

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

**Consolidated Financial
Statements**

30 June 2022 and
31 December 2021

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 30 June 2022, the consolidated statements of income and net income allocation, changes in equity and cash flows for the semester 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 situation of the Bank at 30 June 2022, its consolidated financial performance and consolidated cash flows for the semester 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

Our audit is conducted pursuant to 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.



Provision for Loan Portfolio

See notes 3(d) and 8 to the consolidated financial statements.

Key audit matter	How key matter is treated in our audit
<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>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.</p>	<p>Our auditing procedures included, amongst other:</p> <ul style="list-style-type: none"> – Identifying the credit risk management frame and assessing how the Bank's accounting policies align with the standards established by the Superintendency. – Assessing appropriate classification on the basis of the loan portfolio risk, according to the standards issued by the Superintendency. – Testing relevant controls on loan granting, assessing loan conditions, guaranties and terms, amongst other, in compliance with the standards issued by the Superintendency and policies established by the Bank, by inspecting each loan file. – Obtaining the list of the 500 greatest Bank debtors and assessing how the different regulations issued by the Superintendency apply to them. – Assessing whether the allowance is sufficient on the basis of the guidelines established by the Superintendency in connection with risk assessment. – Testing technology change controls. – Assessing the process for addressing technology and security incidents that could affect the Bank's operations, including the controls applied by the Bank and appropriately channeling and addressing such incidents. – Assessing how all activities carried out by the Bank's authorized technology platform users via remote access connections are monitored.



Information Technology (IT) associated risks	
Key audit matter	How key matter is treated in our audit
<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 control environments 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"> - 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"> (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. (ii) Automatic controls: Assessment of vulnerabilities linked to information integrity, accuracy and availability. - 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.

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 30 June 2022 and 31 December 2021, the minimum legal reserve established is 73% and 85% of the amount of net domestic currency obligations, respectively, 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. In addition, at 31 December 2021, when the daily financial cost applied to the legal reserve deficit is lower than 138% yearly, these financial institutions must pay to the BCV an annual interest rate of 138% on the amount of said deficit. At 30 June 2022, the balance of the BCV account includes Bs176.937.742 and Bs23.953.448, respectively, corresponding to the legal reserve (equivalent to 100% and 28%, respectively, of the required legal reserve). 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. Our opinion remains unchanged regarding this matter.



Other Matter

The consolidated financial statements of the Bank at and for the semester ended at 31 December 2021 were audited by other independent auditors who expressed an unchanged opinion on those financial statements on 18 February 2022.

Other Information

Management is responsible for other information. Other information comprises the 2022 I Semester Annual Report, which includes the consolidated financial statements and our independent auditors' report. The 2022 II Semester Annual Report is expected to be available for us after the date of this independent auditors' report.

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

As for our audit of the consolidated financial statements, our responsibility is to read such other information previously identified and, by doing so, to consider whether such other information is materially inconsistent in connection with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise seemingly as materially incorrect.

If upon reading the 2022 I Semester Annual Report, we conclude it is materially incorrect, we are required to inform the matter to those in charge of corporate 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 it is determined 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 supervising the Bank's financial reporting process.

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

Our objective is 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 we obtain 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 audit findings, including any important deficiency in internal control as it may be identified during the course of our audit.

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

A handwritten signature in black ink, appearing to read 'J. Valero Rauseo', written in a cursive style.

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

16 August 2022
Caracas, Venezuela

BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL

Consolidated Balance Sheets

30 June 2022 and 31 December 2021

(In bolivars)

	Notes	30 June 2022	31 December 2021
ASSETS			
CASH AND DUE FROM BANKS	5	1,645,051,921	975,013,612
Cash		1,270,234,780	682,144,684
Central Bank of Venezuela		223,127,808	37,386,113
Domestic banks and other financial institutions		363,937	389,610
Foreign banks and correspondents		151,296,593	255,061,150
Parent company and branches		-	-
Immediate collection effects		28,803	32,055
Allowance for cash and due for banks		-	-
INVESTMENT SECURITIES	7	75,268,177	35,294,855
Placements in the Central Bank of Venezuela and interbank operations		-	9,150,000
Trading securities		-	-
Investments in available for sale securities		598	497
Held to maturity investment securities		14,577,618	10,083,277
Restricted availability investments		60,689,961	16,061,081
Other investment securities		-	-
Allowance for investment securities		-	-
LOAN PORTFOLIO	8	445,105,132	182,555,774
Current		429,909,856	180,267,874
Restructured		24,846,142	-
Overdue		4,332,033	11,990,902
Loans in litigation		-	-
Allowance for loan portfolio		(13,982,899)	(9,703,002)
INTERESTS AND COMMISSIONS RECEIVABLE	9	467,568	532,627
Accrued interests receivable from cash and due from banks		-	-
Accrued interests receivable from investment securities		17,557,077	13,070,004
Accrued interests receivable from loan portfolio		526,437	675,227
Commissions receivable		18,303	8,309
Allowance for interests receivable and others		(17,634,249)	(13,220,913)
INVESTMENT IN SUBSIDIARIES, AFFILIATES AND BRANCHES	10	49,135,496	509,271
REALIZABLE ASSETS	11	4,709,697	5,901,565
FIXED ASSETS	12	402,284,231	49,942,121
OTHER ASSETS	13	507,069,917	105,570,985
TOTAL ASSETS		<u>3,129,092,139</u>	<u>1,355,320,810</u>
MEMORANDUM ACCOUNTS			
Contingent accounts receivable	22	699,171	3,313,022
Trust fund assets	22	476,171,735	4,801,703
Accounts receivable for other trust orders	22	18,598	12,475
Other memorandum accounts receivable	22	1,434,231,986	805,932,262
		<u>1,911,121,490</u>	<u>814,059,462</u>

BANCO NACIONAL DE CREDITO, C.A., BANCO UNIVERSAL

Consolidated Balance Sheets, continuation

30 June 2022 and 31 December 2021

(In bolivars)

	Notes	30 June 2022	31 December 2021
LIABILITIES			
CUSTOMERS' DEPOSITS	14	1,870,747,558	974,878,925
Demand deposits		1,648,048,751	881,347,545
Non-interest bearing checking accounts		373,058,346	104,325,639
Checking accounts as per the Exchange Market System of Free Convertibility		1,050,232,268	739,871,342
Interest-bearing checking accounts		26,991,096	11,395,088
Checking accounts as per exchange agreement N° 20		106,761,687	17,506
Certificates and demand deposits		91,005,354	25,737,970
Other demand obligations		4,997,427	1,150,551
Saving deposits		197,944,253	80,531,826
Time deposits		19,757,127	11,849,003
Restricted customers' deposits		-	-
DEPOSITS AND OBLIGATIONS NATIONAL BANK OF HOUSING AND HABITAT		-	-
OTHER FINANCING OBTAINED	15	262,600,122	22,899,929
Obligations with domestic financial institutions due within one year		258,994,724	22,653,946
Obligations with foreign financial institutions due within one year		3,605,398	245,983
OTHER FINANCIAL INTERMEDIATION OBLIGATIONS		-	-
INTERESTS AND COMMISSIONS PAYABLE	16	1,807,241	1,937,261
Accrued expenses payable for customers' deposits		860,543	1,147,997
Accrued expenses for other borrowings		946,698	789,264
ACCRUALS AND OTHER LIABILITIES	17	359,146,549	64,937,190
TOTAL LIABILITIES		2,494,301,470	1,064,653,305
STOCKHOLDERS' EQUITY			
CAPITAL STOCK	23	28,960	28,960
UNCAPITALIZED EQUITY CONTRIBUTIONS		-	-
CAPITAL RESERVES	23	29,278	29,278
ACCUMULATED RESULTS		55,417,201	23,764,268
Income from exchange variation for holding of assets and liabilities in foreign currency		518,858,322	265,521,380
Variation of trading credits granted through the Credit Value Unit (UVC)		60,459,717	1,325,978
UNREALIZED INCOME (LOSS) IN AVAILABLE-FOR-SALE INVESTMENT SECURITIES	7	(2,809)	(2,359)
TOTAL STOCKHOLDERS' EQUITY	23	634,790,669	290,667,505
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		3,129,092,139	1,355,320,810

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

BANCO NACIONAL DE CREDITO, C.A., BANCO UNIVERSAL

Consolidated Statements of Income and Allocation of Net Income

Semesters ended 30 June 2022 and 31 December 2021

(In bolivars)

	Notes	Semester ended	
		30 June 2022	31 December 2021
FINANCIAL INCOME		62,182,932	22,627,686
Income from cash and due from banks	5	35,648	9,441
Income from investment securities	7	27,889,653	3,469,409
Income from loan portfolio	8	32,480,234	18,307,185
Income from other accounts receivable	14	1,777,397	841,651
Other financial income		-	-
FINANCIAL EXPENSES		(48,846,489)	(44,725,750)
Expenses on customers' deposits		(18,135,824)	(8,089,602)
Expenses on deposits and obligations National Bank of Housing and Habitat		-	-
Expenses on other borrowings		(22,660,234)	(6,782,914)
Other financial expenses	5	(8,050,431)	(29,853,234)
Expenses on other financial intermediation obligations		-	-
GROSS FINANCIAL MARGIN		13,336,443	(22,098,064)
INCOME FROM RECOVERY OF FINANCIAL ASSETS	7	9	3,211,675
ALLOWANCE FOR UNCOLLECTIBLE AND DEVALUATED FINANCIAL ASSETS		(12,352,193)	(6,229,326)
Expenses on uncollectible loans and other accounts receivable	8, 9 y 17	(12,352,193)	(6,229,326)
Creation of allowance and adjustments of cash and due from banks		-	-
NET FINANCIAL MARGIN		984,259	(25,115,715)
OTHER OPERATING INCOME	19	148,376,125	94,649,484
OTHER OPERATING EXPENSES	20	(10,969,956)	(7,653,858)
FINANCIAL INTERMEDIATION MARGIN		138,390,428	61,879,911
OPERATING EXPENSES		(97,119,064)	(61,355,204)
Personnel expenses (note 15)		(26,782,998)	(11,113,130)
General and administrative expenses (notes 9, 10 and 15)	21	(65,761,177)	(47,744,265)
Contributions to Fund of Deposits Guarantees and Banking Protection	25	(997,220)	(395,847)
Contributions to the Superintendence of Institutions from the Banking System	26	(3,577,669)	(2,101,962)
GROSS OPERATING MARGIN		41,271,364	524,707
INCOME FROM REALIZABLE ASSETS	11	994,158	-
VARIOUS OPERATING INCOME		1,569,820	2,545,359
EXPENSES FROM REALIZABLE ASSETS	11	(2,480,328)	(1,915,472)
VARIOUS OPERATING EXPENSES (note 15)	20	(2,142,138)	(1,323,431)
NET OPERATING MARGIN		39,212,876	(168,837)
EXTRAORDINARY INCOME		7,069	4,952,047
EXTRAORDINARY EXPENSES		(65,729)	(135,918)
GROSS INCOME BEFORE INCOME TAXES		39,154,216	4,647,292
NET WORTH TAX		(1,507,894)	(200,043)
INCOME TAX	18	(5,993,389)	(583,392)
NET INCOME		31,652,933	3,863,857
ALLOCATION OF NET INCOME			
Legal reserve		-	-
Accumulated income		31,652,933	3,863,857
LOD contribution	20	612,475	-

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

BANCO NACIONAL DE CREDITO, C.A., BANCO UNIVERSAL

Consolidated Statements of Changes in Equity

Semesters ended 30 June 2022 and 31 December 2021

(In bolivars)

