403,533	45,255,397	16,930,247	298,590	14,701,852	15,053	613,604,672
Accumulated depreciation -								
Balances at 31 December 2021		(273,739)	(705,679)	(240,396)	(28,468)	-	-	(1,248,282)
Depreciation recognized in expenses	21	(438,750)	(933,037)	(277,902)	(21,282)	-	-	(1,670,971)
Effect of conversion of Foreign Branch		(139,480)	11,080	9,661	-	-	-	(118,739)
Withdrawals		40,456	-	-	-	-	-	40,456
Balances at 30 June 2022		(811,513)	(1,627,636)	(508,637)	(49,750)	-	-	(2,997,536)
Depreciation recognized in expenses	21	(22,595,052)	(5,565,257)	(502,968)	(28,590)	-	-	(28,691,867)
Effect of conversion of Foreign Branch		(170,924)	(901,067)	(281,156)	-	-	-	(1,353,147)
Withdrawals		17,263,745	116,284	-	-	-	-	17,380,029
Balances at 31 December 2022		(6,313,744)	(7,977,676)	(1,292,761)	(78,340)	-	-	(15,662,521)
Balances at 30 June 2022		349,272,240	37,798,594	6,087,212	163,156	8,947,976	15,053	402,284,231
Balances at 31 December 2022		530,089,789	37,277,721	15,637,486	220,250	14,701,852	15,053	597,942,151

At 31 December and 30 June 2022, additions to buildings and facilities include Bs22,088,318 and Bs3,978,944, respectively, corresponding to improvements made to the Bank's branch network. Additionally, at 30 June 2022, it includes Bs313,511,701, corresponding to the acquisition of real estate from the transfer of the rights and obligations of the operations of Banco Occidental de Descuento, Banco Universal, C.A. [see note 1(c)]. Additionally, as a result of this operation, during the six-month period ended 31 December 2022, the Bank recognized valuation complements corresponding to the price adjustment of certain real estate properties, approved by the Superintendency in Official Notices SIB-DSB-CJ-OD-04800 and SIB-DSB-CJ-OD-05287 dated 21 July and 3 August 2022, respectively.

At 31 December 2022, the capitalizations of buildings and facilities correspond to the new BNC Building, located in Centro Empresarial Boleíta, Los Dos Caminos, State of Miranda, which began operations in December 2022.

At 31 December and 30 June 2022, computer equipment additions include Bs3,931,827 and Bs30,216,450, respectively, corresponding to Wi-Fi routers, UPS batteries and servers; and technological equipment and point-of-sale (POS) equipment infrastructure from the transfer of the rights and obligations of the operations of Banco Occidental de Descuento, Banco Universal, C.A. [see note 1(c)], respectively.

During the six-month period ended 31 December 2022, the Bank sold real estate, recording revenues for Bs68,065,345 in the extraordinary income item in the statement of income and net income allocation. Additionally, at 31 December and 30 June 2022, the Bank recorded deferred income for Bs11,274,545 and Bs7,536,120 (see note 17).

At 31 December and 30 June 2022, works in progress correspond to construction in progress and remodeling at the main headquarters.

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

31 December and 30 June 2022

### (13) Other Assets

A detail of other assets follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Deferred expenses		72,764,420	54,558,596
Miscellaneous assets		3,467,414	1,189,056
Deferred income taxes	18(b)	5,211,402	511,583
Items pending application (including US\$1.955.676 and €896.274, and US\$7.692.753 and €1.546.367, respectively)	6	540,136,530	225,853,419
Miscellaneous -			
Transactions provided by international credit cards (US\$5.030.115 and US\$792.989 respectively)	6	87,751,865	4,379,756
Advances to suppliers (including US\$212.000, for both semesters)	6	54,675,213	28,232,520
Accounts receivable and balance offsetting for credit cards (including US\$1.478.334 and US\$475, respectively)		25,848,233	14,988
Prepaid income taxes	18	18,603,080	5,756,299
Proyecto MasterCard (Debit Card)		16,342,271	-
Mobile payment transactions in foreign currency (equivalent to US\$841.074 and €43.794; and US\$1.541.671 and €101.766, respectively)		15,489,420	9,102,371
Advances for the option to purchase facilities (including US\$180.475, for both semesters)	6	4,002,306	28,698,281
Offsetting of BOD's assets and liabilities	1(c)	-	95,270,031
Other prepaid expenses		7,829,151	3,782,759
Sale of foreign currency to exporters		2,457,198	1,699,809
Insurance (including US\$75.097 and US\$18.337, respectively)	6	1,511,110	1,102,843
Other miscellaneous accounts receivable US\$141.958 and €4.200; and US\$241.790 and €1.200, respectively)	6	16,935,530	47,646,443
Total Miscellaneous		<u>251,445,377</u>	<u>225,686,100</u>
		873,025,143	507,798,754
Provision for other assets (including US\$131.125, at 30 June 2022)	6	<u>(90,112)</u>	<u>(728,837)</u>
		<u>872,935,031</u>	<u>507,069,917</u>

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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Deferred expenses are comprised of the following items (in bolivars):

	Note	Capital gain				Leasehold improvements	Licences	Operating system (software)	Expenses New Monetary Expression	Contribution to Fondo Nacional de Desarrollo (FONDEN, S.A.)	Total
		Consortio Credicard, C.A.	Corporación Suiche 7B, C.A.	Proyecto Conexus, C.A.	American Express						
Cost:											
Balances at 31 December 2021		-	-	-	-	4,090,324	1,648,809	187,971	711,556	-	6,638,660
Additions		32,989,733	849,353	-	10,844,348	3,870,163	1,515,099	349,447	17,034	-	50,435,177
Withdrawals		-	-	-	-	-	(513,596)	-	-	-	(513,596)
Balances at 30 June 2022		32,989,733	849,353	-	10,844,348	7,960,487	2,650,312	537,418	728,590	-	56,560,241
Valuation supplements		1,974,291	2,507,040	436,049	143,452	-	-	-	-	-	5,060,832
Additions		-	-	-	-	15,051,647	2,688,427	-	-	3,988,633	21,728,707
Withdrawals		-	-	-	-	-	(891,014)	(158,439)	-	-	(1,049,453)
Balances at 31 December 2022		34,964,024	3,356,393	436,049	10,987,800	23,012,134	4,447,725	378,979	728,590	3,988,633	82,300,327
Accrued amortization:											
Balances at 31 December 2021		-	-	-	-	(126,021)	(745,545)	(53,116)	(39,461)	-	(964,143)
Amortization carried to expenses	21	-	-	-	-	(397,704)	(942,420)	(90,936)	(120,038)	-	(1,551,098)
Withdrawals		-	-	-	-	-	513,596	-	-	-	513,596
Balances at 30 June 2022		-	-	-	-	(523,725)	(1,174,369)	(144,052)	(159,499)	-	(2,001,645)
Amortization carried to expenses	21	(3,496,402)	(335,639)	(43,605)	(1,098,780)	(863,402)	(1,414,684)	(212,677)	(121,368)	(997,158)	(8,583,715)
Withdrawals		-	-	-	-	-	891,014	158,439	-	-	1,049,453
Balances at 31 December 2022		(3,496,402)	(335,639)	(43,605)	(1,098,780)	(1,387,127)	(1,698,039)	(198,290)	(280,867)	(997,158)	(9,535,907)
Net carrying value											
Balances at 30 June 2022		32,989,733	849,353	-	10,844,348	7,436,762	1,475,943	393,366	569,091	-	54,558,596
Balances at 31 December 2022		31,467,622	3,020,754	392,444	9,889,020	21,625,007	2,749,686	180,689	447,723	2,991,475	72,764,420

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

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At 31 December 2022, the valuation supplements on goodwill correspond to the increase in the valuation of investments in subsidiaries resulting from the transfer of the rights and obligations of the operations of Banco Occidental de Descuento, Banco Universal, C.A. [see note 1(c)], approved by the Superintendency through Official Letter SIB-DSB-CJ-OD-05287 dated 3 August 2022.

The Superintendency in Circular SIB-DSB-CJ-OD-08227 dated 9 November 2022, informs all banking institutions that the National Development Fund (FONDEN, S.A.) will be the collector of the resources contributed by the Public and Private Banks, related to the donation of financial resources for the support and recovery of the population of Las Tejerías. On 30 November 2022, the Superintendency in Circular SIB-II-GGR-GNP-08823, indicates the instructions for the deferral of the expense, and authorizes the recording of the donated amount in sub-account 181.06 "Other deferred expenses", which will be amortized in a term that will not exceed four semesters of accounting closing, by the straight line method, in monthly, equal and consecutive installments, as from the month following the month in which the expense is originated.

A detail of items pending application follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Foreign exchange office transactions (including US\$1.955.676 and €896.274; and US\$7.692.753 and €1.546.367, respectively)	6	273,539,818	126,107,194
Interbank mobile payment transactions receivable		125,063,715	14,118,767
Transactions in transit point of sales		119,186,707	82,020,743
Immediate credit transactions		21,142,165	1,721,438
Retail operations	6	954,655	1,841,363
Other items pending application		229,295	40,403
Cash shortage		20,175	3,511
		<u>540,136,530</u>	<u>225,853,419</u>

At 31 December and 30 June 2022, the transactions per foreign exchange office correspond to agreed transactions of purchase and sale of foreign currencies between the Bank's customers, in accordance with the provisions of Resolution N° 19-05-01 dated 2 May 2019, issued by the BCV. These were automatically adjusted during the first days of January 2023 and July 2022. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank recorded income from commissions collected for this concept for Bs9,136,155 and Bs17,038,906, respectively, under other operating income, in the consolidated statements of income and net income allocation (see note 19).

At 31 December and 30 June 2022, the interbank mobile payment transactions receivable correspond to bank transfers in customers' accounts from other banking institutions through the mobile application, which were automatically adjusted during the first days of January 2023 and July 2022. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank recorded income from commissions charged to its customers for Bs16,983,356 and Bs5,418,476, respectively, for transactions carried out through said application in other operating income in the consolidated statements of income and net income allocation (see note 19).