Notes	Adjustments to stockholder's equity					Accrued results					Unrealized profit or loss in available for sale investment securities (see note 7)	Total stockholders' equity
	Paid-in capital stock	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 30 June 2021	28,960	29,133	137,693,131	2,044,429	139,737,560	9,388,464	9,399,790	1,112,304	(2)	19,900,556	(1,618)	159,694,591
Adjustments of investment securities available for sale at fair market value	-	-	-	-	-	-	-	-	-	-	(741)	(741)
Income from net exchange variation	-	-	127,828,249	-	127,828,249	-	-	-	-	-	-	127,828,249
Income from variation of commercial loan capital granted through UVC	8	-	-	6,224,732	6,224,732	-	-	-	-	-	-	6,224,732
Allocation with charge to income of the benefits generated by increase in variation of credits collected and granted through UVC	8	-	-	(6,943,183)	(6,943,183)	-	-	-	-	-	-	(6,943,183)
Net result for the semester	-	-	-	-	-	3,863,857	-	-	-	3,863,857	-	3,863,857
Creation of the Social Fund for Contingencies	-	145	-	-	-	(145)	-	-	-	(145)	-	-
Reclassification for net income from the Curacao Branch	-	-	-	-	-	(5,044,660)	-	5,044,660	-	-	-	-
Reclassification of net income from operations in Venezuela to accumulated losses	23	-	-	-	-	1,180,803	-	-	(1,180,803)	-	-	-
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	-	-	253,336,942	-	253,336,942	-	-	-	-	-	-	253,336,942
Income from variation of commercial loan capital granted through UVC	8	-	-	73,452,601	73,452,601	-	-	-	-	-	-	73,452,601
Allocation with charge to income of the benefits generated by increase in variation 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
Reclassification for net income from the Curacao Branch	-	-	-	-	-	(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	29,278	518,858,322	60,459,717	579,318,039	25,053,159	25,064,630	6,480,217	(1,180,805)	55,417,201	(2,809)	634,790,669

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

BANCO NACIONAL DE CRÉDITO, C.A., BANCO UNIVERSAL

Consolidated Statements of Cash Flows

Semesters ended 30 June 2022 and 31 December 2021

(In bolivars)

	Notes	Semester ended	
		30 June 2022	31 December 2021
Cash flows from operating activities:			
Net income for the period		31,652,933	3,863,857
Adjustments to reconcile net income to net cash used in operating activities:			
Income from amortization of rebates in held-to-maturity investments	7	(2,044,833)	(1,830,548)
Allowance for loan portfolio	8	10,773,522	4,667,749
Allowance for return on capital receivable	9	1,578,671	1,557,072
Allowance for other assets	13	94,073	2,860
Depreciation of fixed assets	12	1,670,971	661,341
Amortization of deferred charges	13	1,430,297	826,436
Allowance for labor indemnities		5,494,398	325,020
Contributions to the trust fund and payment of labor indemnities		-	(32,502)
Allowance for income tax	18(a)	4,406,910	435,945
Deferred income taxes	18(b)	1,586,478	147,447
Net worth tax		1,507,894	200,043
Net variation of allocations in inter-bank operations		9,150,000	(9,150,000)
Interests and commissions receivable		(1,501,959)	(1,302,674)
Other assets		(365,160,055)	(71,898,855)
Accruals and other liabilities		276,815,468	31,512,178
Unrealized income in available-for-sale securities		(450)	(741)
Net cash used in operating activities		<u>(22,545,682)</u>	<u>(40,015,372)</u>
Cash flows from financing activities:			
Net variation of:			
Customers' deposits		895,300,792	412,902,944
Other financing obtained		239,682,673	(3,957,648)
Interests and commissions payable		(130,020)	1,787,146
Net cash provided by financing activities		<u>1,134,853,445</u>	<u>410,732,442</u>
Cash flows from investment activities:			
Loans granted in the semester		(454,087,810)	(248,035,955)
Loans collected in the semester		240,112,267	132,507,847
Change in available for sale securities		(101)	(75)
Change in held to maturity securities		(2,449,508)	(705,721)
Change in restricted availability investments		(38,803,062)	(4,809,639)
Investment in other investment securities		-	6
Investment in subsidiaries		(68,989,626)	4,470,769
Fixed assets		(354,013,081)	(40,771,952)
Net cash used in investing activities		<u>(678,230,921)</u>	<u>(157,344,720)</u>
Net variation in cash and due from banks		434,076,842	213,372,350
Income from exchange difference		235,961,467	269,941,101
Cash and due from banks at the beginning of the semester		<u>975,013,612</u>	<u>491,700,161</u>
Cash and due from banks at the end of the semester		<u><u>1,645,051,921</u></u>	<u><u>975,013,612</u></u>
Supplementary information on activities which do not require cash flows:			
Loan write-offs	8	(9,562,853)	(17,465)
Write-off of interests receivable on credits		-	2,368,915
Returns receivable from loan portfolio		-	155,508
Returns receivable from other assets		-	605,855
Returns receivable from contingent loans		-	10,350
Loan portfolio to contingent loans		-	3,211,794
Variation in unrealized net losses in investment securities available for sale		(450)	(741)
Increase for valuation of trade credits receivable granted through UVC		73,452,601	6,224,732
Decrease from collection of trade credits receivable granted through UVC		(14,318,862)	(6,943,183)
Net income recorded in equity		253,336,942	127,828,249
Cash and due from banks		235,961,467	269,941,101
Loan portfolio		(978,270)	(56,496,361)
Investment securities-			
Available for sale investment securities		-	(51)
Held to maturity investment securities		-	1,898,326
Restricted availability investment securities		5,825,818	169
Interests and commissions receivable		11,653	239,609
Investment in affiliates		12,626,332	4,606,792
Other assets		4,873,514	(8,668,200)
Fixed assets		-	119,332
Realizable assets		-	3,716,076
Customer deposits		(567,841)	(68,383,115)
Other financing obtained		(17,520)	(25,161,915)
Accruals and other liabilities		(4,398,211)	6,031,958
Interests and commissions payable		-	(15,472)

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

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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 of 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, Estado Miranda, Caracas.

At 30 June 2022 and 31 December 2021, the Bank maintains 3.453 and 1.670 employees, respectively.

Its stocks are listed in the Caracas Stock Exchange (see note 23).

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 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 Citibank N.A. Venezuela Branch – Banco Universal

On 12 July 2021 the Bank announced the acquisition of operations from Citibank N.A. Venezuela Branch – Banco Universal in accordance with the Superintendency's clearance dated 7 July 2021, through Official Communication SIB-II-GGR-GA-05132. It enables the Bank to continue expanding, to increase its market share, to enhance its deposits, savings and client portfolio, to continue offering quality employment, to create business opportunities and to support its clients' objectives. During September of 2021, the Bank finalized the transfer of rights and obligations from Citibank N.A. (Venezuela Branch), by transferring US\$2.822.000, equivalent to Bs 11.637.822 at the exchange rate in force on the date of the operation, and by receiving two real property premises located on the ground floor and in the mezzanine of Edificio Seguros Venezuela, located in Avenida Francisco de Miranda, Urbanización Campo Alegre, Municipio Chacao, Estado Miranda; and 49 business premises located in the 13, 14, 15, 16, 17, 18 and penthouse floors of Torre Norte del Centro Comercial El Recreo, located in Avenida Solano de la Urbanización El Recreo, Municipio Libertador, Distrito Capital. Such real property was registered by the Bank as buildings and facilities in the fixed assets group (see note 12).

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

The Special 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, personal 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.

(2) Basis of Preparation

(a) Declaration 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).

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In April of 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 30 June 2022 and 31 December 2021, 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 and 7 January 2022, the Superintendency issued Official Communications SIB-II-GGR-GNP-04002 and SIB-II-GGR-GNP-00045, respectively, deferring the presentation of complementary information corresponding to the 2022 first semester closing and the second semester of 2021, 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.

Some of the policies established in the Accounting Manual and other prudential standards issued by the Superintendency, that 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, that are easily convertible into determined amounts of cash, subject to insignificant risk of change in value, and with maturities lesser than 90 days.
- 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.

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- 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 30 June 2022 and 31 December 2021. 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 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

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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 respect.
- 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. The VEN-NIF GE 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.
- 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.

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- 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) The fixed assets 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. Likewise, 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, the fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses; the recognition of an item as the fixed assets 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.
- 28) Minimum terms and criteria similar to those prescribed for the loan portfolio are established in the evaluation of the collectibility 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, gains on the sale of assets held for sale are recognized as income when they accrue.

(b) Approval of the Consolidated Financial Statements

The consolidated balance sheets at 30 June 2022 and 31 December 2021 and the consolidated statements of income and net income allocation, previously authorized by the Board of Directors on 12 July 2022, were published in a national circulation newspaper on 15 July 2022 in compliance of the requirements established by the Superintendency. On 15 August 2022, management authorized issuance of the consolidated financial statements, which in addition to the aforementioned, 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 at 31 December 2021, were approved by the Stockholders' Meeting on 23 March 2022. The consolidated financial statements at and for the year ended at 30 June 2022, will be submitted to the approval of the Stockholders' Meeting which is expected to be held in September of 2022.

(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 are 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.

▪ Financial instruments outside the balance sheet

Amounts are close to fair values.

(3) Significant Accounting Policies

Accounting policies and bases mentioned below are uniformly 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.

(b) Cash and Cash Equivalents

It comprises assets that by reason of their liquidity are immediately available, therefore, they include cash, demand 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.

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- 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.

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 base.

- 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 valuation 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.

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 30 June 2022 and 31 December 2021, 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 of 17 March 2022, published in Official Gazette of the Republic N° 42.341 of 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 of 17 March 2022, published in Official Gazette of the Republic N° 42.341 of 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 No. 021.18 dated 5 April 2018, Standards Related to the Characteristics and Risk Classification of the Microfinance System and Small and Medium Enterprises.

Additionally, a 1% general allowance on the loan portfolio's principal balance is maintained, 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° 109.15. Similarly, 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, its agencies abroad and subsidiaries maintain 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.

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Yields 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 within one to three years from acquisition date. An allowance for appraisal is created, equivalent to 100% of the value of the 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
Furniture	10
Machinery and equipment	8
Transport equipment	5
Computer equipment	<u>4</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

Other assets include those that the Bank has not considered in the other assets groups, such as deferred expenses, prepaid service expenses, different assets, items to be applied, amongst other, as well as their corresponding allowances.

Deferred expenses correspond mainly to the Bank's organization and installation expenses, leasehold improvements, original software acquired by the Bank and the value of purchased licenses, which are recorded at cost and presented net of accumulated amortization. The related amortization is calculated based on the straight-line method and is amortized over a period not to exceed four years.

The items of this group may remain for a maximum of 360 days beginning on the date of their expiration or enforceability. If this term has passed and they have not been paid, an allowance of 100% must be created, prior authorization by the Board of Directors of the Bank, written off and its balance recorded in the corresponding memorandum account. Exempted from this maximum term are assorted assets, the Value-Added Tax (VAT) resulting from financial lease operations, Prepaid Income Tax (ISLR), tax stamps paid in excess to States from the Country and items, as requested by the National Integrated Service for Customs and Tax Administration (SENIAT), shall remain in within such account (Financial Transactions Tax)].

The Bank assesses the collectability of items recorded under other assets by using criteria, as applicable, similar to those established for the loan portfolio; additionally, it maintains allowances for all items required due to their aging and nature, and upon requirement 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 application of net income, 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 30 June 2022 and 31 December 2021, 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 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) 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.

(p) 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.

(q) 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.