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

## Notes to the Consolidated Financial Statements

31 December and 30 June 2022

At 31 December and 30 June 2022, the transactions in transit points of sale correspond to commissions charged to the affiliated stores for consumption made through the points of sale by customers with debit cards, which were automatically adjusted during the first days of January 2023 and July 2022. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank recorded income from commissions on point-of-sale transactions for Bs44,886,316 and Bs15,091,689, respectively (see note 19). Also, during the six-month periods ended 31 December and 30 June 2022, the Bank recorded income from commissions collected for Bs8,706,037 and Bs2,504,538, respectively, for reimbursement of operating costs of point-of-sale terminals to merchants, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 31 December and 30 June 2022, immediate credit operations correspond to instantaneous bank transfers in customers' accounts from other banking institutions, which were automatically adjusted during the first days of January 2023 and July 2022. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank recorded income for this concept for Bs15,535,193 and Bs500,284, respectively, in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 31 December and 30 June 2022, the advances for option to purchase new Bank's premises correspond to contractual rights on the purchase of administrative offices located in Centro Empresarial Boleíta, in the Sucre Municipality, State of Miranda.

At 31 December and 30 June 2022, advances to suppliers correspond mainly to advances for the purchase of equipment, updating of technological information systems, ATMs and remodeling of branches and administrative headquarters.

A detail of other prepaid expenses follows (in bolivars):

	<b>31 December 2022</b>	<b>30 June 2022</b>
Insurance	4,039,914	995,377
Licenses	3,376,776	1,671,055
Bloomberg Services	207,237	69,997
Improvements to agencies	199,281	551,817
Travelling expenses paid to employees	5,943	5,943
Contribution to LOCTI	-	488,570
	<u>7,829,151</u>	<u>3,782,759</u>

A summary of changes in the balance for the provision maintained for other assets follows (in bolivars):

		<b>Semesters ended</b>	
	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Balances at the beginning of the semester		728,837	605,855
Provision carried to miscellaneous operating expenses	20	85,856	94,073
Write-offs		(2,287,880)	(94,073)
Adjustments for variations in exchange rates		1,563,299	122,982
Balances at semester-end		<u>90,112</u>	<u>728,837</u>

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

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### (14) Customers' Deposits

A summary of customers' deposits follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Checking account deposits and sight certificates -			
Non-interest bearing checking accounts		809,819,393	373,058,346
Checking accounts as per the Exchange Market System of Free Convertibility (US\$188.974.641, €10.522.922 and COP50.000; and US\$179.318.696, € 10.363.737 and COP50.000, respectively)	6	3,492,943,563	1,050,232,268
Interest bearing checking accounts		113,479,793	26,991,096
Checking accounts as per Exchange Agreement N° 20 (including US\$17.416.380 and €1.500; and US\$19.328.462 and €1.500, respectively)	5 and 6	303,861,949	106,761,687
Non-negotiable sight deposits and certificates bearing annual interests of 3% and 100%		83,242,027	85,951,976
Public, state and municipal administration levels		12,728,990	5,053,378
		<u>4,816,075,715</u>	<u>1,648,048,751</u>
Other sight obligations -			
Cashier's checks issued		587,143	751,047
Trust obligations	22	3,049,428	4,214,614
Advance collections to customers for credit cards		91,810	29,954
Obligations Mandatory Savings Fund for Housing		5,000	1,812
Previous deposits for credit letters		7	-
		<u>3,733,388</u>	<u>4,997,427</u>
Saving deposits, with annual interests of 32% in individual accounts and 0,06% for customer deposits in foreign currency (including US\$13.614.080 and €81.919; and US\$12.684.177 and €71.469, respectively)	6	<u>486,495,010</u>	<u>197,944,253</u>
Time deposits, bearing annual interests of 36% for customer deposits in bolivars and between 0.10% and 7% for customer deposits in foreign currency (including US\$6.292.000 and US\$3.577.000, respectively), with the following maturities:	6		
Up to 30 days		645,476	8,776,206
From 31 to 60 days		29,482,557	1,866,808
From 61 to 90 days		-	1,187,467
From 91 to 180 days		79,637,795	7,925,646
From 181 to 360 days		4,000	1,000
		<u>109,769,828</u>	<u>19,757,127</u>
		<u>5,416,073,941</u>	<u>1,870,747,558</u>

At 31 December and 30 June 2022, checking accounts under the Free Convertibility Exchange Market System correspond to customers' deposits in foreign currency, held in Venezuela, in accordance with the provisions of Exchange Agreement N° 1 (see note 6). Additionally, during the semesters ended 31 December and 30 June 2022, the Bank charged commissions to its customers between 0.80% and 3% of the amount in cash in foreign currency withdrawn at branches and ticket offices, accruing income of Bs159,233,451 and Bs67,776,103, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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During the semesters ended 31 December and 30 June 2022, the Bank recorded income from commissions related to transfers to foreign banks for Bs5,147,263 (US\$295,052) and Bs1,773,677 (US\$321,138), respectively, which are included in income from other accounts receivable in the consolidated statements of income and net income allocation. Also, during the six-month periods ended 31 December and 30 June 2022, the Bank paid commissions for bank transfers through correspondent banks abroad of Bs3,882,221 (US\$222,537) and Bs1,214,178 (US\$219,836) respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 31 December and 30 June 2022, the Bank maintains deposits from official entities for Bs68,593,877 and Bs58,891,913, respectively.

Customers' deposits for operations in Venezuela bear interest in accordance with the rate ranges presented below:

	<b>31 December 2022</b>		<b>30 June 2022</b>	
	<b>Tasa (%)</b>			
	<b>Minimum</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Maximum</b>
Operations in Venezuela, per kind of obligation -				
Interest bearing checking accounts	0.25	0.25	0.25	0.25
Sight deposits and certificates	36	36	36	36
Saving deposits	32	32	32	32
Time deposits	36	36	36	36
Operations in Foreign Branch, per kind of obligation -				
Saving deposits	0.06	0.06	0.06	0.06
Time deposits	0.10	7	0.27	3

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

Notes to the Consolidated Financial Statements

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**(15) Other Financing Obtained**

A detail of other financing obtained follows (in bolivars):

	<u>Notes</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Obligations with local financial institutions			
for up to one year -			
Financing from other local financial institutions			
under the overnight method, with annual return			
between 35% and 42%, and maturing in July 2022		-	140,321,950
Sight deposits from local financial institutions:			
Banco de Venezuela, S.A. Banco Universal, with			
annual return of 50% and 40%, and maturing			
in January 2023 and July 2022, respectively		84,670,374	54,560,802
Banco del Tesoro, C.A. Banco Universal, with annual			
return between 55% and 65%; and 30% and 50%, and			
maturing in January 2023 and July 2022, respectively		27,154,336	11,621,011
Banco de Desarrollo Económico y Social de			
Venezuela (BANDES), with annual return			
between 25 and 40%; and 25 and 80%, and maturing			
in January 2023 and July 2022, respectively		22,900,000	35,650,000
Banco Bicentenario, Banco Universal, C.A., with			
annual return of 40% and 25%, and maturing			
in January 2023 and July 2022, respectively		10,000,000	15,000,000
Banplus Banco Universal, C.A., with annual return			
of 30%, and maturing in January 2023		150,478	-
Instituto Municipal de Crédito Popular de Caracas,			
with annual return of 50%, and maturing			
in July 2022		-	1,800,000
		<u>144,875,188</u>	<u>258,953,763</u>
Sight deposits in non-interest bearing checking accounts		822,029	40,961
		<u>145,697,217</u>	<u>258,994,724</u>
Obligations with foreign financial institutions			
for up to one year -			
Sight deposits from foreign financial institutions:			
BNC International Banking Corporation			
(US\$51.946 and US\$52.785, respectively)	6 and 24	906,217	291,537
Arca Internacional Bank, Inc.		1	1
		<u>906,218</u>	<u>291,538</u>
Financing from foreign financial			
institutions for up to one year -			
Italbank International, with nominal value			
of US\$600.000, with annual return of 4%			
and maturing in June 2023 and December			
2022, respectively	6	10,467,180	3,313,860
AV. Securities, with nominal value of			
US\$438.540, with annual return of 7,25% and			
maturing in January 2023	6	7,650,470	-
		<u>19,023,868</u>	<u>3,605,398</u>
		<u>164,721,085</u>	<u>262,600,122</u>

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A detail of expenses from other financing obtained follows (in bolivars):

	<b>Semesters ended</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Obligations with local financial institutions for up to a year -		
Overnight obligations	15,710,805	5,954,199
Sight deposits	35,442,274	16,706,035
Obligations with financial institutions abroad for up to a year -		
Sight deposits	220,973	-
Financing	23,451	-
	<u>51,397,503</u>	<u>22,660,234</u>

On 13 August 2014, the Superintendency, through Resolution N° 113.14, established that interbank placement will be limited by the lower amount resulting from comparing 10% of the equity at the close of the previous month of the entity placing the funds and 10% of the equity at the close of the previous month of the entity accepting the funds. At 31 December and 30 June 2022, the Bank is in full compliance with the requirements of this Resolution.