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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 30 June 2022 and 31 December 2021, the Bank does not maintain hedging instruments that allow minimizing the abovementioned risks. The 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):

	Note	30 June 2022	31 December 2021
Notes and coins:			
Domestic		79,512,403	19,923,232
Foreign (include US\$196.610.265, €10.929.561 and COP50.000; and US\$130.240.319 and €9.920.533, respectively)	6	1,149,002,221	648,816,239
Foreign notes and coins purchased in transactions as per the Exchange Market System of Free Convertibility (include US\$7.278.682 and €263.136; and US\$510.720 and €2.128.136, respectively)	6	41,720,156	13,405,213
		<u>1,270,234,780</u>	<u>682,144,684</u>

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

	Note	30 June 2022	31 December 2021
Legal reserve		176,937,742	23,953,448
Foreign notes and coins in custody of the BCV (Include US\$8.319.331; and US\$2.884.796 and €4, respectively)	6	45,948,499	13,228,848
Other deposits made at the BCV (US\$21.000, for both semesters)	6	115,985	96,300
Demand deposits		125,582	107,517
		<u>223,127,808</u>	<u>37,386,113</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 30 June 2022 and 31 December 2021, the minimum legal reserve requirement is 73% and 85% of the amount of net obligations in local currency, respectively, 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 BCV. Additionally, at 31 December 2021, when the daily financial cost applied to the reserve requirement deficit is less than 138% per annum, banks must pay the BCV an annual interest rate of 138% on the amount of such deficit. At 30 June 2022 and 31 December 2021, the balance of the BCV account includes Bs176,937,742 and Bs23,953,448, respectively, corresponding to the legal reserve (equivalent to 100% and 28%, respectively, of the required legal reserve). These legal reserve obligations have caused and may continue to cause challenges for the Bank in its monetary liquidity and financial intermediation.

Interests to the BCV

During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded Bs8,047,755 and Bs29,852,650, 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 30 June 2022 and 31 December 2021, the Bank maintains Bs151,296,593 (including US\$22,585,121 and €4,599,600) and Bs255,061,150 (including US\$49,481,310 and €5,414,600), respectively, in Banks and correspondents abroad. It also includes US\$3,818, equivalent to Bs21,085 and Bs17,506, 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).

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, and they must pay an annual interest rate of 138%, for each day in which the legal reserve deficit occurred, this last aspect was applicable until the semester ending December 31, 2021. At 30 June 2022 and 31 December 2021, the Bank holds in custody of the BCV bills for Bs45,948,499 (US\$8,319,331) and Bs13,228,848 (US\$2,884,796 and €4) respectively, which are sold to its customers through this mechanism, which in turn are part of the public deposits included in the current accounts under the Free Convertibility Exchange Market System. Also, during the semesters ended 30 June 2022 and 31 December 2021, the Bank charged its customers commissions for exchange intervention operations and transfer of banknotes to its customers for Bs5,743,443 and Bs3,948,827, respectively, which are included in the other operating income account in the consolidated statements of income and net income allocation (see note 19).

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Bills for immediate collection

At 30 June 2022 and 31 December 2021, the account of immediately collectible bills of exchange for Bs28,803 and Bs32,055, respectively, corresponds to clearing house operations in charge of the BCV and other banks.

During the semesters ended 30 June 2022 and 31 December 2021, the Bank recognized interest income of Bs35,648 and Bs9,441, respectively, recorded in the interest income from cash and cash equivalents account in the consolidated statements of income and application of net income, as a result of the yield obtained from deposits in foreign correspondent banks.

(6) Foreign Currency Operations

At 30 June 2022 and 31 December 2021, 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:

	Semesters ended at	
	30 June 2022	31 December 2021
Bolivars per US\$1	5.5231	4.5857
Bolivars per €1	5.7737	5.1985
Bolivars per COP1	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):

	Notes	Semesters ended at	
		30 June 2022	31 December 2021
Other operating income - Exchange gain	19	67,102	2,380
Other operating expenses - Exchange loss	20	350,909	143,250

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

	30 June 2022			31 December 2021	
	US\$	€	COP	US\$	€
Assets -					
Cash and due from banks	234,814,399	15,792,297	50,000	183,138,145	17,463,273
Investment securities	13,627,788	-	-	5,701,286	-
Loan portfolio	22,762,378	-	-	24,314,571	-
Allowance for loan portfolio	(1,181,623)	-	-	(1,790,827)	-
Interest and commissions payable	3,268,077	-	-	2,987,831	-
Allowance for returns receivable	(3,192,441)	-	-	(2,882,596)	-
Investments in affiliates, affiliated and branches	-	97,966	-	-	97,966
Realizable assets	852,727	-	-	1,286,950	-
Fixed assets	29,501	-	-	34,495	-
Other assets	10,680,490	1,652,333	-	1,984,514	2,488,311
Allowance for other assets	(131,125)	-	-	(131,125)	-
Total long position	281,530,171	17,542,596	50,000	214,643,244	20,049,550
Liabilities -					
Customer deposits	214,908,335	10,436,706	50,000	164,762,213	10,694,160
Other financing obtained	652,785	-	-	53,650	-
Interest and commissions payable	5,239	-	-	4,130	-
Accruals and other liabilities	48,179,538	2,304,255	-	4,566,623	2,627,723
	263,745,897	12,740,961	50,000	169,386,616	13,321,883
Stockholders' Equity -					
Net unrealized loss for investment securities available for sale	(509)	-	-	(514)	-
Total short position	263,745,388	12,740,961	50,000	169,386,102	13,321,883
Net long position	17,784,783	4,801,635	-	45,257,142	6,727,667
Memorandum accounts -					
Contingent accounts	-	-	-	701,649	-
Trust assets	67,338,017	-	-	76,099	-
Memorandum accounts	174,747,149	-	-	133,728,082	4,700
Total memorandum accounts	242,085,166	-	-	134,505,830	4,700

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 30 June 2022 and 31 December 2021, the Bank maintains a net foreign currency asset position in the memorandum accounts of the trust of US\$67,338,017 and US\$76,099, respectively.

Exchange Control Regime

On 21 January 2003, the national government and the BCV suspended all foreign currency transactions and, on 5 February 2003, entered into an Exchange Agreement, which establishes a Regime for the Administration of Foreign Currencies. Pursuant to this regime, the BCV centralizes the purchase and sale of foreign currency in the country, sets the exchange rate by mutual agreement with the national government and makes adjustments thereto as deemed convenient. The Commission for Foreign Currency Administration (CADIVI) was created, now the National Center for Foreign Trade (CENCOEX), as responsible for managing and controlling foreign currency and establishing the requirements and procedures required to execute the Exchange Agreement.

During the term of the Foreign Exchange Administration Regime, the National Government, together with the BCV, has issued several legal instruments and has made amendments to such instruments.

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 Exchange Standards

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.

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During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded gains mainly originated by the variation in the official exchange rate of the US dollar and the euro for Bs253,336,942 and Bs127,828,249, respectively, which were included in the consolidated statements of changes in equity in the group of foreign exchange gains or losses on net foreign exchange assets and liabilities.

(7) Investment Securities

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

	30 June 2022	31 December 2021
Placements in the BCV and interbanking operations	-	9,150,000
Available for sale	598	497
Held to maturity	14,577,618	10,083,277
Restricted availability	60,689,961	16,061,081
	<u>75,268,177</u>	<u>35,294,855</u>

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

Placements in the Central Bank of Venezuela and interbank operations -

	Realization value	Face value	Maturities	Interest rates (%)
31 December 2021 -				
Interbanking operations:				
Overnight Placements -				
Banco Occidental de Descuento,				
Banco Universal, C.A.	<u>9,150,000</u>	<u>9,150,000</u>	<u>03-01-2022</u>	<u>50.00</u>

During the semesters ended at 30 June 2022 and 31 December 2021, the Bank conducted *overnight* operations, as a result, it recognized interest income for Bs26.104.714 and Bs2.080.112, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item. In addition, at 30 June 2022, it recognized interest income for Bs198.600, corresponding to hedging securities of the BCV.

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Available for Sale Investment Securities

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

	<u>Acquisition cost</u>	<u>Unrealized net loss</u>	<u>Fair market value</u>
30 June 2022 -			
Securities issued or endorsed by the Nation - Vebonos, with face value of Bs160, annual return of 26.19% and maturity in August 2025.	160	-	160 (1)
Global Bonds, equivalent to US\$79, with face value of US\$800, annual return of 9.25% and maturity in September 2027	<u>3,247</u>	<u>(2,809)</u>	<u>438 (1)</u>
	<u>3,407</u>	<u>(2,809)</u>	<u>598</u>
31 December 2021 -			
Securities issued or endorsed by the Nation - Vebonos, with face value of Bs160, annual return of 26.19% and maturity in August of 2025.	160	-	160 (1)
Global Bonds, equivalent to US\$73, with face value of US\$800, annual return of 9.25% and maturity in September of 2027.	<u>2,696</u>	<u>(2,359)</u>	<u>337 (1)</u>
	<u>2,856</u>	<u>(2,359)</u>	<u>497</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 30 June 2022 and 31 December 2021, 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.

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 30 June 2022 and 31 December 2021.

At 30 June 2022 and 31 December 2021, the Bank holds an unrealized loss for available for sale investment securities, recorded in the consolidated statements of changes in equity, for Bs2.809 and Bs2.359, respectively, corresponding to foreign currency securities issued or endorsed by the Nation.

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During the semesters ended at 30 June 2022 and 31 December 2021, the Bank recognized interest income for Bs193 and Bs176, 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 follows (in bolivars):

	Fair market value	
	30 June 2022	31 December 2021
Between 6 months and 5 years	160	160
More than 5 years	438	337
	<u>598</u>	<u>497</u>

Held to maturity investment securities

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

	Note	Acquisition cost	Amortized cost	Fair market value
30 June 2022 -				
Securities issued or endorsed by the Nation - Foreign currency global bond, equivalent to US\$2.638.622, with face value of US\$7.225.000, annual return of 9.25% and maturity in September of 2027	6	4,302,930	14,573,374	3,959,713 (1)
Sovereign bonds, equivalent to US\$95, with face value of US\$100, annual return of 8.25% and maturity in October of 2024	6	<u>424</u>	<u>524</u>	<u>54 (1)</u>
		<u>4,303,354</u>	<u>14,573,898</u>	<u>3,959,767</u>
Bonds and obligations issued by non-financial institutions of the Nation - PDVSA bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$673, with face value of US\$900, annual returns between 5.38% and 5.50%, and maturity in April of 2037	6	<u>2,497</u>	<u>3,720</u>	<u>373 (1)</u>
		<u>4,305,851</u>	<u>14,577,618</u>	<u>3,960,140</u>

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	<u>Note</u>	<u>Acquisition cost</u>	<u>Amortized cost</u>	<u>Fair market value</u>
31 December 2021 -				
Securities issued or endorsed by the Nation - Foreign Currency Global Bond, equivalent to US\$2.198.092, with face value of US\$7.225.000, annual return of 9.25% and maturity at September 2027	6	3,572,621	10,079,804	3,044,139 ⁽¹⁾
Sovereign Bonds, equivalent to US\$94, with face value of US\$100, annual return of 8.25% and maturity in October of 2024	6	352	430	42 ⁽¹⁾
		<u>3,572,973</u>	<u>10,080,234</u>	<u>3,044,181</u>
Bonds and obligations issued by non-financial institutions of the Nation - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$663, with face value of US\$900, annual returns between 5.38% and 5.50%, and maturity in April of 2037	6	2,073	3,043	182 ⁽¹⁾
		<u>3,575,046</u>	<u>10,083,277</u>	<u>3,044,363</u>

(b) 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 30 June 2022 and 31 December 2021, are under custody as detailed below:

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

During the semesters ended at 30 June 2022 and 31 December 2021, the Bank recognized interest income for Bs1.551.184 and Bs1.388.623, 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 at 30 June 2022 and 31 December 2021, the Bank recorded amortization income from discounts on held to maturity investments of Bs2.044.833 and Bs1.830.548, respectively, recorded in the consolidated statements of income and net income allocation, in the other operating income item (see note 19).

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

	30 June 2022		31 December 2021	
	Amortized cost	Fair value	Amortized cost	Fair value
Between 1 month and 5 years	1,453	137	430	42
Between 5 and 10 years	14,573,374	3,959,713	10,080,561	3,044,181
More than 10 years	2,791	290	2,286	140
	<u>14,577,618</u>	<u>3,960,140</u>	<u>10,083,277</u>	<u>3,044,363</u>

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

At 30 June 2022 and 31 December 2021, 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 30 June 2022 and 31 December 2021, 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 follow (in bolivars):

Notes	30 June 2022		31 December 2021	
	Amortized cost	Fair value	Amortized cost	Fair value
Deposit certificates -				
Social Fund for Contingencies				
Banco Exterior, C.A.,				
Banco Universal	25	382	270	270 (1)
PNC Bank, with face value of				
US\$5.285.435 and US\$1.825.722,	6	29,191,986	8,372,243	8,372,243 (1)
respectively)				
JP Morgan Chase Bank, with face				
value of US\$4.252.883 and	6	23,489,098	7,688,568	7,688,568 (1)
US\$1.676.642, respectively				
Standard Chartered Bank, with				
face value of US\$450.000	6	2,485,395	-	- (1)
Italbank International, with face				
value of US\$1.000.000	6	5,523,100	-	- (1)
		<u>60,689,961</u>	<u>16,061,081</u>	<u>16,061,081</u>

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

At 30 June 2022 the deposit certificates at JP Morgan Chase Bank, PNC Bank and Standard Chartered Bank, and at 31 December 2021 the deposit certificates at JP Morgan Chase Bank, PNC Bank, are used as collateral to guarantee the Bank's operations with VISA, MasterCard and American Express credit cards, respectively.

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During the semesters ended at 30 June 2022 and 31 December 2021, the Bank recognized interest income for Bs34.962 and Bs498, 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".

During the semesters ended at 30 June 2022 and 31 December 2021, the Bank paid commissions for Bs5.723.462 and Bs3.757.359, respectively, for use of trademarks and rights of use of its technology platform for processing VISA and MasterCard credit cards (see note 20).

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

	<u>%</u>	<u>Placements in the BCV</u>	<u>Available for sale</u>	<u>Held to maturity</u>	<u>Restricted availability</u>	<u>Total</u>
30 June 2022 -						
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>
31 December 2021 -						
Central Bank of Venezuela	25.93%	9,150,000	160	430	-	9,150,590
Bolivarian Republic of Venezuela	28.56%	-	337	10,079,804	-	10,080,141
Petroleos de Venezuela, S.A.	0.01%	-	-	3,043	-	3,043
Banco Exterior, C.A. Banco Universal	0.00%	-	-	-	270	270
JP Morgan Chase Bank	21.78%	-	-	-	7,688,568	7,688,568
PNC Bank	23.72%	-	-	-	8,372,243	8,372,243
	<u>100.00%</u>	<u>9,150,000</u>	<u>497</u>	<u>10,083,277</u>	<u>16,061,081</u>	<u>35,294,855</u>

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(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 follows (in bolivars):

	At 30 June 2022			At 31 December 2021			
	Current	Restructured	Overdue	Total	Current	Overdue	Total
Per economic activity - Operations in Venezuela							
Manufacturing industry, include US\$2.483.055 at 31 December 2021 (see note 6)	128,744,046	1,385,782	623,957	130,753,785	40,108,640	-	40,108,640
Agribusiness, fishery and forestry, include US\$2.740.364 at 31 December 2021 (see note 6)	98,664,670	12,702,870	407,629	111,775,169	29,974,982	10,038,374	40,013,356
Wholesale and retail trade, restaurants and hotels, include US\$2.644.526 at 31 December 2021 (see note 6)	38,848,819	-	603,079	39,451,898	26,251,575	388,925	26,640,500
Financial institutions, insurance, real property and services, include US\$166.667 and US\$649.166, respectively (see note 6)	15,928,093	8,396,865	731,701	25,056,659	6,874,316	179,436	7,053,752
Communal, social and personal services, include US\$69.541 at 31 December 2021 (see note 6)	12,939,154	-	117,446	13,056,600	5,310,838	8,457	5,319,295
Exploitation of mines and hydrocarbons, include US\$374.999 at 31 December 2021 (see note 6)	1,595,807	-	-	1,595,807	1,719,638	-	1,719,638
Transport, storage and communications, include US\$23.333 at 31 December 2021 (see note 6)	1,043,335	949,823	-	1,993,158	762,482	-	762,482
Electricity, gas and water	8,089,098	-	-	8,089,098	-	-	-
Construction	1,106,687	1,410,802	-	2,517,489	344,226	-	344,226
	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>	<u>111,346,697</u>	<u>10,615,192</u>	<u>121,961,889</u>
Per economic activity - Operations in Curacao Branch							
Manufacturing industry, equivalent to US\$11.650.017 and US\$9.515.208, respectively (see note 6)	64,344,207	-	-	64,344,207	43,633,936	-	43,633,936
Financial institutions, insurance, real property and services, equivalent to US\$4.296.034 and US\$776.000, respectively (see note 6)	23,616,962	-	110,462	23,727,424	3,558,499	-	3,558,499
Wholesale and retail trade, restaurants and hotels, equivalent to US\$2.521.972 and US\$800.000, respectively (see note 6)	13,851,778	-	77,323	13,929,101	3,668,553	-	3,668,553
Agribusiness, fishery and forestry, equivalent to US\$1.790.200 and US\$1.944.500, respectively (see note 6)	9,887,454	-	-	9,887,454	8,916,887	-	8,916,887
Communal, social and personal services, equivalent to US\$1.191.155 and US\$1.013.045, respectively (see note 6)	6,575,361	-	3,507	6,578,868	4,645,518	-	4,645,518
Exploitation of mines and hydrocarbons, equivalent to US\$815.000 and US\$900.000, respectively (see note 6)	4,501,327	-	-	4,501,327	4,127,126	-	4,127,126
Electricity, gas and water, equivalent to US\$47.500 at 31 December 2021 (see note 6)	-	-	-	-	217,811	-	217,811
Transport, storage and communications, equivalent to US\$331.333 and US\$333.334, respectively (see note 6)	173,058	-	1,656,929	1,829,987	152,847	1,375,710	1,528,557
	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>	<u>68,921,177</u>	<u>1,375,710</u>	<u>70,296,887</u>
	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>	<u>180,267,874</u>	<u>11,990,902</u>	<u>192,258,776</u>
Allowance for loan portfolio, include US\$1.181.623 and US\$1.790.827, respectively (see note 6)				(13,982,899)			(9,703,002)
				<u>445,105,132</u>			<u>182,555,774</u>

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	At 30 June 2022				At 31 December 2021		
	Current	Restructured	Overdue	Total	Current	Overdue	Total
Per type of guarantee - Operations in Venezuela							
Bond, include US\$670.446 at 31 December 2021 (see note 6)	128,216,782	24,846,142	3,648	153,066,572	23,700,440	-	23,700,440
Pledge, include US\$5.574.497 at 31 December 2021 (see note 6)	79,026,884	-	123,005	79,149,889	44,099,053	10,500,531	54,599,584
Endorsement	44,593,731	-	94,805	44,688,536	10,441,719	106,023	10,547,742
Free	42,777,173	-	2,262,354	45,039,527	17,925,778	8,638	17,934,416
Property mortgage, include US\$166.667 and US\$2.365.042, respectively (see note 6)	12,345,139	-	-	12,345,139	13,460,069	-	13,460,069
Non-dispossessionary pledge, equivalent to US\$374.999 at 31 December 2021 (see note 6)	-	-	-	-	1,719,638	-	1,719,638
	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>	<u>111,346,697</u>	<u>10,615,192</u>	<u>121,961,889</u>
Per type of guarantee - Operations in Curacao Branch							
Pledge, equivalent to US\$5.627.167 and US\$8.588.334, respectively (see note 6)	31,079,404	-	-	31,079,404	39,383,562	-	39,383,562
Bond, equivalent to US\$11.621.705 and US\$3.159.708, respectively (see note 6)	64,000,055	-	187,785	64,187,840	14,489,474	-	14,489,474
Free, equivalent to US\$1.981.655 and US\$1.965.545, respectively (see note 6)	9,284,444	-	1,660,436	10,944,880	7,642,266	1,375,710	9,017,976
Endorsement, equivalent to US\$2.417.350 and US\$1.597.500, respectively (see note 6)	13,351,266	-	-	13,351,266	7,325,646	-	7,325,646
Other guaranties, equivalent to US\$947.833 and US\$17.500, respectively (see note 6)	5,234,978	-	-	5,234,978	80,229	-	80,229
	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>	<u>68,921,177</u>	<u>1,375,710</u>	<u>70,296,887</u>
	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>	<u>180,267,874</u>	<u>11,990,902</u>	<u>192,258,776</u>
Per maturity - Operations in Venezuela							
Overdue	13,671,208	-	2,483,057	16,154,265	8,243,246	10,614,678	18,857,924
Up to 30 days	24,888,030	-	1	24,888,031	32,559,394	-	32,559,394
From 31 to 60 days	23,130,330	-	-	23,130,330	9,370,950	-	9,370,950
From 61 to 90 days	78,081,562	-	-	78,081,562	10,609,302	-	10,609,302
From 91 to 180 days	123,934,144	257,416	-	124,191,560	17,084,262	-	17,084,262
From 181 to 360 days	38,231,669	13,736,298	115	51,968,082	30,364,757	-	30,364,757
Over 360 days	5,022,766	10,852,428	639	15,875,833	3,114,786	514	3,115,300
	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>	<u>111,346,697</u>	<u>10,615,192</u>	<u>121,961,889</u>
Per maturity - Operations in Curacao Branch							
Overdue	-	-	1,734,253	1,734,253	4,585,692	1,375,710	5,961,402
Up to 30 days	12,563,054	-	-	12,563,054	1,770,068	-	1,770,068
From 31 to 60 days	19,858,582	-	110,462	19,969,044	11,519,281	-	11,519,281
From 61 to 90 days	25,831,539	-	-	25,831,539	12,374,515	-	12,374,515
From 91 to 180 days	14,043,418	-	-	14,043,418	33,014,021	-	33,014,021
From 181 to 360 days	41,648,176	-	-	41,648,176	2,615,668	-	2,615,668
Over 360 days	9,005,378	-	3,506	9,008,884	3,041,932	-	3,041,932
	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>	<u>68,921,177</u>	<u>1,375,710</u>	<u>70,296,887</u>
	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>	<u>180,267,874</u>	<u>11,990,902</u>	<u>192,258,776</u>
Per type of loan - Operations in Venezuela							
Commercial loans granted by means of UVC, equivalent to 12.214.374.243 and 1.122.188.724 UVC, respectively	251,371,440	24,846,142	2,336,064	278,553,646	70,683,352	200,827	70,884,179
National Sole Productive Loan Portfolio loans granted by means of UVC, equivalent to 2.084.639.085 and 156.880.000 UVC, respectively	45,749,352	-	-	45,749,352	3,520,199	-	3,520,199
Employee loans	6,784,437	-	-	6,784,437	2,401,794	-	2,401,794
Microcredits granted by means of UVC, equivalent to 75.016.765 and 78.941.337 UVC, respectively	1,660,571	-	92,166	1,752,737	1,771,349	-	1,771,349
Foreign currency loans, equivalent to US\$166.667 and US\$8.984.984, respectively (see note 6)	920,517	-	-	920,517	30,796,783	10,405,727	41,202,510
Credit cards	454,406	-	754	455,160	21,839	65	21,904
Checking account loans	13,941	-	54,828	68,769	2,146,086	8,573	2,154,659
Tourism sector loans	4,892	-	-	4,892	5,118	-	5,118
Mortgage loans	124	-	-	124	127	-	127
Microcredits	29	-	-	29	50	-	50
	<u>306,959,709</u>	<u>24,846,142</u>	<u>2,483,812</u>	<u>334,289,663</u>	<u>111,346,697</u>	<u>10,615,192</u>	<u>121,961,889</u>
Per type of loan - Operations in Curacao Branch							
Commercial promissory notes, equivalent to US\$22.422.114 and US\$13.675.535, respectively (see note 6)	121,991,354	-	1,848,221	123,839,575	61,336,249	1,375,710	62,711,959
Syndicated loans, equivalent to US\$125.000 and US\$1.600.000, respectively (see note 6)	690,388	-	-	690,388	7,337,096	-	7,337,096
Employee loans, equivalent to US\$48.597 and US\$54.052, respectively (see note 6)	268,405	-	-	268,405	247,832	-	247,832
	<u>122,950,147</u>	<u>-</u>	<u>1,848,221</u>	<u>124,798,368</u>	<u>68,921,177</u>	<u>1,375,710</u>	<u>70,296,887</u>
	<u>429,909,856</u>	<u>24,846,142</u>	<u>4,332,033</u>	<u>459,088,031</u>	<u>180,267,874</u>	<u>11,990,902</u>	<u>192,258,776</u>

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At 30 June 2022 and 31 December 2021, current loans resulting from operations in Venezuela, include loans for Bs13.671.208 and Bs8.243.246, with less than 30 days overdue, respectively. These loans were collected by the Bank during early July and January 2022, respectively.