**(16) Interests and Commissions Payable**

A detail of interests and commissions payable follows (in bolivars):

	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Expenses payable for customers' deposits -			
Non-negotiable certificates of sight deposits		1,477,661	831,602
Time deposits (including US\$21.861 and US\$5.239, respectively)	6	381,406	28,941
		<u>1,859,067</u>	<u>860,543</u>
Expenses payable for other financing obtained -			
Expenses payable for obligations maintained with local financial institutions for up to one year		950,583	946,698
Expenses payable for obligations maintained with foreign financial institutions for up to one year (equivalent to US\$14.011, at 31 December 2022)		244,424	-
		<u>1,195,007</u>	<u>946,698</u>
		<u>3,054,074</u>	<u>1,807,241</u>

## BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH

Notes to the Consolidated Financial Statements

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### (17) Accruals and Other Liabilities

A detail of accruals and other liabilities follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Items pending application (including US\$5.485.791 and €972.098; and US\$18.598.139 and €1.993.672, respectively)	6	261,838,455	152,839,613
Capital and interests payable to BOD clients (US\$17.053.692 and US\$18.631.010, respectively)	6 and 1(c)	297,506,781	102,900,929
Contributions of preferential shares (US\$6.782.967, at 30 June 2022)	6	-	37,463,008
Accounts payable in foreign currency (including US\$3.878.273 and €13.811; US\$2.619.962 and €13.157, respectively)	6	67,915,163	14,546,275
Deferred income (including US\$860.736 and €13.283; and US\$157.134 and €13.283, respectively)	6	26,538,032	8,530,957
Accruals for labor indemnities		13,556,997	9,501,631
Taxes withheld (including US\$62.271 and €221, at 30 June 2022)	6	22,068,343	5,568,768
Transactions provided by international credit cards (including US\$4.733.716 and US\$792.989, respectively)	6	82,581,081	4,379,756
Provision for income taxes (including US\$24.843 and US\$13.151, respectively)	6 and 18(a)	52,163,386	4,372,634
Services payable		6,654,601	3,051,894
Proyecto MasterCard (Debit Card)		14,004,184	-
Vacations and vacation bonus payable (including US\$33.125 and US\$34.347, respectively)	6	5,709,236	1,960,060
Deferred income tax	18(b)	3,386,648	1,959,366
Sale of foreign currency to exporters (US\$140.852 and US\$307.764, respectively)	6	2,457,198	1,699,809
Bank insurance policies (including €932.095; €280.960, respectively)	6	17,381,048	1,622,178
Provision for net worth tax	18	40	1,507,894
Tax on economic activities and other taxes payable	18	13,699,371	1,479,330
Fees payable (including US\$9.237 and US\$13.500, respectively)	6	1,996,181	911,880
Commissions for debit and credit card services		3,083,118	897,476
Profit-sharing payable (including US\$2.013, at 30 June 2022)	6	2,112	796,520
Suppliers and other miscellaneous accounts payable (including US\$57.486 and US\$8.166, respectively)	6	2,067,769	612,481
Leases payable		1,193,525	671,905
Comprehensive prevention against money laundering and terrorism financing		2,548,144	572,174
Credit cards (including US\$32.645, at 30 June 2022)	6	-	394,588
Organic Law on Sports, Physical Activity and Physical Education		2,549,740	278,840
Contributions and labor withholdings payable		340,636	239,545
Allowance for contingent credits	8	2,477	310
Other provisions		544,515	386,728
		<b>901,788,781</b>	<b>359,146,549</b>

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A detail of items pending allocation follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Exchange desk transactions (including US\$1.953.059 and €898.249; and US\$11.902.284 and €1.670.8336, respectively)	6	50,821,600	75,384,395
Electronic transfer for consideration		54,269,368	25,562,945
Mobile payment operations payable (including US\$841.074 and €43.794; and US\$1.541.671 and €101.766, respectively)	6	102,077,573	19,179,922
Collection of national and municipal funds		6,882,208	2,044,088
Retail operations (including US\$23.031 and €29.649; and US\$105.256 and €218.234, respectively)	6	954,657	1,841,356
Customer operations (including US\$367.786 and €132, respectively)	6	6,418,598	1,632,007
Other items pending application (including US\$2.279.841 and €274; and US\$4.733.558 and €1.771, respectively)	6	39,872,427	26,848,900
Commissions to the Central Bank of Venezuela		73	214,548
Operations conducted through SICAD (US\$21.000, for both semesters)	5 and 6	366,351	115,985
Point-of-sale operations payable		175,600	15,467
		<b>261,838,455</b>	<b>152,839,613</b>

At 31 December and 30 June 2022, the electronic transfers for compensation correspond to transfers made by the Bank's customers to other banking institutions on the last days of December and June 2022, respectively, which were made effective on the first days of January 2023 and July 2022, respectively. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank has charged fees for interbank wire transfers of Bs10,196,771 and Bs3,325,526, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 31 December and 30 June 2022, electronic transfers payable correspond to transfers made by the Bank's customers to other banking institutions by means of the mobile application, which were automatically adjusted during the first days of January 2023 and July 2022. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank recorded expenses for commissions paid to its customers for Bs4,303,905 and Bs1,452,501, respectively, for transactions carried out through said application under other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 31 December and 30 June 2022, point of sale transactions payable correspond to the use of points of sale of other financial institutions by the Bank's customers, which have been adjusted during the first days of January 2023 and July 2022. During the semesters ended 31 December and 30 June 2022, the Bank recorded expenses for commissions charged to merchants for the use of points of sale for Bs7,947,863 and Bs1,665,012, respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

On 31 March 2022, the Bank held an Extraordinary General Stockholders' Meeting which approved the issuance of Preferred Shares for US\$20,000,000, with a limited offering to the Bank's Stockholders, after a favorable statement from the Superintendency and the Higher Body of the Financial System (OSFIN, for its acronym in Spanish). As a result, at 30 June 2022, the Bank recorded preferred stock contributions for Bs37,463,008 (equivalent to US\$6,782,967).

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On 13 July 2022, the Bank held an Extraordinary General Stockholders' Meeting, where it was decided not to proceed with the referred issue of Preferred Shares, based on the provisions of Article 80 of the Decree with Rank, Value and Force of the Securities Market Law, given that as of that date the favorable pronouncement of the Superintendency and the OSFIN had not been formally received. The Superintendency, in Official Letter SIB-II-GGIBPV-GIBPV4-04445 dated 12 July 2022, requested the Bank to be expressly notified of the decision to revoke the abovementioned proposal.

On 12 July 2022, the Bank, in communication S/N, expresses its intention to cancel the request for authorization of capital increase through the issuance of Preferred Shares before the Superintendency. On 30 September 2022, the Superintendency, by means of Official Communication SIB-II-GGR-GA-07250, indicates that it has no objections to formulate.

At 31 December and 30 June 2022, accounts payable in foreign currency mainly include interest payable on customer securities held in custody by the Bank, which to date have not been claimed. The Bank's management is taking the necessary measures to settle these liabilities with their respective beneficiaries.

A detail of deferred income follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Options to purchase property (including US\$705.750, at 31 December 2022)		12,312,020	-
Deferred income from sale of property	12	11,274,545	7,536,120
Interests collected in advance for loan portfolio (including US\$154.986 and €13.283; and US\$157.134 and €13.283, respectively)	8	2,951,467	944,557
Data center leasing		-	50,280
		<u>26,538,032</u>	<u>8,530,957</u>

A detail of withheld taxes follows (in bolivars):

	<b>31 December 2022</b>	<b>30 June 2022</b>
Value added tax	10,155,778	2,003,728
Income tax	6,836,676	1,454,056
Tax on large financial transactions (including US\$62.271 and €221; and US\$185.751 and €3.183, respectively)	3,474,748	1,799,234
Revenue stamps	1,589,460	309,073
Municipal taxes	11,681	2,677
	<u>22,068,343</u>	<u>5,568,768</u>

A summary of changes in the provision for contingent loan portfolio follows (in bolivars):

	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Balances at the beginning of the semester		310	32,048
Reclassification of (a) provision for loan portfolio	8	2,167	(31,738)
Balances at semester-end		<u>2,477</u>	<u>310</u>

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### (18) Taxes

#### (a) Income Tax

The Bank's fiscal year ends on 31 December each year. The main differences between taxable income and financial income are originated by provisions and reserves, which are normally deductible for tax purposes in subsequent periods when they are actually incurred; income tax-exempt income generated by National Public Debt Bonds and other securities issued by the Bolivarian Republic of Venezuela.

The Income Tax Law in force establishes, among other aspects, for institutions engaged in banking and financial activities, a proportional tax of 40% on income, and the exclusion of the tax inflation adjustment system. The law also establishes that net operating losses may be carried forward during the following three fiscal years and may be offset only up to a maximum of 25% of the annual income.

A detail of reconciliations between financial income and net tax income of the Bank, regarding operations in Venezuela, for the tax period ended 31 December 2022 follows (in bolivars):

Tax fee as per the Law on Income Taxes (%)	<u>40</u>
Financial income for the year before income taxes	306,648,675
Difference between accounting income and tax income	
Unpaid taxes	24,705,807
Loan portfolio, net	40,418,383
Incidental cost	(4,839,436)
Exempted income, net of related expenses	(10,221,278)
Non-deductible items	28,657,675
Non-taxable item	<u>(255,784,133)</u>
Tax income for the year in Venezuela	<u>129,585,693</u>
Provision for current income taxes in Venezuela	<u>51,834,277</u>

During the semesters ended 31 December and 30 June 2022, the Foreign Branch recorded an estimated income tax expense of US\$11,692 (equivalent to Bs203,966) and US\$13,151 (equivalent to Bs72,633), respectively. On 27 June 2019, the Overseas Branch received from the tax authorities of Curaçao the approval of Tax Ruling UR 19-0115 until 31 December 2024. Such Ruling establishes at 7% the basis for the determination of income tax, from the beginning of its operations, of all costs related to the activities carried out by the Branch Abroad, except for costs with the character of disbursements and interest on debts. Costs for third-party services that are not an integral part of the activities of the Foreign Branch, excluding service fees, office and equipment rental, and telecommunication expenses, among others, are considered disbursements.

At 31 December and 30 June 2022, the Bank maintains an income tax provision of Bs52,163,386 and Bs4,372,634, which include US\$24,843 (Bs433,386) and US\$13,151 (Bs72,633), respectively, corresponding to the Foreign Branch (see note 17). Furthermore, at 31 December and 30 June 2022, the Bank maintains prepaid income tax of Bs18,603,080 and Bs5,756,299, respectively, which are part of other assets and are included in the Prepaid taxes and subscriptions group (see note 13).

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A summary of income tax expenses follows (in bolivars):

	<b>31 December 2022</b>	<b>30 June 2022</b>
Income tax -		
Current income tax for operations in Venezuela	47,500,000	4,334,277
Current income tax for operations in Foreign Branch	203,966	72,633
Deferred (income) expenses	<u>(3,272,537)</u>	<u>1,586,479</u>
	<u>44,431,429</u>	<u>5,993,389</u>

**Regime for the Payment of Advances on Income Tax**

On 21 August 2018, the National Government published the Constituent Decree Establishing the Temporary Regime for the Payment of Advances on Income Tax for Taxpayers Qualified as Special Taxpayers who are engaged in economic activities other than the exploitation of mines, hydrocarbons and related activities, and who do not perceive royalties derived from such exploitation. The abovementioned Decree establishes that the advance payment of taxes payable in the case of Income Taxes will be determined on the basis of gross income from sales of goods and services obtained in the taxable period of the previous month within the National Territory and it will be between a minimum limit of zero-point five percent (0.5%) and a maximum of two percent (2%). The National Government will be able to establish different rates, without exceeding the limit established in said Decree. The percentage of advance payment of income taxes will be set at:

- two percent (2%) for financial institutions, the banking, insurance and reinsurance sector.
- one percent (1%) for the rest of taxpayers.

These advances will be deductible in the final income tax return. The advance payment regime established in this decree will be in force until its total or partial repeal by the National Government.

**(b) Deferred Taxes**

The Bank's management recognizes a deferred income tax asset in its financial statements when there is a reasonable expectation that future taxable income will allow its realization. In addition, the Accounting Manual establishes, among other aspects, that the Bank may not recognize deferred income tax in an amount greater than tax expenses.

The Bank's management determined and evaluated the recording of deferred income tax. The main differences between the tax basis and the financial basis at 31 December and 30 June 2022, that give way to it correspond to prepaid expenses, other provisions and accruals. At 31 December and 30 June 2022, the Bank maintains net deferred tax assets (liabilities) for Bs1,824,754 and Bs1,447,783, respectively.

A detail of net deferred income taxes follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Assets -			
Other provisions and accruals	13	<u>5,211,402</u>	<u>511,583</u>
Liabilities -			
Prepaid expenses	17	<u>(3,386,648)</u>	<u>(1,959,366)</u>
Net deferred income tax assets (liabilities)		<u>1,824,754</u>	<u>(1,447,783)</u>

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A detail of changes in the accounts of deferred income tax assets (liabilities) for the semesters ended 31 December and 30 June 2022 follows (in bolivars):

	<b>Other provisions and accruals</b>	<b>Prepaid expenses</b>	<b>Deferred income tax (liability) asset</b>
Balances at 31 December 2021	244,896	(106,200)	138,696
Charges (credits) in income	<u>266,687</u>	<u>(1,853,166)</u>	<u>(1,586,479)</u>
Balances at 30 June 2022	511,583	(1,959,366)	(1,447,783)
Charges (credits) in income	<u>4,699,819</u>	<u>(1,427,282)</u>	<u>3,272,537</u>
Balances at 31 December 2022	<u><u>5,211,402</u></u>	<u><u>(3,386,648)</u></u>	<u><u>1,824,754</u></u>

**(c) Transfer Pricing Regulations**

In accordance with the transfer pricing regulations, taxpayers subject to income tax who enter into transactions with related parties abroad are required to determine their income, costs and deductions by applying the methodology established in the abovementioned law. The Bank carries out transactions with related parties abroad. The Bank carried out the transfer pricing analysis for the fiscal period ended 31 December 2021 with no impact on the taxable income, as well as the presentation of informative declaration PT-99 for that period.

The analysis for the year ended 31 December 2022 is in progress; the Bank's management does not expect any impact on taxable income, as there have been no changes in the terms of related party transactions.

**(d) Tax on Economic Activities**

The Constitution of the Republic and the Organic Law of the Municipal Public Power attribute to the Municipalities the power to establish the tax on economic activities, which is levied on the gross income arising from any economic activity, industry, commerce, services of a similar nature, carried out on a regular or occasional basis in the jurisdiction of a given municipality, and which may be subject to a commercial establishment, premises, office or physical place and which purpose is profit.

The Bank recorded expenses for this concept for the semesters ended 31 December and 30 June 2022 for Bs24,994,266 and Bs5,414,960, respectively, which are presented in the general and administrative expenses element (see note 21), corresponding to the economic activities carried out in its offices throughout the national territory. At 31 December and 30 June 2022, the outstanding balance payable for this concept amounts to Bs11,349,772 and Bs1,475,617, respectively, which are part of accruals and other liabilities, and are included in the group of Tax on economic activities and other taxes payable (see note 17).

**(e) Law of Taxes on Large Financial Transactions**

On 30 December 2015, the tax on large financial transactions was established, which levies a 0.75% tax rate on financial transactions carried out by legal entities and economic entities without legal personality, qualified by the National Integrated Customs and Tax Administration Service (SENIAT) as special taxpayers, or by legal entities and economic entities without legal personality that are legally related to them, or that make payments on their behalf. Furthermore, banks and other financial institutions in the country are taxpayers of this tax for the generating events provided by law.

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On 21 August 2018, a Constituent Decree was published in the Extraordinary Official Gazette of the Republic, which amends the Decree with Rank, Value and Force of Law on the Tax on Large Financial Transactions; such Constituent Decree establishes that the aliquot of this tax may be modified by the National Executive and may be set up to a limit of 2%. The National Government fixed the aliquot of this tax at 2% as of November 2018.

On 25 February 2022, the Law of Partial Reform of the Decree with Rank, Value and Force of Law on Tax on Large Financial Transactions was published, establishing a 3% tax on transactions in foreign currencies or cryptocurrencies other than the bolivar and the Petro, carried out by individuals and companies.

During the semesters ended 31 December and 30 June 2022, the Bank recorded expenses for this concept for Bs11,828,192 and Bs2,549,892, respectively, which is presented under the caption of general and administrative expenses (see note 21).

### (f) **Net Worth Tax**

Official Gazette of the Republic N° 41.696 dated 16 August 2019, published the Official Notice of 15 August 2019, which corrected due to a material error the Constitutional Law that creates the tax on large estates issued by the National Constituent Assembly and published in the Official Gazette of the Republic N° 41.667 on 3 July 2019, which establishes that special taxpayers, which net worth is equal or higher than 150,000,000 TU, are required to pay between 0.25% and 1.50% on the value of the net worth determined as of 30 September each year. The payment of the tax must be made in the terms, forms and modalities established by the Tax Administration. This Constitutional Law became effective as from its publication in the Official Gazette.

During the semesters ended 31 December and 30 June 2022, the Bank recorded expenses for this concept for Bs1,166,420 and Bs1,507,894, respectively, in the consolidated statements of income and net income allocation.

### (19) **Other Operating Income**

A detail of other operating income follows (in bolivars):

		<b>Semesters ended</b>	
	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Commissions for services rendered		368,229,755	146,264,190
Income from investments in affiliates	10 and 23	61,347,882	-
Income from amortization of discount in held-to-maturity investments	7	3,846,687	2,044,833
Income from exchange difference	6	895,170	67,102
		<b>434,319,494</b>	<b>148,376,125</b>

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31 December and 30 June 2022

A detail of commissions for services rendered follows (in bolivars):

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Withdrawal of cash in foreign currency	14	159,233,451	67,776,103
Documentation of loans granted in UVC	8	45,641,475	13,107,684
Transactions with points of sale	13	44,886,316	15,091,689
Interbank mobile payments	13	16,983,356	5,418,476
Immediate credit transactions	13	15,535,193	500,284
Exchange intervention transactions	5	11,488,368	5,743,443
Commission for use of point of sale		10,690,016	2,491,389
Interbank electronic transactions	17	10,196,771	3,325,526
Exchange office transactions	13	9,136,155	17,038,906
Services provided to Social Security pensioners		9,301,099	2,163,698
Reimbursement of operating costs of point of sale terminals to commercial establishments	13	8,706,037	2,504,538
Transportation of values		8,004,896	234,230
Suiche 7B P2P Services		7,893,540	2,308,401
Phone credit recharge		1,832,315	859,079
Credit card commissions		1,725,693	847,357
Domiciliation services		1,578,488	377,923
Custody of values		841,604	39,510
Affiliation of payroll		790,874	270,642
Retail operations		690,381	3,402,134
High-value bank transfers		593,053	328,626
Transactions with debit cards in USD		336,354	566,330
Minimum wage of customer recruitment		317,761	90,666
Trust fund		312,054	68,879
Other non-financial commissions		270,023	335,757
Others		1,244,482	1,372,920
		<b>368,229,755</b>	<b>146,264,190</b>

**(20) Other Operating Expenses and Miscellaneous Operating Expenses**

A detail of other operating expenses follows (in bolivars):

	<b>Note</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Commissions for services		36,797,326	10,619,025
Loss from exchange difference	6	690,477	350,909
Loss from investment securities		7	-
Others		-	22
		<b>37,487,810</b>	<b>10,969,956</b>

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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A detail of commissions for services follows (in bolivars):

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Commissions to suppliers			
processing credit cards	7	19,549,780	5,723,462
Point of sale operations	17	7,947,863	1,665,012
Bank transfers by			
means of correspondent banks	14	3,882,221	1,214,178
Interbank mobile payments	17	4,303,905	1,452,501
Suiche 7B ATMs		432,401	85,540
Other expenses for service commissions		681,156	478,332
		<u>36,797,326</u>	<u>10,619,025</u>

A detail of miscellaneous operating expenses follows (in bolivars):

	<b>Note</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Contribution to Organic Law on Drugs		2,045,350	394,000
Contribution to the Organic Law on Sports, Physical Activity and Physical Education		2,270,900	330,000
Contribution to the Nation Fund for Municipal Councils		1,957,711	232,365
Contribution to the Organic Law on Science, Technology and Innovation		488,570	488,570
Provision for other assets	13	85,856	94,073
Provision for other services		7,371	372,984
Tasks relating to LC/FT/FPADM activities		-	218,475
Others		640,555	11,671
		<u>7,496,313</u>	<u>2,142,138</u>

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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**(21) Administrative and General Expenses**

A detail of administrative and general expenses follows (in bolivars):

	<b>Notes</b>	<b>Semester ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Advisory and external audit	24	84,723,809	3,837,190
Maintenance and repairs of fixed assets		63,162,071	15,201,689
Transportation expenses and communication		29,471,895	6,697,991
Depreciation and downgrading of fixed assets	12	28,691,867	1,670,971
Tax on economic activities	18	24,994,266	5,414,960
Security transport and overall surveillance		24,025,959	8,500,378
Expenses for external services		18,544,670	4,382,160
Rent expenses		17,031,397	5,178,093
Tax on large financial transactions	18	11,828,192	2,549,892
Miscellaneous general expenses		9,859,551	3,382,841
Insurance expenses		8,944,885	2,705,325
Amortization of deferred expenses	13	8,583,715	1,551,098
Advertisement and publicity expenses		7,487,610	1,417,583
Water, electricity and gas expenses		1,942,148	874,758
Legal advisory		1,937,290	674,943
Stationery and office supplies		1,719,890	521,995
Other taxes and contributions		722,011	271,368
Public relations		720,318	11,075
Legal expenses		693,848	767,401
Infrastructure expenses		672,332	8,537
Others		2,622,932	140,929
		<u>348,380,656</u>	<u>65,761,177</u>

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Notes to the Consolidated Financial Statements