At 31 December 2021, loans overdue and resulting from the Foreign Branch's operations, include US\$1.000.000 (equivalent to Bs4.585.692), with less than 15 days overdue, which were collected by the Foreign Branch during early January 2022.

During the semesters ended at 30 June 2022 and 31 December 2021, income earned and recorded in the loan portfolio's income item, in the consolidated statements of income and net income allocation, consist of the following (in bolivars):

	Semesters ended at	
	30 June 2022	31 December 2021
Financial interest	15,026,672	9,624,239
Investment Index Increase of UVC collected loans	14,318,862	6,943,183
Flat commission	3,134,700	1,739,763
	<u>32,480,234</u>	<u>18,307,185</u>

During the semesters ended at 30 June 2022 and 31 December 2021, the Bank obtained net benefits resulting from the variation of the UVC principal loans, which were recorded in the consolidated statements of changes in equity for Bs73.452.601 and Bs6.224.732, respectively. In addition, the Bank applied to the income obtained in the semesters ended at 30 June 2022 and 31 December 2021, Bs14.318.862 and Bs6.943.183, respectively, from the abovementioned net benefits, corresponding to the loans granted by the use of UVC, which were collected during said semesters and are part of the loan portfolio's income.

In accordance with the provisions contained in Resolution N° 009-1197 dated 28 November 1997, issued by the Superintendency, at 30 June 2022 and 31 December 2021, the Bank holds a general allowance for loan portfolio contingencies of Bs4.945.898 and Bs2.116.044, respectively; and an anticyclical allowance of Bs3.443.160 and Bs1.441.941, respectively.

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.

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.

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At 30 June 2022 and 31 December 2021, the gross loan portfolio corresponding to the productive sectors indicated by the Governing Committee of the National Sole Productive Loan Portfolio, follows:

<u>Type of loan</u>	<u>Required percentage</u>	<u>Held percentage</u>	<u>Balance held in bolivars</u>	<u>Number of</u>		<u>Calculation base of the gross loan portfolio</u>
				<u>debtors</u>	<u>loans</u>	
30 June 2022 -						
UVC Agri-food credits	25%	30.77%	37,136,203	7	7	Gross loan portfolio of the prior semester
31 December 2021 -						
UVC Agri-food credits	10% - 25%	-	3,520,199	1	1	Gross loan portfolio of the prior semester

Microcredits

A summary of the number of microcredits (expressed in bolivars), and details on their percentages and calculation bases, follows:

<u>Type of loan</u>		<u>Required percentage</u>	<u>Held percentage</u>	<u>Balance held in bolivars</u>	<u>Number of</u>		<u>Calculation base of the gross loan portfolio</u>
					<u>debtors</u>	<u>loans</u>	
30 June 2022 -							
Microcredits	(a)	3%	1.44%	1,752,766	18	18	At 31 December 2021
31 December 2021 -							
Microcredits	(a)	3%	2.67%	1,771,399	12	18	At 30 June 2021

(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.

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

	<u>Notes</u>	<u>Semesters ended at</u>	
		<u>30 June 2022</u>	<u>31 December 2021</u>
Opening balance of the semester		9,703,002	5,617,048
Allowance carried to expenses for financial assets bad debts		10,773,522	4,667,749
Loans write-off		(9,562,853)	(17,465)
Release of the allowance for loan recovery		(9)	(3,211,675)
Reclassification of return allowance receivable	9	7,922	305,283
Reclassification of contingent loans allowance	17	31,738	-
Adjustment for exchange rate fluctuation		3,029,577	2,342,062
Closing balance of the semester		13,982,899	9,703,002

Similarly, at 31 December 2021, the loans overdue resulting from operations in Venezuela include loans for Bs10.016.876 (equivalent to US\$2.184.369), on 23 February 2022 a write-off of the uncollected receivables was reflected in the minutes of the Board Meeting N° 465 due to the impossibility to collect them, the Bank's management and legal advisors are undertaking recovery management measures.

During the semester ended at 31 December 2021, the Foreign Branch received loan collections and held an allowance for loan portfolio of US\$700.367 (equivalent to Bs3.211.675). As a result, such allowance was reverted to the loan income for the semester ended at such date, the amount recorded as financial assets recovery income in the consolidated statement of income and net income allocation.

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At 30 June 2022 and 31 December 2021, matured loans on which interest has ceased to be accrued amount to Bs4,332,033 and Bs11,990,902, respectively. At 30 June 2022 and 31 December 2021, included in memorandum accounts amount to Bs166,531 and Bs611,345, respectively, corresponding to interest not recognized as income on loans on which interest has ceased to be accrued (see note 22).

During the six-month periods ended 30 June 2022 and 31 December 2021, the Bank charged commissions to its clients for Bs13,107,684 and Bs3,031,725, respectively, for the concept of documentation of loans granted in foreign currency and UVC, recorded in the group of other operating income in the consolidated statements of income and net income allocation (see note 19).

As of 30 June 2022, and 31 December 2021, the Bank maintains interest collected from debtors in advance at the time of settling the loan for Bs321,796 and Bs272,556, 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.

As of 30 June 2022 and 31 December 2021, the Bank's loan portfolio maintains risk concentrations in 10 individual customers, which represent 44% and 54% of the gross loan portfolio balance, respectively. Furthermore, the loan portfolio at 30 June 2022 and 31 December 2021 maintains risk concentrations in 10 groups of related companies, which represent 51% and 54% 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 pronouncement.

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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.

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.

As of 30 June 2022, and 31 December 2021, the Bank has not fully provisioned the foreign currency loans granted with its own resources, since it is awaiting a response from the Superintendency. The Bank has been collecting loans in foreign currency, which have been granted with its own resources, and these have been timely reported to the BCV and the Superintendency and considers that the provision must be established based on the analysis and risk rating of each debtor.

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.

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(9) Interests and Commissions Receivable

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

	Note	30 June 2022	31 December 2021
Investment securities -			
Held to maturity, equivalent to US\$3.178.415 and US\$2.844.226, respectively	6	17,554,703	13,068,202
Available for sale, include US\$429 and US\$392, respectively	6	2,374	1,802
		<u>17,557,077</u>	<u>13,070,004</u>
Loan portfolio -			
Current loans, include US\$89.233 and US\$105.265, respectively	6	451,858	501,019
Matured loans, include US\$13.478 and US\$37.948, respectively	6	74,579	174,208
		<u>526,437</u>	<u>675,227</u>
Commissions receivable -			
Trust		18,303	8,309
Returns and commissions receivable		18,101,817	13,753,540
Allowance for returns receivable and other, includes US\$3.192.441 and US\$2.882.596, respectively	6	(17,634,249)	(13,220,913)
		<u>467,568</u>	<u>532,627</u>

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

		Semesters ended at	
	Note	30 June 2022	31 December 2021
Opening balance for the semester		13,220,913	8,315,296
Allowance carried to uncollectibility expenses on financial assets		1,578,671	1,557,072
Write-off of uncollectible returns		-	(7)
Reclassification of allowance for loan portfolio	8	(7,922)	(305,283)
Adjustment for exchange rate fluctuation		2,842,587	3,653,835
Closing balance for the semester		<u>17,634,249</u>	<u>13,220,913</u>

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(10) Investments in Subsidiaries, Affiliates and Branches

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

	<u>Note</u>	<u>Number of nominal shares held</u>	<u>Net equity book value</u>	<u>Percentage of participation</u>	<u>Income from net equity participation</u>
30 June 2022 -					
Issuing entity:					
Consortio Credicard, C.A.		340	47,444,476	33.33	-
Conexus, C.A.		1,500	1,125,399	33.33	-
S.W.I.F.T. SCRL (US\$97.966)	6	22	565,621	0.01	-
Corporación Suiche 7B, C.A.		<u>73,600</u>	-	<u>7.15</u>	-
			<u>49,135,496</u>		<u>-</u>
31 December 2021 -					
Issuing entity:					
S.W.I.F.T. SCRL (US\$97.966)	6	<u>22</u>	<u>509,271</u>	<u>0.01</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), 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 notes 10 and 14).

At 30 June 2022 and 31 December 2021, the Bank maintains an investment recorded at acquisition cost of Bs97,966 (see note 6), equivalent to Bs565,621 and Bs509,271, 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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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):

	30 June 2022		31 December 2021	
	US\$	Bs	US\$	Bs
Assets:				
Cash and due from banks	13,580,910	75,008,724	19,231,423	88,189,671
Investment securities	134,810	744,569	134,632	617,382
Loan portfolio	21,580,754	119,192,662	14,582,463	66,870,903
Interest and commissions receivable	75,637	417,751	59,427	272,515
Realizable assets	852,727	4,709,696	1,286,950	5,901,576
Fixed assets	29,501	162,937	34,495	158,184
Other assets	70,632	390,108	55,003	252,228
Total assets	36,324,971	200,626,447	35,384,393	162,262,459
Liabilities and Stockholders' Equity				
Liabilities:				
Customers' deposits	16,335,889	90,224,749	15,538,835	71,256,545
Other financing obtained	6,166,432	34,057,821	6,276,701	28,783,112
Interest and commissions payable	5,239	28,936	4,130	18,939
Accruals and other liabilities	349,472	1,930,168	155,313	712,220
Total liabilities	22,857,032	126,241,674	21,974,979	100,770,816
Stockholders' Equity:				
Capital stock	7,599,462	41,972,589	7,599,462	34,848,906
Capital reserves	2,766,551	15,279,938	2,766,551	12,686,592
Accumulated results	3,101,926	17,132,246	3,043,401	13,956,145
Total stockholders' equity	13,467,939	74,384,773	13,409,414	61,491,643
Total liabilities and stockholders' equity	36,324,971	200,626,447	35,384,393	162,262,459
Semester ended at				
	30 June 2022		31 December 2021	
	US\$	Bs	US\$	Bs
Financial income	1,424,548	7,867,921	1,280,121	5,870,246
Financial expenses	(13,959)	(77,097)	(7,081)	(32,476)
Expenses on uncollectible loans	(267,727)	(1,478,683)	(3,800)	(17,426)
Income from recovery of financial assets	-	-	700,366	3,211,678
Other operating income	12,149	67,100	733	3,361
Other operating expenses	(717,594)	(3,963,343)	(608,802)	(2,791,788)
Expenses from transformation	(540,666)	(2,986,152)	(391,777)	(1,796,584)
Various operating income	191,846	1,059,585	176,729	810,427
Various operating expenses	(2,071)	(11,438)	(3,508)	(16,087)
Expenses from realizable assets	(14,850)	(82,018)	(30,692)	(140,745)
Expenses from income tax	(13,151)	(72,634)	(12,200)	(55,946)
Net results from the semester	58,525	323,241	1,100,089	5,044,660

At 30 June 2022 and 31 December 2021, 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 7) of Bs5.52 and Bs4.59 per US\$1, respectively.