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**(22) Memorandum Accounts**

A detail of memorandum accounts follows (in bolivars):

	<u>Notes</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Debtor contingent accounts -			
Guarantees granted		247,683	31,002
Credit lines		4,265,524	668,166
Discount and invoice purchase credit lines		3	3
		<u>4,513,210</u>	<u>699,171</u>
Trust assets		<u>405,577,966</u>	<u>476,171,735</u>
Debtor accounts for other trustworthy assignments (Housing and Habitat Loan Regime)		<u>38,268</u>	<u>18,598</u>
Other debtor memorandum accounts -			
Guarantees received (including US\$76.313.517; and US\$57.620.978, respectively)	6	3,083,307,058	717,485,029
Custody received (including US\$51.202.538 and US\$43.703.652, respectively)	6	924,649,380	241,379,653
BOD transaction (including US\$9.861.000 and and US\$45.584.828, respectively)	6	172,562,596	251,769,563
Securities in custody of other financial institutions (equivalent to US\$22.084.591 and US\$21.116.591, respectively)	6	385,272,315	116,629,044
Non-negotiated credit lines pending granting (including US\$11.180.919 and US\$3.461.330, respectively)	6	573,339,962	71,739,484
Bad debts written off		21,097,404	16,558,107
Collections in foreign currency (equivalent to US\$1.664.009 for both semesters)	6	29,029,101	9,190,477
Financial instruments written off (equivalent to US\$1.436.614, for both semesters)	6	25,062,158	7,934,561
Reconciling items written off (equivalent to US\$168.631 and \$US\$168.607, respectively)	6	5,492,394	1,194,274
Returns receivable deferred on overdue loan portfolio (equivalent to US\$37.218 and US\$30.134, respectively)	6 and 8	649,282	166,531
Foreign currencies granted through SICAD for both semesters)	6	366,351	115,985
Others (including US\$12.500, for both semesters)	6	218,307	69,278
		<u>5,221,046,308</u>	<u>1,434,231,986</u>
		<u>5,631,175,752</u>	<u>1,911,121,490</u>

At 31 December and 30 June 2022, the custody of securities of other financial institutions are held in the custody of Euroclear Bank, Pershing LLC and Morgan Stanley Smith Barney.

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**(a) Trust Fund Assets**

In August 2003, the Superintendency, through Resolution N° 202-03 dated 4 August 2003, published in Official Gazette of the Republic N° 37.748 dated 7 August 2003, authorized the Bank to operate as trustee.

According to the combined financial statements of the Bank's Trust, the trust accounts consist of the following balances (in bolivars):

	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Assets -			
Cash and due from banks		3,239,027	4,274,640
Investment securities		17,831,516	4,391,737
Loan portfolio		21,228,911	9,415,711
Interests and commissions receivable		804,010	154,352
Other assets		<u>362,474,502</u>	<u>457,935,295</u>
Total assets		<u>405,577,966</u>	<u>476,171,735</u>
Liabilities -			
Other accounts payable	9	72,058	95,297,335
Other liabilities		<u>50,426</u>	<u>482,962</u>
Total liabilities		<u>122,484</u>	<u>95,780,297</u>
Trust fund equity -			
Equity appointed to trust funds		400,014,464	378,747,604
Adjustments to equity		-	(59,709)
Accrued income		<u>5,441,018</u>	<u>1,703,543</u>
Total stockholders' equity		<u>405,455,482</u>	<u>380,391,438</u>
Total liabilities and stockholders' equity		<u><u>405,577,966</u></u>	<u><u>476,171,735</u></u>

The Bank's Trust fund Assets accounts are comprised as follows (in bolivars):

	<b>31 December 2022</b>	<b>30 June 2022</b>
Trust assets -		
Guarantee	362,474,138	457,974,202
Labor indemnities	42,635,506	18,156,159
Investment	93,157	39,854
Management	<u>375,165</u>	<u>1,520</u>
	<u><u>405,577,966</u></u>	<u><u>476,171,735</u></u>

At 31 December and 30 June 2022, cash and due from banks include Bs3,049,428 and Bs4,214,614, corresponding to funds collected from the Trust's operations that are managed through checking accounts held at the Bank, which are used as receivers and/or payers of the funds of all the trusts and earn an annual interest of 6% (see note 14).

**BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL AND FOREIGN BRANCH**

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*Investment Securities*

Investment securities included in the Trust fund accounts, recorded at amortized cost, are comprised by the following items (in bolivars, except for maturities and the percentage of interest rates):

	<u>Acquisition cost</u>	<u>Carrying amount/amortized cost</u>	<u>Fair market value</u>	<u>Nominal value</u>	<u>Maturities</u>	<u>Interest rate (%)</u>
<b>31 December 2022 -</b>						
Investments in local financial institutions:						
Time deposits -						
Banco Exterior, C.A., Banco Universal	3,500,000	3,500,000	3,500,000 <sup>(1)</sup>	3,500,000	03-01-2023 al 04-01-2023	35.00
Bonds and national public debt obligations -						
Vebonos	19	19	14 <sup>(2)</sup>	19	07-08-2025 al 30-11-2028	13,19 al 26,19
Other investment securities -						
Banco Occidental de Descuento						
Banco Universal C.A	19	19	-	19	-	-
Obligations issued by non-financial private companies -						
Saving certificates:						
Marsoca, C.A. Procesadora	2,564,577	2,564,577	2,564,577	2,564,577	02-03-2023 al 14-05-2023	12,00 al 60,00
Calox International, C.A.	2,211,000	2,211,000	2,211,000	2,211,000	28-01-2023 al 23-03-2023	50,00 al 60,00
Alimentos FM, C.A.	2,045,655	2,045,655	2,045,655	2,045,655	19-01-2023 al 20-03-2023	12,00 al 65,00
Steritex, C.A.	1,900,600	1,900,600	1,900,600	1,900,600	05-01-2023 al 06-04-2023	70.00
General de Alimentos Nisa, C.A.	1,383,770	1,383,770	1,383,770	1,383,770	03-02-2023 al 05-03-2023	60.00
Tesorería YMAS, C.A.	1,298,500	1,298,500	1,298,500	1,298,500	19-01-2023 al 07-02-2023	70.00
Alice Neumaticos de Venezuela	1,000,000	1,000,000	1,000,000	1,000,000	03-04-2023	60.00
Mercantil Servicios Financieros, C.A.	715,691	715,696	716,000	716,000	29-01-2023 al 27-04-2023	50,00 al 70,00
Dayco Telecom, C.A	561,680	561,680	561,680	561,680	18-01-2023 al 10-02-2023	8,00 al 50,00
Productos Quimicos L.M.V., C.A.	400,000	400,000	400,000	400,000	01-03-2023	60.00
Laboratorio Vicenti, C.A.	250,000	250,000	250,000	250,000	09-05-2023	60.00
	<u>14,331,473</u>	<u>14,331,478</u>	<u>14,331,782</u> <sup>(1)</sup>	<u>14,331,782</u>		
	<u>17,831,511</u>	<u>17,831,516</u>	<u>17,831,796</u>	<u>17,831,820</u>		
<b>30 June 2022 -</b>						
Investments in local financial institutions:						
Time deposits -						
Banco Exterior, C.A, Banco Universal	2,202,348	2,202,348	2,202,348 <sup>(1)</sup>	2,202,348	19-07-2022 al 21-07-2022	30,00 al 40,00
Bonds and national public debt obligations -						
Vebono	23	23	18 <sup>(2)</sup>	23	07-08-2025 al 30-11-2028	13,19 al 26,19
Other investment securities -						
Banco Occidental de Descuento						
Banco Universal C.A	19	19	-	19	-	-
Obligations issued by non-financial private companies -						
Saving certificates:						
Mercantil Servicios Financieros, C.A.	572,500	572,500	572,500	572,500	10-8-2022 al 21-8-2022	45,00 al 55,00
Alimentos FM, C.A.	396,000	382,847	382,847	382,847	8-11-2022 al 17-12-2022	45,00
Dayco Telecom, C.A.	382,847	200,000	200,000	200,000	8-12-2022 al 18-1-2023	8,00 al 45,00
Calox International, C.A.	238,000	238,000	238,000	238,000	12-7-2022 al 1-12-2022	35,00 al 45,00
Tesorería YMAS, C.A.	200,000	200,000	200,000	200,000	23-9-2022	50.00
Coca Cola Femsa, C.A.	200,000	396,000	396,000	396,000	24-7-2022	80.00
3PL Panamericana, C.A.	200,000	200,000	200,000	200,000	20-9-2022	45.00
	<u>2,189,347</u>	<u>2,189,347</u>	<u>2,189,347</u> <sup>(1)</sup>	<u>2,189,347</u>		
	<u>4,391,737</u>	<u>4,391,737</u>	<u>4,391,713</u>	<u>4,391,737</u>		

(1) It corresponds to the nominal value, which is considered its fair value.

(2) Fair market value determined by purchase and sale operations in the secondary market or the current value of future cash flows of the estimated cash.

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<b>Security</b>	<b>Custodian</b>
Investments in financial institutions of the country	Central Bank of Venezuela C.V.V. Caja Venezolana De Valores, S.A. Banco Exterior, C.A., Banco Universal

A detail of the reclassification of investment securities pursuant to their maturities follows (in bolivars):

	<b>31 December 2022</b>		<b>30 June 2022</b>	
	<b>Amortized cost</b>	<b>Fair market value</b>	<b>Amortized cost</b>	<b>Fair market value</b>
Up to six months	17,831,478	17,831,782	4,308,848	4,308,848
From one to five years	14	14	82,865	82,865
From five to ten years	5	-	5	-
Over ten years	19	-	19	-
	<u>17,831,516</u>	<u>17,831,796</u>	<u>4,391,737</u>	<u>4,391,713</u>

At 31 December and 30 June 2022, returns receivable on investments in securities amount to Bs804,010 and Bs154,352, respectively.

During the semesters ended 31 December and 30 June 2022, the trust fund purchased investments for Bs16,746,720 and Bs139,376,302, respectively. It also conducted term bank placements for Bs25,000,000 and Bs2,106,500, respectively, in local private financial institutions.

At 31 December and 30 June 2022, the loan portfolio includes loans and advances of social benefits to Bank employees for Bs433,444 and Bs159,639, respectively. It also includes Bs18,094,109 and Bs6,006,986, respectively, corresponding to loans and advances of social benefits from private entities; and Bs2,701,357 and Bs3,249,086, respectively, from public entities.