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(11) Realizable Assets

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

	Real Property
Cost -	
Balance at 30 June 2021	1,500,059
Additions	5,340,603
Effect of conversion of the Branch	<u>1,249,602</u>
Balance at 31 December 2021	8,090,264
Withdrawals	(1,518,853)
Effect of conversion of the Branch	<u>1,653,797</u>
Balance at 30 June 2022	<u>8,225,208</u>
Accumulated amortization -	
Balance at 30 June 2021	(342,276)
Amortization recognized in expenses	(1,700,123)
Effect of conversion of the Branch	<u>(146,300)</u>
Balance at 31 December 2021	(2,188,699)
Amortization recognized in expenses	(2,398,254)
Withdrawals	(1,518,853)
Effect of conversion of the Branch	<u>2,590,295</u>
Balance at 30 June 2022	<u>(3,515,511)</u>
Balance at 31 December 2021	<u>5,901,565</u>
Balance at 30 June 2022	<u>4,709,697</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 months ended 31 December 2021, the Bank recorded properties received through dation in payment for US\$1,297,300, equivalent to Bs5,340,603, for the collection of credit and yields receivable from a customer for US\$1,297,300.

During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded amortization of available-for-sale assets for Bs2,398,254 and Bs1,700,123, respectively, included in the consolidated statements of income and net income allocation, in the available-for-sale assets expense account.

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(12) Fixed Assets

A detail of fixed assets follows (in bolivars):

	<u>Note</u>	<u>Buildings and facilities</u>	<u>Computer equipment</u>	<u>Furniture and equipment</u>	<u>Transport equipment</u>	<u>Work in progress</u>	<u>Other assets</u>	<u>Total</u>
Cost -								
Balance at 30 June 2021		6,973,652	973,011	985,362	212,884	1,041,173	15,053	10,201,135
Additions		29,801,207	4,134,505	2,049,188	2	5,801,981	-	41,786,883
Effect of conversion of the Branch in Curacao		-	174,657	48,975	-	-	-	223,632
Capitalizations		-	41,870	-	-	(41,870)	-	-
Withdrawals		(1,021,267)	-	-	-	-	-	(1,021,267)
Balance at 31 December 2021		35,753,592	5,324,043	3,083,525	212,886	6,801,284	15,053	51,190,383
Additions		317,490,645	34,098,272	3,528,127	-	6,195,480	-	361,312,524
Effect of conversion of the Branch in Curacao		79,183	8,612	4,239	-	-	-	92,034
Withdrawals		(3,239,667)	(4,697)	(20,042)	-	(4,048,788)	-	(7,313,194)
Balance at 30 June 2022		350,083,753	39,426,230	6,595,849	212,886	8,947,976	15,053	405,281,747
Accumulated depreciation -								
Balance at 30 June 2021		(64,199)	(297,751)	(119,887)	(7,120)	-	-	(488,957)
Depreciation recognized in expenses	21	(215,876)	(329,267)	(94,870)	(21,328)	-	-	(661,341)
Effect of conversion of the Branch in Curacao		-	(78,661)	(25,639)	-	-	-	(104,300)
Withdrawals		6,336	-	-	-	-	-	6,336
Balance at 31 December 2021		(273,739)	(705,679)	(240,396)	(28,448)	-	-	(1,248,262)
Depreciation recognized in expenses	21	(438,750)	(933,037)	(277,902)	(21,282)	-	-	(1,670,971)
Effect of conversion of the Branch in Curacao		(139,480)	11,080	9,661	-	-	-	(118,739)
Withdrawals		40,456	-	-	-	-	-	40,456
Balance at 30 June 2022		(811,513)	(1,627,636)	(508,637)	(49,730)	-	-	(2,997,516)
Balance at 31 December 2021		35,479,853	4,618,364	2,843,129	184,438	6,801,284	15,053	49,942,121
Balance at 30 June 2022		349,272,240	37,798,594	6,087,212	163,156	8,947,976	15,053	402,284,231

During the semesters ended 30 June 2022 and 31 December 2021, the additions of buildings and facilities correspond mainly to the acquisition and incorporation of real estate assets, arising from the transfer of the rights and obligations of the operations of Banco Occidental de Descuento, Banco Universal C.A. and Citibank N.A. Sucursal Venezuela - Banco Universal, respectively (see note 1).

The Bank has computer equipment, furniture and equipment and transportation equipment used in its operations, the carrying amount of which tends to zero as a result of the monetary reconversion of 1 October 2021, according to which the unit of the monetary system of the Bolivarian Republic of Venezuela is the equivalent of one million bolivars before that date.

As of 30 June 2022 and 31 December 2021, works in progress correspond to construction in progress and remodeling at the main headquarters, as well as at open and soon to be opened branches of the Bank.

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(13) Other Assets

A detail of other assets follows (in bolivars):

	Notes	30 June 2022	31 December 2021
Deferred expenses -			
Capital gain Consorcio Credicard, C.A.	1	32,989,733	-
Capital gain American Express	1	10,844,348	-
Upgrades made to leased property, net of amortization		7,436,762	3,964,303
Licenses		1,475,943	903,264
Capital gain Corporación Suiche 7B, C.A.	1	849,353	-
Operating systems (software)		393,366	134,855
Other		569,091	672,093
Total deferred expenses		<u>54,558,596</u>	<u>5,674,515</u>
Unallocated items (include US\$7.692.753 and €1.546.367, and US\$545.852 and €2.368.237, respectively)	6	227,553,228	64,451,575
Offsetting of assets and liabilities from BOD	30	95,270,031	-
Other various accounts receivable (include US\$9.061 and €3.000; and US\$5.061, respectively)	6	45,496,103	726,779
Advance payment for purchase option of premises (includes US\$180.475, for both semesters)	6	28,698,281	13,319,674
Advance payments for suppliers (include US\$212.000 at 30 June 2022)	6	28,232,520	6,641,632
Foreign currency accounts receivable (include US\$1.596.009 and €102.966, and US\$49.960 and €120.074, respectively)	6	9,409,416	853,315
International credit card operations (US\$792.989 and US\$1.018.949, respectively)	6 and 17	4,379,756	4,672,600
Prepaid taxes and subscriptions	18	5,774,045	3,464,999
Other prepaid expenses		3,782,759	3,572,885
Bank insurance (includes US\$18.337 and US\$4.687, respectively)	6	1,102,843	191,218
Prepaid advertisement		713,641	896,831
Matured financial instruments receivable (Include US\$131.125 in both semesters)	6	724,216	601,299
Stationery stock and various items		664,261	453,266
Chip debit and credit cards stock		524,795	240,700
Deferred income tax	18	511,583	138,695
Guarantee deposit (include US\$47.266, for both semesters)	6	318,437	217,221
Employees accounts receivable		69,255	42,772
Accounts receivable and credit card balance offsetting (include US\$475 and US\$1.139, respectively)	6	14,988	16,864
		<u>507,798,754</u>	<u>100,502,325</u>
Allowance for other assets (includes US\$131.125, for both semesters)	6	(728,837)	(605,855)
		<u>507,069,917</u>	<u>105,570,985</u>

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

	30 June 2022			31 December 2021		
	Cost	Accumulated amortization	Book value	Cost	Accumulated amortization	Book value
Capital gain Consorcio Credicard, C.A.	32,989,733	-	32,989,733	-	-	-
Capital gain Corporación American Express	10,844,348	-	10,844,348	-	-	-
Upgrades made to leased property	7,960,487	(523,725)	7,436,762	4,090,324	(126,021)	3,964,303
Licenses	2,650,312	(1,174,369)	1,475,943	1,648,809	(745,545)	903,264
Capital Gain Corporación Suiche 7B, C.A.	849,353	-	849,353	-	-	-
Operating systems (software)	537,418	(144,052)	393,366	187,971	(53,116)	134,855
Other	728,590	(159,499)	569,091	711,555	(39,462)	672,093
	<u>56,560,241</u>	<u>(2,001,645)</u>	<u>54,558,596</u>	<u>6,638,659</u>	<u>(964,144)</u>	<u>5,674,515</u>

During the six-month periods ended 30 June 2022 and 31 December 2021, the Bank recorded amortization of deferred expenses for Bs1,430,297 and Bs826,436, respectively, which are presented in the consolidated statements of income and net income allocation, under general and administrative expenses (see note 21).

A detail of items to be applicable follows (in bolivars):

	Notes	30 June 2022	31 December 2021
Transactions in transit -			
Transactions in transit points of sale		82,020,743	29,212,396
Interchange mobile payment interbaking transactions receivable		14,118,767	19,760,745
Retail transactions (include US\$333.393; and US\$498.956 and €1.646.731, respectively)	6	1,841,363	10,848,664
Foreign exchange desk transactions (include US\$21.216.153 and €1.546.367; US\$13.521 and €721.506, respectively)	6	126,107,194	3,812,780
Other unallocated items		1,761,841	663,727
Sale of foreign currency exporters (US\$33.375 at 31 December 2021)	6 and 17	1,699,809	153,050
Cash shortage		3,511	213
		<u>227,553,228</u>	<u>64,451,575</u>

At 30 June 2022 and 31 December 2021, transactions in transit points of sale, correspond to commissions charged to affiliated commercial establishment for consumptions made through the points of sale by customers with debit cards, which were automatically regularized on the first days of July and January 2022. Additionally, during the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded commissions for point-of-sale transactions for Bs15,091,689 and Bs11,100,857, respectively (see note 19). Also, during the six-month periods ended 30 June 2022 and 31 December 2021, the Bank has charged commissions of Bs2,504,538 and Bs1,676,457, respectively, for reimbursement of POS terminals operating costs to merchants, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2022 and 31 December 2021, the interchange mobile payment transactions receivable correspond to bank transfers in customer accounts from other banking institutions through the mobile application, which were automatically regularized the first days of July and January 2022. Additionally, during the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded income from commissions charged to its customers for Bs5,918,759 and Bs3,049,670, 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).

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At 30 June 2022 and 31 December 2021, the advances for option to purchase own premises correspond to contractual rights on the purchase of administrative offices located in Centro Empresarial Boleíta, Municipio Sucre, State of Miranda.

At 30 June 2022 and 31 December 2021, 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.