At 31 December and 30 June 2022, there are labor indemnity trusts in favor of the Bank's employees for Bs2,197,521 and Bs798,801, respectively.

On 22 May 2013, Official Gazette of the Republic N° 40.172 published Ruling N° 0010, dated 21 May 2013, issued by the National Treasury Office, called "Administrative Ruling that regulates the return to the Treasury of the amounts credited in the trusts constituted by the Republic and its decentralized entities that are immobilized for more than four months", which establishes that the Republic's organs and entities which have constituted trusts with budgetary resources in public or private banks, without having made disbursements or payments related to their purpose for periods equal to or longer than four months, with the exception of labor trusts, must pay both the trust capital and the dividends generated to the accounts of the National Treasury. At 31 December and 30 June 2022, the trusts constituted by the Republic or its decentralized entities correspond mainly to labor indemnity and administration trusts, which have been mobilized during the last four months.

**(b) Debtor accounts for other trust commissions (Housing and Habitat Benefits Regime) and Saving Funds for Housing**

A detail of debtor accounts for other trust commissions (Housing and Habitat Benefits Regime) and Saving Funds for Housing follows (in bolivars):

	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
Assets -			
Cash and due from banks	14	5,000	1,812
Investment securities		33,268	16,786
Total assets		<u>38,268</u>	<u>18,598</u>
Liabilities -			
Contributions for saving funds for housing		38,268	18,598
Total liabilities		<u>38,268</u>	<u>18,598</u>

Housing programs, direct demand subsidies, eligibility system, Guarantee Fund and Rescue Fund are subject to the Housing and Habitat Benefit System Law. These programs are aimed primarily at families that apply for housing assistance with the resources of the Mutual Housing Fund. The financial institutions authorized as financial operators by the *Banco Nacional de Vivienda y Habitat* (BANAVIH) receive the deposits of the monthly contributions of the employers, employees and employees of the private and public sector, and deposit such amounts in the single account of the *Fondo Mutual Habitacional*, in the name of each employee. These funds will be used for short and long-term loans for the construction, acquisition and remodeling of primary residence.

At 31 December and 30 June 2022, the investment trust is maintained in the BANAVIH for Bs33,268 and Bs16,786, respectively, as a result of the deposits of the Housing and Habitat Benefit System Law collected and transferred by the Bank which, in accordance with the Accounting Manual, are presented as investment securities.

The Law of the Housing and Habitat Benefit System establishes that the amount of the monthly payment installments of the loans granted will be between 5% and 20% of the family's monthly income. It also provides that the loans will accrue a social interest rate established by the People's Power Ministry for Housing and Habitat.

**(23) Equity Accounts and Reserves**

**(a) Capital Stock and Authorized Capital**

At 31 December and 30 June 2022, the Bank's paid-in capital stock is Bs28,959,650 and Bs28,960, respectively, represented by 28,959,650,000 common, nominative, non-convertible bearer shares, of the same class, with a par value of Bs0.001 and Bs0.000001, respectively, each, fully subscribed and paid [see note 31(c)].

At the General Ordinary Stockholders' Meeting held on 18 March 2020, a dividend distribution of Bs23,168 was approved to be paid in full in common, nominative, non-convertible bearer shares, payable with a charge to the surplus to be applied account for Bs17,000 and to the Restricted Surplus account for Bs6,168. The Superintendency, by means of Official Notice SIB-II-GGR-GA-00508 dated 3 February 2021, after a favorable pronouncement from the Superior Body of the National Financial System (OSFIN) and the National Securities Superintendency (SNV), by means of Ruling N° 031 dated 25 February 2021, authorized the Bank to increase its capital stock by the referred amount.

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Notes to the Consolidated Financial Statements

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At the General Ordinary Stockholders' Meeting held on 16 September 2020, a dividend distribution of Bs115,839 was approved to be paid in full in common, nominative, non-convertible bearer shares, to be charged to the Restricted Surplus account. The Superintendency in Official Letter SIB-II-GGR-GA-07930 of 23 September 2021, after a favorable pronouncement from OSFIN; and SUNAVAL through Ruling N° 222 dated 17 November 2021, authorized the Bank to increase its capital stock by the referred amount.

At the General Ordinary Stockholders' Meeting held on 17 March 2021, a dividend distribution of Bs2,171,974 was approved to be paid in full in common, nominative, non-convertible bearer shares, payable with a charge of Bs1,171,974 to the surplus to be applied, and Bs1,000,000 with a charge to the restricted surplus account. The Superintendency in Official Letter SIB-II-GGR-GA-07930 dated 23 September 2021, after a favorable pronouncement from OSFIN; and SUNAVAL through Ruling N° 222 dated 17 November 2021, authorized the Bank to increase its capital stock by the referred amount.

At the General Ordinary Stockholders' Meeting held on 15 September 2021, a dividend distribution of Bs6,950,316 was approved to be paid in full in common, nominative, non-convertible bearer shares, payable with a charge to the Restricted Surplus account. The Superintendency in Official Letter SIB-II-GGR-GA-03954 of 15 June 2022, following a favorable pronouncement by OSFIN, and SUNAVAL through Ruling N° 248 dated 23 December 2022, authorized the Bank to increase its capital stock by the referred amount.

At the General Ordinary Stockholders' Meeting held on 23 March 2022, a dividend distribution of Bs1,882,377 was approved to be paid in full in common, nominative, non-convertible bearer shares of the same class, payable with a charge to the Surplus to be applied account. The Superintendency in Official Letter SIB-II-GGR-GA-09316 dated 15 December 2022, prior favorable pronouncement of OSFIN, and SUNAVAL by means of Ruling N° 248 dated 23 December 2022, authorized the Bank to increase its capital stock by the referred amount.

At the Extraordinary General Stockholders' Meeting held on July 13, 2022, it was approved to increase the value of the Bank's shares to Bs0.001, through a capitalization of Bs17,810,184, charged to the account "Gain or Loss on Exchange Fluctuations from Holding and Sale of Foreign Currency under the Free Convertibility Exchange Market System". Additionally, it was approved to increase the capital stock with the Bank's own resources by Bs100,000,000,000, through the issuance of 100,000,000,000 common, nominative, non-convertible bearer shares, with a par value of Bs0.001, offered exclusively to the Bank's Stockholders. The Superintendency in Official Letter SIB-II-GGR-GA-09315 dated 15 December 2022, after a favorable pronouncement from OSFIN; and SUNAVAL through Ruling N° 248 and N° 249, respectively, both dated 23 December 2022, authorized the Bank to increase its capital stock by the referred amounts. For this concept, at 31 December 2022, the Bank has recorded Bs82,816,267 [see note 31(c)].

At the General Ordinary Stockholders' Meeting held on 21 September 2022, a dividend distribution of Bs15,838,600 was approved, to be paid in full in shares, through the issue of 15,838,600,000 shares with a par value of Bs0.001, with a charge to the Surplus to be applied account. The Superintendency in Official Letter SIB-II-GGR-GA-09300 dated 15 December 2022, after a favorable pronouncement from OSFIN, authorized the Bank to increase its capital stock by the abovementioned amounts. As of the date of the financial statements, the Bank is awaiting authorization from SUNAVAL.

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The share certificates subscribed by the stockholders are identified as non-convertible nominative common bearer shares distributed as follows:

	31 December 2022		30 June 2022	
	Number of shares	Share (%)	Number of shares	Share (%)
Stockholders -				
Nogueroles García, Jorge Luis	2,821,565,700	9.74	2,821,565,690	9.74
Sociedad Financiera Internacional, Ltd.	2,279,809,000	7.87	1,941,196,525	6.70
Valores Torre Casa, C.A.	2,219,954,115	7.67	2,219,954,115	7.67
Halabi Harb, Anuar	1,749,495,445	6.04	1,749,495,445	6.04
Pivca Promotora de Inversiones y Valores, C.A.	1,657,522,300	5.72	294,796,531	1.02
Alintio International, S.L.	1,435,671,235	4.96	1,435,671,235	4.96
Curbelo Pérez, Juan Ramón	1,143,454,540	3.95	1,143,454,540	3.95
Zasuma Inversiones, C.A.	1,112,284,430	3.84	1,112,284,430	3.84
Corporación Friport, C.A.	903,980,990	3.12	853,681,390	2.95
Inversiones Clatal, C.A.	893,605,290	3.09	893,605,290	3.09
Osio Montiel, Carmen Inés	748,700,040	2.59	751,800,040	2.60
Inversiones Grial, C.A.	622,296,115	2.15	622,296,115	2.15
Kozma Solymosy, Nicolás A.	620,342,100	2.14	620,342,100	2.14
Inversiones Tosuman, C.A.	539,995,820	1.86	539,995,820	1.86
Pembrokepines Investments LLC				
Venezuelan Branch	533,554,000	1.84	387,436,477	1.34
Tamayo Degwitz, Carlos Enrique	530,158,830	1.83	531,384,430	1.83
Somoza Mosquera, David	511,582,535	1.77	511,582,535	1.77
García Arroyo, Sagrario	495,915,100	1.71	495,915,025	1.71
Grupo Ebenezer, C.A.	434,394,750	1.50	434,394,750	1.50
Consorcio Toyomarca, S.A.	403,832,335	1.39	403,832,335	1.39
Kozma Ingenuo, Alejandro Nicola	366,712,270	1.27	366,712,270	1.27
Kozma Ingenuo, Carolina María	366,712,270	1.27	366,712,270	1.27
Chaar Chaar, Mouada	329,408,570	1.14	329,408,570	1.14
Starlight Investments, S.L.	274,568,875	0.95	274,568,875	0.95
Valores Agropecuarios La Florida, C.A.	268,413,715	0.93	268,413,715	0.93
Tracto Agro Valencia, C.A.	265,917,900	0.92	265,917,870	0.92
Benacerraf Herrera, Mercedes Cecilia	224,749,000	0.78	224,748,910	0.78
Nogueroles García, María Monstserrat	100	0.00	319,611,405	1.10
Teleacción A.C., C.A.	15	0.00	518,784,815	1.79
Puig Miret, Jaime	-	-	404,436,075	1.40
Castellana Investments Fund Limited, S.C.C.	-	-	379,905,894	1.31
Others	5,205,052,615	17.97	5,475,744,513	18.89
	<u>28,959,650,000</u>	<u>100.00</u>	<u>28,959,650,000</u>	<u>100.00</u>

### **Standards regarding the minimum capital stock for the incorporation and operation of banking institutions**

Official Gazette of the Republic N° 42.412 dated 6 July 2022 published Resolution N° 014.22 of the Superintendency, whereby the institutions of the banking sector require, for their incorporation and operation, a minimum capital, subscribed and paid in full in cash, not less than 3% of the total assets expressed in the balance sheet. The institutions of the banking sector must adjust their capital stock within a term of less than six months, based on the total assets reflected in the financial statements corresponding to the semester ended 31 December 2021, which may be divided in two equal portions, each one of them contributed within each quarter counted as of the publication of said resolution, prior authorization of the Superintendency and binding opinion of the OSFIN, by means of:

- Cash contributions with stockholders' own resources, which may not be less than 60% of the amount to be increased.
- Capitalization of accumulated results up to 40% of the amount to be increased.