Balances of other prepaid expenses are comprised as follows (in bolivars):

	Semesters ended at	
	30 June 2022	31 December 2021
Licenses with validity equal to or less than one year	1,671,055	1,746,478
Insurance	995,377	1,639,581
Upgrades made to bank agencies	551,817	122,785
LOCTI contribution	488,570	-
Bloomberg services	69,997	58,598
Travel expenses paid to employees	5,943	5,443
	<u>3,782,759</u>	<u>3,572,885</u>

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

	Note	Semesters ended at	
		30 June 2022	31 December 2021
Opening balance for the semester		605,855	646,966
Allowance carried to various operating expenses	20	94,073	2,860
Write-offs of other unrecoverable assets		(94,073)	(311,203)
Adjustment for exchange rate fluctuation		122,982	267,232
Closing balance for the semester		<u>728,837</u>	<u>605,855</u>

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(14) Customers' Deposits

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

	Notes	30 June 2022	31 December 2021
Checking account deposits and demand certificate of deposit -			
Non-interest bearing checking accounts		373,058,346	104,325,639
Checking accounts as per the Exchange Market System of Free Convertibility (US\$179.318.696, €10.363.737 and COP50.000; US\$149.305.156 and €10.618.680, respectively)	6	1,050,232,268	739,871,342
Interest bearing checking accounts		26,991,096	11,395,088
Checking accounts as per exchange agreement N° 20 (include US\$19.328.462 and €1.500; and US\$3.818, respectively)	5, 6 and 24	106,761,687	17,506
Non-negotiable deposits and demand certificates of deposit with annual interest between 1% and 9%		85,951,976	24,937,753
Public, state and municipal administration levels		5,053,378	800,217
		<u>1,648,048,751</u>	<u>881,347,545</u>
Other demand obligations -			
Cashier's checks issued		751,047	834,052
Trust obligations	22	4,214,614	297,556
Advance collections to customers for credit cards		29,954	16,412
Obligations Mandatory Savings Fund for Housing		1,812	2,531
		<u>4,997,427</u>	<u>1,150,551</u>
Saving deposits, with annual interest of 21% in individual (not company) accounts and 0,125% for customer deposits in foreign currency (include US\$12.684.177 and €71.469; US\$12.873.243 and €73.480, respectively)		197,944,253	80,531,826
Time deposits, with annual interest of 36% for customer deposits in bolivars and between 0.02% and 3% for customer deposits in foreign currency (include US\$3.577.000; and US\$2.579.996 and €2.000, respectively), and with the following maturity:	6		
Up to 30 days		8,776,206	3,500
From 31 to 60 days		1,866,808	-
From 61 to 90 days		1,187,467	11,841,503
From 91 to 180 days		7,925,646	3,000
From 181 to 360 days		1,000	1,000
		<u>19,757,127</u>	<u>11,849,003</u>
		<u>1,870,747,558</u>	<u>974,878,925</u>

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At 30 June 2022 and 31 December 2021, 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 30 June 2022 and 31 December 2021, the Bank charged commissions to its customers between 0.5% and 2% of the amount in cash in foreign currency withdrawn at branches and ticket offices, accruing income of Bs38,278,412 and Bs49,086,336, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded income from commissions related to transfers to foreign banks for Bs1,773,677 (US\$321,138) and Bs841,651 (US\$183,538), 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 30 June 2022 and 31 December 2021, the Bank paid commissions for bank transfers through correspondent banks abroad of Bs1,214,178 and Bs948,408 (equivalent to US\$219,836 and US\$206,818), 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 2021, the Bank maintains deposits from official entities for Bs58,891,913 and Bs13,161,312, respectively.

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

	30 June 2022		31 December 2021	
	Rate (%)			
	minimum	maximum	minimum	maximum
Per type of obligation -				
Interest bearing checking accounts	0.25	0.25	0.25	0.25
Deposits and demand certificates of deposit	36	36	36	36
Saving deposits	32	32	32	32
Time deposit	36	36	36	36

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(15) Other Financing Obtained

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Obligations with financial institutions in the country up to one year -		
Overnight financing of other financial institutions in the country with annual return between 35% and 42%, and maturities in July of 2022	140,321,950	2,000,000
Demand deposits of financial institutions in the country:		
Banco de Venezuela, S.A. Banco Universal, with annual return of 40%, and maturity in July of 2022	54,560,802	-
Banco de Desarrollo Económico y Social de Venezuela (BANDES), with annual return between 25 and 80%; and 110%, respectively, and maturity in July and January of 2022, respectively	35,650,000	10,650,000
Banco Bicentenario, Banco Universal, C.A., with annual return of 25% and 100%, respectively, and maturities in July and January of 2022, respectively	15,000,000	5,000,000
Banco del Tesoro, C.A. Banco Universal, with annual return between 30 and 50%; and 143%, respectively, and maturity in July and January of 2022, respectively	11,621,011	5,000,000
Instituto Municipal de Crédito Popular de Caracas, with annual return of 50%, and maturity in July of 2022	1,800,000	-
	<u>258,953,763</u>	<u>22,650,000</u>
Non-interest bearing checking account demand deposits	<u>40,961</u>	<u>3,946</u>
	<u>258,994,724</u>	<u>22,653,946</u>
Obligations with financial institutions overseas up to one year -		
Demand deposits from financial institutions overseas:		
BNC International Banking Corporation (US\$52.785 and US\$53.650, respectively)	291,537	245,982
Arca Internacional Bank, Inc.	1	1
	<u>291,538</u>	<u>245,983</u>
Financing of financial institutions overseas up to one year -		
Italbank International, with face value of US\$600.000, annual return of 4% and maturity in December of 2022	3,313,860	-
	<u>3,605,398</u>	<u>245,983</u>
	<u>262,600,122</u>	<u>22,899,929</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 30 June 2022 and 31 December 2021, the Bank complies with the requirements of this Resolution.

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(16) Interests and Commissions Payable

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

	<u>Note</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Expenses payable for customer deposits -			
Non-negotiable certificates of demand deposits		831,602	1,128,986
Time deposits (include US\$5.239 and US\$4.130, respectively)	6	<u>28,941</u>	<u>19,011</u>
		<u>860,543</u>	<u>1,147,997</u>
Expenses payable for other financing obtained -			
Expenses payable for obligations with financial institutions of the country up to one year		<u>946,698</u>	<u>789,264</u>
Total interest payable		<u><u>1,807,241</u></u>	<u><u>1,937,261</u></u>

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(17) Accruals and Other Liabilities

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

	Notes	30 June 2022	31 December 2021
Unallocated items (include US\$18.598.139 and €1.993.672; US\$806.345 and €2.488.622, respectively)	6	152,839,613	40,420,590
Principal and interest payable to BOD clients (US\$18.631.010 at 30 June 2022)	6	102,900,929	-
Contributions for preferential shares (US\$6.782.967)	6	37,463,008	-
Foreign currency accounts payable (include US\$2.619.962 and €13.157; US\$2.447.120 and €13.591, respectively)	6	14,546,275	11,292,422
Deferred income (includes US\$157.134 and €13.283; US\$44.378 and €13.283, respectively)	6	8,530,957	272,556
Accruals for labor indemnities		9,501,631	465,638
Taxes withheld (include US\$185.751 and €3.183 at 30 June 2022)	6	5,568,768	1,433,495
International credit card transactions (include US\$792.989 and US\$1.018.949, respectively)	6 and 13	4,379,756	4,672,600
Allowance for income tax (include US\$13.151 and US\$21.550, respectively)	6 and 18	4,372,634	1,156,305
Services payable		3,051,894	-
Vacations and vacation bonus payable (include US\$34.347 and US\$23.920, respectively)	6	1,960,060	371,986
Deferred income tax	18	1,959,366	-
Sale of foreign currency to exporters (US\$307.764 and US\$33.375, respectively)	6 and 13	1,699,809	153,050
Bank insurance policies (include €280.960; US\$6.416 and €112.227, respectively)	6	1,622,178	612,799
Allowance for the net worth tax	18	1,507,894	-
Economic activities tax and other taxes payable	18	1,479,330	973,322
Fees payable (include US\$13.500 and US\$9.000, respectively)	6	911,880	489,303
Commissions for credit and debit card services		897,476	346,423
Profit sharing payable (include US\$2.013 and US\$1, respectively)	6	796,520	6
Suppliers and other various accounts payable (include US\$8.166 and US\$155.569, respectively)	6	612,481	1,052,089
Rent payable		671,905	-
Integral prevention against money-laundering and financing of terrorism		572,174	73,271
Credit cards (include US\$32.645 at 30 June 2022)	6	394,588	-
Organic Law of Sport, Physical Activity and Physical Education		278,840	201,091
Labor contributions and withholdings payable		239,545	16,292
Allowance for contingent loans	8	310	32,048
Other allowances		386,728	901,904
		<u>359,146,549</u>	<u>64,937,190</u>

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

	Notes	30 June 2022	31 December 2021
Exchange desk transactions (include US\$11.902.284 and €1.670.833; US\$13.521 and €721.506, respectively)	6	75,384,395	3,812,780
Electronic transfer for compensation		25,562,945	6,686,267
Mobile payment transactions payable (include US\$1.541.671 and €101.766; US\$22.914 and €120.075, respectively)	6	19,179,922	16,186,104
Nationwide and municipal collection of funds		2,044,088	1,528,161
Retail transactions (include US\$105.256 and €218.234; US\$498.956 and €1.646.731, respectively)	6	1,841,356	10,848,664
Client transactions (include US\$294.370 and €1.069)		1,632,007	-
Other unallocated items (include US\$4.733.558 and €1.771; US\$249.954 and €310, respectively)	6	26,848,900	1,168,111
Commissions for the Central Bank of Venezuela		214,548	60,663
Transactions conducted through the SICAD system (US\$21.000, for both semesters)	5 and 6	115,985	96,300
Point of sale transactions payable		15,467	33,540
		<u>152,839,613</u>	<u>40,420,590</u>

At 30 June 2022 and 31 December 2021, the electronic transfers for compensation correspond to transfers made by the Bank's customers to other banking institutions on the last days of June 2022 and December 2021, respectively, which became effective on the first days of July and January 2022, respectively. Additionally, during the semesters ended 30 June 2022 and 31 December 2021, the Bank has charged fees for interbank wire transfers of Bs3,325,526 and Bs1,884,594, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2022 and 31 December 2021, the mobile payment transactions payable correspond to bank transfers from customers' accounts to other banking institutions through the mobile application, which were automatically regularized on the first days of July and January 2022. Additionally, during the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded expenses for commissions paid to its customers for Bs1,452,501 and Bs718,931, respectively, for transactions made through said application in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2022 and 31 December 2021, point of sale transactions payable correspond to the use of points of sale of other financial institutions by the Bank's customers, which are regularized during July and January 2022. During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded expenses for commissions charged to merchants for the use of points of sale for Bs1,665,012 and Bs1,623,692, respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2022 and 31 December 2021, accounts payable in foreign currency mainly include interest payable on customer securities held in custody by the Bank, which have not been claimed to date. The Bank's management is taking the necessary steps to settle these liabilities to their respective beneficiaries.

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A detail of taxes withheld follows (in bolivars):

	30 June 2022	31 December 2021
Income tax	1,454,056	722,149
Tax on Large Financial Transactions (includes US\$185.751 and €3.183 at 30 June 2022)	1,799,234	356,185
Value Added Tax	2,003,728	319,670
Revenue stamps	309,073	34,280
Municipal taxes	2,677	1,211
	<u>5,568,768</u>	<u>1,433,495</u>

A detail of changes in allowance for contingent loan portfolio follows (in bolivars):

	Note	30 June 2022	31 December 2021
Opening balance for the semester		32,048	22,543
Allowance for the semester		-	9,505
Reclassification of allowance for the loan portfolio	8	<u>(31,738)</u>	-
Closing balance for the semester		<u>310</u>	<u>32,048</u>

(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.

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A detail of reconciliations between financial income and net tax income of the Bank for the period ended 31 December 2021 (in bolivars):

Tariff as per the Income Tax Law (%)	40
Financial income of the year before income tax	24,365,139
Difference between accounting profit and taxable income	
Other allowances	3,442,513
Loan portfolio, net	(2,522,818)
Unearned income at fiscal year end	(2,745,201)
Incidental cost	(13,305,465)
Exempted income, net of associated expenses	(4,805,114)
Other net effects	(1,785,337)
Taxable income for the year in Venezuela	<u>2,643,717</u>
Allowance for current income tax in Venezuela	<u>1,057,487</u>

At 30 June 2022, the provision for income tax was determined based on the Bank's financial statements as of that date and its projection at the end of the fiscal year.

During the semesters ended 30 June 2022 and 31 December 2021, the Foreign Branch recorded an estimated income tax expense of US\$13,150 (equivalent to Bs72,634) and US\$12,200 (equivalent to Bs55,945), 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.