Subsequently, this capital stock must be adjusted annually during the first six months of each year, based on the total assets reflected in the financial statements for the six-month period ended 31 December of the immediately preceding year.

At 31 December 2022, the Bank does not maintain the minimum capital requirement in accordance with this provision even though it was able to capitalize Bs28,930,690 of accumulated results during the second half of 2022. However, in a press release it has been informed that the capitalization of the contribution to increase the capital stock with own resources for Bs100,000,000 will be completed on 25 January 2023, which will represent an excess over the minimum required [see note 31(c)].

**(b) Capital Reserves**

*Legal Reserve*

The Bank, pursuant to the provisions established in its bylaws and the Law on Institutions for the Banking Sector, records a bi-yearly contribution of 20% of its bi-yearly net income for legal reserve until that reserve reaches 50% of the capital stock. Once the legal reserve has reached such limit, the Bank will record, as an allowance for legal reserve, 10% of its bi-yearly net income until it reaches 100% of the capital stock. At 31 December and 30 June 2022, capital reserves include Bs28,959,650 and Bs28,960, respectively, corresponding to legal reserve.

*Social Funds for Contingencies*

The Banking Sector Law establishes in its Article 45, that banking institutions shall constitute a Social Fund for Contingencies through a cash transfer to a trust fund in another banking institution (see note 7), equivalent to 10% of the capital stock, ensuring the payment of the labor debts of employees in the event of an administrative liquidation of the Bank. Such percentage shall be constituted with biyearly contributions of 0.5% of the capital stock until reaching the required 10%. On 14 December 2011, through Resolution N° 305.11, published in Official Gazette N° 39.820 from that same date, the Superintendency issued the "Regulations Regarding the National Fund for Contingencies" regulating the aspects related to the creation, fiduciary selection and accounting of the abovementioned Fund.

On 23 March 2012, the Bank created the Fund by opening an investment trust in Banco Exterior, C.A., Banco Universal, in accordance with Resolution No. 305-11. The Bank made the corresponding accounting records by debiting investments in restricted securities (see note 7) and crediting cash held at the BCV.

At 31 December and 30 June 2022, the capital reserves account includes Bs145,261 and Bs463, respectively, corresponding to the Social Contingency Fund.

**(c) Adjustments to Stockholders' Equity**

*Income or losses from exchange rate variations on holding assets and liabilities in foreign currency*

On 29 March 2019, the Superintendency, through Circular N° SIB-II-GGR-GNP-03578 establishes the rules related to the application of the net profits originated by the effect of the valuation of assets and liabilities at the free convertibility exchange rate fixed by Exchange Agreement N° 1 of 21 August 2018, the criteria and guidelines should be applied considering:

- Income or losses arising from holding assets and liabilities in foreign currency should be recorded in account 352.00 "Income or losses from exchange rate variations from holding assets and liabilities in foreign currency."

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- The net credit balance reflected at 31 December 2018 and 30 June 2019, as well as, that corresponding to the following half-yearly closings, must be applied in the following order of priority, upon request and authorization to the Superintendency:
  - Write-off operational losses or deficits.
  - Constitution or coverage of deficit balances in provisions for asset contingencies, adjustments or losses determined by the Superintendency.

When the banking institution, by virtue of its financial situation, does not merit applying the balance recorded in the aforementioned account to the items mentioned above or, in any case, if once the items have been applied there are surplus amounts, the Superintendency, upon request and evaluation, may authorize their application to the results of the fiscal year. Once its application has been authorized, it must set aside 50% of the results to the restricted surplus, in accordance with Resolution N° 329.99 dated 28 December 1999, published in Official Gazette N° 36.859 dated 29 December 1999.

The balance maintained in account 352.00 "Income or losses on foreign exchange variations from holding assets and liabilities in foreign currency" must be considered to determine the primary equity (level I), which is used in the calculation of the Total Equity Adequacy Ratio, provided for in Resolutions N° 305.09 and 117.14 dated 9 July 2009 and 25 August 2014, respectively.

*Variation of credits of the single productive and commercial portfolio determined as established by the BCV*

On 18 May 2020 and 20 December 2019, the Superintendency, by means of Resolutions N° 027.07 and 070.19, respectively, establishes the standards related to the application and recording of the net profits generated by the increases or decreases resulting from the variation of the capital of the loans of the single productive and commercial portfolio framed in Resolutions N° 20-02-01 and 19-09-01-01, respectively, of the BCV dated 2 February 2020 and 5 September 2019, respectively, which establishes that the balance recorded in account 358.00 "Variation of credits of the single productive and commercial portfolio determined as established by the BCV", must only be applied for the constitution of generic and counter-cyclical provisions generated from the portions corresponding to the variation of the credit capital.

When the banking institution, by virtue of its financial situation, does not need to apply the balance recorded in the aforementioned account or if once said items have been applied, there are surplus amounts that show amounts actually collected, they may record them in the results of the year, provided that the portion of capital resulting from the variation of the investment rate has been previously recorded in said account. Additionally, the balance maintained in account 358.00 "Variation in loans of the single productive and commercial portfolio determined as established by the BCV", must be considered to determine the primary equity (level I), which is used in the calculation of the Total Equity Adequacy Ratio.

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A detail of changes in the equity adjustment account follows (in bolivars):

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
Balances at the beginning of the semester		579,318,039	266,847,358
Income from net exchange variation	6	958,050,516	253,336,942
Increase provided by the variation of capital loans granted by means of UVC	8	816,559,839	73,452,601
Allocation charged to income of the benefits yielded by an increase in the variation of loans collected and granted by means of UVC	8	(277,899,195)	(14,318,862)
Increase in capital stock carried to Income or Loss from Exchange Variation on Holding and sale of Foreign Currency as per the Exchange Market System of Free Convertibility	23(a)	(17,810,184)	-
Balances at semester-end		<u>2,058,219,015</u>	<u>579,318,039</u>

**(d) Accrued Income***Undistributed surplus*

The Superintendency, through Official Notice SIB-II-GGIBPV-GIBPV2-07778, dated 30 March 2011, indicated to the Bank that the profits generated by the operations of the Branch abroad are considered non-distributable surplus.

*Restricted surplus*

At 31 December and 30 June 2022, restricted surplus amounts to Bs77,688,145 and Bs25,064,630, respectively.

On 3 February 2015, in Circular SIB-II-GGR-GNP-03660, the Superintendency established the parameters that banking institutions must consider for the application of the restricted surplus, constituted on the occasion of the equity section of 50% of the results of each semester and indicates that the restricted surplus may be applied or used according to the following order of priority:

- Increase in capital stock.
- Cover losses or deficits arising from operations carried out, maintained in the equity accounts.
- Constitution or coverage of deficit balances in provisions for asset contingencies, adjustments or losses determined by the Superintendency.
- Offset deferred expenses based on special plans approved by the Superintendency; additionally, costs and capital gains generated in mergers or transformations that were reflected in due course will be offset, as well as costs and capital gains generated in mergers or transformations that take place after the issuance of this circular, in accordance with the provisions of current legislation.

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Banking institutions must request authorization from the Superintendency for the application of the restricted surplus within the aforementioned concepts. Those banking institutions that by virtue of their financial and equity situation do not merit applying the balance recorded as restricted surplus in the items indicated for its use or application, or in any case, if once applied in said items there are surplus amounts, the Superintendency, upon request, analysis and evaluation of each particular case, may authorize its reclassification to the account of Surplus to be Applied. The constitution of the equity reserve equivalent to 50% of the results of the respective semester and its recording in the Restricted Surplus account indicated in Resolution N° 329.99, issued by the Superintendency on 28 December 1999 and published in Official Gazette N° 36.859 dated 29 December 1999, is maintained.

**(e) Risk Capital Ratios**

The ratios required and maintained by the Bank, calculated based on its published consolidated financial statements, and in accordance with the instructions and regulations of the Superintendency, are indicated below:

	<b>31 December 2022</b>		<b>30 June 2022</b>	
	<b>Required (%)</b>	<b>Maintained (%)</b>	<b>Required (%)</b>	<b>Maintained (%)</b>
Equity/Assets and contingent weighted operations based on risks	12	69,85%	12	44,79%
Accounting equity/Total Assets	9	35,76%	9	22,47%

The Superintendency, through Resolution N° 117.14 of 25 August 2014, established the deferral of the schedule set forth in Article 2 of Resolution N° 145.13 of 10 September 2013, regarding the accounting equity adequacy ratio of 10%, corresponding to 30 June 2015, until such time as the Superintendency so indicates, for which reason they must have a ratio of no less than 9%.

The Superintendency, through Circulars SIB-II-GGR-GNP-10189 and SIB-II-GGR-GNP-12738 of 7 and 27 April 2016, respectively, granted banking institutions regulatory exception to determine the "Accounting equity adequacy index", which allows:

- Exclude from total assets the balance of the following items: bonds and debentures issued by the BCV, placements in the BCV, availabilities of the banking institution in the BCV (including legal reserve).
- Include in the accounting equity the amount corresponding to the generic and counter-cyclical provision for the loan and micro-credit portfolio; and in the primary equity (level I), the amount corresponding to the generic and counter-cyclical provision.

**(f) Earnings per Share**

A detail of the liquidation earnings per share is as follows (in bolivars):

	<b>Semesters ended</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
Outstanding common shares	28,959,650,000	28,959,650,000
Liquidation earning per share	0.0077	0.0011

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**(24) Transactions and Balances with Related Entities**

A summary of transactions and balances maintained by the Bank with its related entity follows (in bolivars):

	<b>Notes</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
<b>Assets -</b>			
Cash and due from banks:			
Transvalor Orinoco, C.A. -			
Notes and foreign coins (including US\$10.251.834 and €1.832.123, at 31 December 2022)	5	213,010,467	-
BNC International Banking Corporation -			
Banks and correspondents overseas (including US\$1.498.295 and US\$7.543.463, respectively)		26,138,204	41,663,299
Exchange Agreement N° 20 (including US\$3.818 in both semesters)	5 and 14	66,600	21,085
Investments in affiliates and subsidiaries -			
Consortio Credicard, C.A.	10	107,757,370	47,444,476
Proyectos Conexus, C.A.	10	2,160,387	1,125,399
Total assets		<u>349,133,028</u>	<u>90,254,259</u>
<b>Liabilities -</b>			
Customers' deposits			
BNC International Banking Corporation (equivalent to US\$4.816.000 and US\$3.312.950, respectively)			
		84,016,565	18,297,754
Latin American Holdings Inc, C.A. (including US\$408.401 and US\$587, respectively)			
		7,381,834	5,158,327
Servicios Latin Pagos 2021, C.A. (including US\$1.356 and US\$120.623, respectively)			
		65,978	823,104
Transvalor Orinoco, C.A. (including US\$145.171 and €10; and US\$79.338 and €10, respectively)			
		2,544,871	775,155
Other financing obtained at BNC			
International Banking Corporation -			
Sight deposits, non-interest bearing (including US\$51.946 and US\$52.785, respectively)	15	906,217	291,537
Total liabilities		<u>94,915,465</u>	<u>25,345,877</u>

On 26 August 2022, the Bank entered into an agreement with Latin American Holding INC. C.A., (LAH) for the rendering of professional services related to a) the negotiation and sale of real estate assets owned by the Bank, and b) corporate, financial and investment advisory services, as well as business management, analysis and assessment. The Bank has agreed to pay LAH, and LAH has accepted, a consideration equivalent to 5% of each of the real estate sales transactions carried out by LAH. Furthermore, the parties may agree to pay LAH for corporate, financial and investment advisory services, as well as business management, analysis and assessment, the amount, quantity and terms of which shall be established by mutual agreement between the parties on the occasion of each operation, by means of private communication, without the need to subscribe an addendum to this agreement. This agreement shall be in force indefinitely; however, the parties may terminate the same upon prior notice. As a consequence of this contract, the Bank recorded during the six-month period ended 31 December 2022, financial and business advisory expenses of Bs73,428,174, which are included in the legal consulting and external audit element, in general and administrative expenses (see note 21).

On 30 November 2022, the Bank entered into an addendum to the framework agreement with Transvalor Orinoco, C.A., which contemplates the terms and conditions related to ATM services, transportation and custody of securities. This agreement is valid for one year, with automatic renewal, unless one of the parties states otherwise. As a consequence of this agreement, at 31 December 2022, foreign notes and coins are in the custody of Transvalor Orinoco, C.A. Additionally, during the semesters ended 31 December and 30 June 2022, the Bank has recorded expenses for these services, transportation and custody of securities for Bs11,519,602 and Bs3,940,493, included in general and administrative expenses in the consolidated statements of income and net income allocation.

**(25) Contributions to the Social Protection Fund for Bank Deposits**

The Social Protection Fund for Bank Deposits is an autonomous institution with legal status and its own assets, whose main purpose is to guarantee the funds collected from the public in local currency by banking institutions, up to a maximum amount of Bs0.03, as well as to act as liquidator of these institutions and their related companies, in accordance with the provisions of the Law of Institutions of the Banking Sector.

During the semesters ended 31 December and 30 June 2022, the Bank recorded Bs3,765,983 and Bs997,220, respectively, in the consolidated statements of income and net income allocation, corresponding to the semiannual contribution equivalent to 0.75% of the total customers' deposits held at the closing of the immediately preceding semester, for both semesters, in accordance with the provisions of Article 121 of the Banking Sector Institutions Law.

**(26) Special Contribution to the Superintendency of Banking Institutions**

The Law of Institutions of the Banking Sector establishes a special contribution to be paid by Venezuelan banking institutions governed by said law, to support the operations of the Superintendency. Furthermore, the Superintendency through Notices SIB-II-GGR-GNP-2764 and SIB-II-GGR-GNP-15889 dated 14 March 2019 and 21 September 2018, informs that the People's Ministry of Economy and Finance, through account item N° 001 and N° 052 of those same dates, approved an authorization to implement a calculation methodology different from that stipulated of the abovementioned law.

At 31 December and 30 June 2022, the amount corresponding to the contribution paid in the six-month period is based on 0.8 per thousand of the average of the assets of the two months prior to the two-month period to which the payment corresponds. During the semesters ended 31 December and 30 June 2022, the Bank recorded Bs8,661,154 and Bs3,577,669, respectively, in the consolidated statements of income and net income allocation.

**(27) Contingencies**

At 31 December and 30 June 2022, there are lawsuits and other claims against the Bank arising from the normal course of its operations, management and its legal advisors consider that such lawsuits and claims are not entirely appropriate, and the allegations and legal appeals filed by the Bank will be favorably received; consequently, the resolution of these contingencies will not significantly affect the Bank's consolidated financial position or results of operations.

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### (28) Maturities of Assets and Liabilities

A detail of maturities of monetary assets and liabilities at 31 December 2022 follows (in bolivars):

	30 June 2023	31 December 2023	30 June 2024	31 December 2024	30 June 2025	31 December 2025 or beyond	Total
<b>Assets:</b>							
Cash and due from banks	3,634,902,385	-	-	-	-	-	3,634,902,385
Investment securities	1,400,859,000	670,315	-	1,675	-	271,157,049	1,672,688,039
Loan portfolio	1,606,788,760	328,207,188	136,175,868	-	-	-	2,071,171,816
Interests and commissions receivable	9,075,646	-	-	-	-	-	9,075,646
Other assets	773,738,380	-	-	-	-	-	773,738,380
	<u>7,425,364,171</u>	<u>328,877,503</u>	<u>136,175,868</u>	<u>1,675</u>	<u>-</u>	<u>271,157,049</u>	<u>8,161,576,266</u>
<b>Liabilities:</b>							
Customers' deposits	5,416,073,941	-	-	-	-	-	5,416,073,941
Other financing obtained	164,721,085	-	-	-	-	-	164,721,085
Interests and commissions payable	3,054,074	-	-	-	-	-	3,054,074
Accruals and other liabilities	871,864,101	-	-	-	-	-	871,864,101
	<u>6,455,713,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,455,713,201</u>

### (29) Fair Value of Financial Instruments

The estimated fair market value of the Bank's financial instruments, their carrying amounts, the main assumptions assumed, and the methodology used to estimate fair market values are presented below (in bolivars):

	31 December 2022		30 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets -</b>				
Cash and due from banks	3,634,902,385	3,634,902,385	1,645,051,921	1,645,051,921
Investment securities	1,672,688,039	1,630,316,354	75,268,177	73,800,770
Loan portfolio	2,011,982,530	2,011,982,530	445,105,132	445,105,132
Interests and commissions receivable	9,075,646	9,075,646	467,568	467,568
Total assets	<u>7,328,648,600</u>	<u>7,286,276,915</u>	<u>2,165,892,798</u>	<u>2,164,425,391</u>
<b>Liabilities -</b>				
Customers' deposits	5,416,073,941	5,416,073,941	1,870,747,558	1,870,747,558
Other financing obtained	164,721,085	164,721,085	262,600,122	262,600,122
Interests and commissions payable	3,054,074	3,054,074	1,807,241	1,807,241
Total liabilities	<u>5,583,849,100</u>	<u>5,583,849,100</u>	<u>2,135,154,921</u>	<u>2,135,154,921</u>

The methods and assumptions used to estimate the fair values of on-balance sheet financial instruments are described in note 2(f), "Basis of presentation - Measurement of fair values of financial instruments".

### (30) Consolidated Balance Sheets for Publication

At 30 June 2022, the amounts of the consolidated balance sheet differ from those presented in the balance sheet as investments in subsidiaries, affiliates and branches, as well as in other assets, by Bs32,989,733, corresponding to the recognition of the goodwill generated by the excess of cost over net assets of the acquisition of 33.33% interest in Consorcio Credicard, C.A. (see notes 10 and 14).

**(31) Subsequent Events**

**(a) Exchange Rate Variation**

In accordance with Exchange Agreement N°1 (see note 6), the exchange rates at 15 August 2023, are Bs24.2822 per US\$1, Bs26.1316 per €1 and Bs0.0051 per COP1, which are higher than those existing at 31 December 2022. Consequently, the use of these exchange rates for the subsequent measurement of those assets and liabilities denominated in foreign currencies existing at that date, including those arising from 31 December 2022, causes an effect on the consolidated financial statements of the subsequent reporting period.

**(b) Financial Intermediation**

On 18 January 2023, the Superintendency, through Circular SIB-II-GGR-GNP-00335, authorized banking institutions to grant credits in local currency with resources from fund raising in foreign currency, up to a maximum of 30% of such fund raising, offering the foreign currency in the Foreign Exchange Market System (SMC) for its subsequent settlement under the different modalities set forth in the Law and complementary regulations. For the purpose of determining the amount equivalent to 30% of the funds available to grant the aforementioned credits, the balance of the deposits in foreign currency recorded in account 211.05 "Current accounts under the Foreign Exchange Market System of Free Convertibility" will be considered."

**(c) Increase in Capital Stock**

On 25 January 2023, the Bank completed the capitalization of 100,000,000,000 new common shares, nominative of a single class, non-convertible to bearer, with a par value of Bs0.001, increasing the capital stock to Bs128,959,650, in accordance with the provisions of Circular SIB-II-GGR-GA-09315 dated 15 December 2022 and Ruling N° 249, dated 23 December 2022.

**(d) Circular of the Superintendency on inflation-adjusted audited financial statements**

The Superintendency, by means of Circular SIB-II-GGR-GNP-00818 dated 10 February 2022, defers the presentation of the complementary information corresponding to the closing of the second half of 2022, related to the consolidated financial statements, prepared on the basis of generally accepted accounting principles; as well as the individual audited financial statements for publication, adjusted for inflation.