As of 30 June 2022 and 31 December 2021, the Bank maintains an income tax provision of Bs4,372,634 and Bs1,156,305, which include US\$13,150 and US\$21,550, respectively, corresponding to the Foreign Branch (see note 17). Also, at 30 June 2022 and 31 December 2021, the Bank maintains prepaid income tax of Bs5,756,299 and Bs3,458,984, respectively, which are part of other assets and are included in the Prepaid taxes and subscriptions group (see note 13).

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

	30 June 2022	31 December 2021
Income tax -		
Current for transactions in Venezuela	4,334,277	380,000
Current for transactions in the Curacao Branch	72,633	55,945
Deferred (expense) income	<u>1,586,478</u>	<u>147,447</u>
	<u>5,993,388</u>	<u>583,392</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 30 June 2022 and 31 December 2021, that give rise to it correspond to prepaid expenses, other provisions and accruals. At 30 June 2022 and 31 December 2021, the Bank maintains a net deferred tax liability of Bs1,447,783 and a net deferred tax asset of Bs138,695, respectively.

A summary of deferred income taxes follows (in bolivars):

	Notes	30 June 2022	31 December 2021
Assets -			
Other allowances and accruals	13	511,583	138,695
Liabilities -			
Prepaid expenses	17	1,959,366	-
		1,959,366	-
Deferred income tax (liabilities) assets		<u>(1,447,783)</u>	<u>138,695</u>

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A detail of changes in the accounts of deferred income tax assets (liabilities) for the semesters ended 30 June 2022 and 31 December 2021 follows (in bolivars):

	Others allowances and accruals	Prepaid expenses	Foreign exchange gain on advance payments made for purchase of fixed assets	Deferred income tax assets (liabilities)
Balance at 30 June 2021	611,992	(56,766)	(269,084)	286,142
Charges (loans) in income	<u>(367,096)</u>	<u>(49,435)</u>	<u>269,084</u>	<u>(147,447)</u>
Balance at 31 December 2021	244,896	(106,201)	-	138,695
Charges (loans) in income	<u>266,687</u>	<u>(1,853,165)</u>	<u>-</u>	<u>(1,586,478)</u>
Balance at 30 June 2022	<u><u>511,583</u></u>	<u><u>(1,959,366)</u></u>	<u><u>-</u></u>	<u><u>(1,447,783)</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 for the year ended on such date. At 30 June 2022, the Bank filed the informative declaration of transactions with related parties abroad, Form PT-99, for the fiscal year ended 31 December 2021.

(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 30 June 2022 and 31 December 2021, for Bs5,414,960 and Bs3,337,050, 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 30 June 2022 and 31 December 2021, the outstanding balance payable for this concept is Bs1,475,617 and Bs967,548, 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 30 June 2022 and 31 December 2021, the Bank recorded expenses for this concept for Bs2,549,892 and Bs1,772,076, 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 T.U., 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 30 June 2022 and 31 December 2021, the Bank recorded expenses for this concept for Bs1,507,894 and Bs200,043, respectively, in the consolidated statements of income and net income allocation.

(19) **Other Operating Income**

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

		Semesters ended at	
	Notes	30 June 2022	31 December 2021
Commissions for services		68,624,732	23,325,629
Commissions for cash withdrawals in foreign currency	14	38,278,412	49,086,336
Commissions for transactions as per the Exchange Market System of Free Convertibility		20,441,040	13,392,726
Commission for documenting foreign currency loans and loans granted by the use of UVC	8	13,107,684	3,031,725
Commission for currency intervention	5	5,743,443	3,948,827
Income from discount amortization in held to maturity investments	7	2,044,833	1,830,548
Commissions for trustfunds		68,879	31,313
Foreign exchange gain	6	67,102	2,380
		<u>148,376,125</u>	<u>94,649,484</u>

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

	Notes	Semesters ended at	
		30 June 2022	31 December 2021
Commission for cash withdrawal in foreign currency		29,497,692	-
Point of sale transactions	13	15,091,689	11,100,857
Interbank mobile payment transactions	13	5,918,759	3,049,670
Interbank wire transfers	17	3,325,526	1,884,594
Other financial commissions		1,807,797	2,205,695
Reimbursement of operating costs associated with point of sale terminals to commercial establishments	13	2,504,538	1,676,457
Commission for point of sale		2,491,389	-
Commission for Suiche 7B P2P service		2,308,401	1,203,739
Services for Social Security pension holders		2,163,698	205,122
Commission for mobile lines recharge credit		859,079	644,429
MasterCard commission		660,258	497,445
Commission for transfer of funds in foreign currency		663,583	-
Commission for high value bank transfers		328,626	150,768
Commission for checking account overdraft		301,405	33,552
Affiliation of payroll account		270,642	211,009
Commission for technical consultancy		-	91,103
Customers' deposits minimum balance		90,666	14,733
Issuance of cashier's checks		5,146	5,130
Bounced checks		81	134
Other		335,757	351,192
		68,624,732	23,325,629

(20) Other Operating Expenses and Various Operating Expenses

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

	Note	Semesters ended at	
		30 June 2022	31 December 2021
Commissions for services		10,619,025	7,510,606
Foreign exchange loss	6	350,909	143,250
Other		22	2
		10,969,956	7,653,858

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

	Notes	Semesters ended at	
		30 June 2022	31 December 2021
Commissions to suppliers			
processing credit cards	7	5,723,462	3,757,359
Point of sale transactions	17	1,665,012	1,623,692
Bank transfers through			
correspondent banks	14	1,214,178	948,408
Interbank mobile payment transactions	17	1,452,501	718,931
Other service commission expenses		563,872	462,216
		<u>10,619,025</u>	<u>7,510,606</u>

A summary of various operating expenses follows (in bolivars):

	Notes	Semesters ended at	
		30 June 2022	31 December 2021
Contribution Organic Law of Drugs		612,475	-
Contribution Organic Law of Science, Technology and Innovation		488,570	30,388
Allowance for other services		372,984	-
Contribution Organic Law of Sport, Physical Activity and Physical Education		330,000	39,200
Contribution for the National Fund for Municipal Councils		232,365	984,385
Potential contingent losses		-	250,000
Allowance for other assets	13	94,073	2,860
Other		11,671	16,598
		<u>2,142,138</u>	<u>1,323,431</u>

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(21) Administrative and General Expenses

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

	Notes	30 June 2022	31 December 2021
Maintenance and repairs on fixed assets		15,201,689	11,845,830
Security transport and overall security		8,500,378	7,635,152
Transportation expenses and communications		6,697,991	3,231,419
Rent expenses		5,178,093	3,165,855
Economic activities tax	18	5,414,960	3,337,050
External services expenses		4,382,160	2,279,765
Consultancy and external auditing		3,837,190	5,913,353
Various general expenses		3,503,642	2,748,367
Insurance expenses		2,705,325	2,346,850
Tax on large financial transactions	18	2,549,892	1,772,076
Depreciation and downgrading of fixed assets	12	1,670,971	661,341
Amortization of deferred expenses	13	1,430,297	826,436
Advertisement and publicity expenses		1,417,583	665,213
Water, electric power and gas supply		874,758	162,890
Legal expenses		767,401	19,506
Legal advisory		674,943	436,296
Stationery and office supplies		521,995	240,411
Other taxes and contributions		271,368	134,829
Public relations		11,075	93,198
Infrastructure expenses		8,537	33,361
Other		140,929	195,067
		<u>65,761,177</u>	<u>47,744,265</u>

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(22) Memorandum Accounts

A summary of memorandum accounts follows (in bolivars):

	<u>Notes</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Debtor contingent accounts -			
Guaranties provided (include US\$701.649 at 31 December 2021)		31,002	3,217,791
Credit cards credit lines		668,166	95,228
Discount and invoice purchase credit lines		3	3
		<u>699,171</u>	<u>3,313,022</u>
Trust assets		<u>476,171,735</u>	<u>4,801,703</u>
Debtor accounts for other trustworthy assignments (Housing and Habitat Loan Regime)		<u>18,598</u>	<u>12,475</u>
Other debtor memorandum accounts -			
Guaranties received (include US\$57.620.978; and US\$86.276.653 and €4.700, respectively)	6	717,485,029	540,799,149
Custody received (include US\$43.703.652 and US\$18.663.013, respectively)	6	241,379,653	87,146,318
BOD operation (US\$45.584.828)		251,769,563	-
Securities in custody of other financial institutions (include US\$21.116.591 and US\$21.116.559, respectively)	6	116,629,044	96,834,351
Non-negotiated credit lines pending granting (include US\$3.461.330 and US\$4.248.327, respectively)		71,739,484	65,166,279
Write-off of doubtful accounts		16,558,107	60,294
Foreign currency collections (US\$1.591.783 and US\$1.664.007, respectively)	6	9,190,477	7,630,637
Write-off of financial instruments (include US\$1.436.614, for both semesters)	6	7,934,561	6,587,880
Debtor items in reconciliation and write-off (include US\$168.607, for both semesters)	6	1,194,274	942,148
Return receivable deferred on overdue loan portfolio (include US\$30.134 and US\$133.302 respectively)	6 y 8	166,531	611,345
Foreign currency granted through SICAD (US\$20.089 and US\$21.000, respectively)	6	115,985	96,300
Other (include US\$12.543 at 30 June 2022)		69,278	57,561
		<u>1,434,231,986</u>	<u>805,932,262</u>
		<u>1,911,121,490</u>	<u>814,059,462</u>

At 30 June 2022 and 31 December 2021, 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 of 4 August 2003, published in Official Gazette of the Republic N° 37.748 of 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):

	2022	2021
Assets -		
cash and due from banks	4,274,640	297,556
Investment securities	4,391,737	2,184,986
Loan portfolio	9,415,711	2,083,045
Interest and commissions receivable	154,352	236,115
Other assets	457,935,295	1
Total assets	<u>476,171,735</u>	<u>4,801,703</u>
Liabilities -		
Other accounts payable	95,297,335	-
Other liabilities	482,962	8,307
Total liabilities	<u>95,780,297</u>	<u>8,307</u>
Stockholders' equity -		
Stockholders's equity assigned to trustfunds	378,747,604	3,665,068
Stockholders' equity adjustments	(59,709)	-
Accrued income	1,703,543	1,128,328
Total stockholders' equity	<u>380,391,438</u>	<u>4,793,396</u>
Total liabilities and stockholders' equity	<u>476,171,735</u>	<u>4,801,703</u>

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

	30 June 2022	31 December 2021
Trust assets -		
Guarantee	457,974,202	-
Labor indemnities	18,156,159	4,791,856
Investment	39,854	6,378
Management	1,520	3,469
	<u>476,171,735</u>	<u>4,801,703</u>

As of 30 June 2022 and 30 December 2021, cash and cash equivalents include Bs4,274,640 and Bs297,556, 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).

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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):

	Acquisition cost	Book value/amortized cost	Fair market value	nominal value	Maturities	Interest rates (%)
30 June 2022 -						
Investment in financial institutions in the country:						
Time deposits -						
Banco Exterior, C.A., Banco Universal	2,202,348	2,202,348	2,202,348 (1)	2,202,348	19-07-2022 to 21-07-2022	30,00 to 40,00
Bonds and national public debt obligations -						
Vebonos	23	23	23 (2)	23	07-08-2025 to 30-11-2028	13,19 to 26,19
Other investment securities -						
Banco Occidental de Descuento, Banco Universal C.A.	19	19	19 (1)	19	-	-
Obligations issued by non-financial private companies -						
Saving certificates:						
Mercantil Servicios Financieros, C.A.	572,500	572,500	572,500	572,500	10-08-2022 to 21-08-2022	45,00 to 55,00
Dayco Telecom, C.A.	368,583	382,847	382,847	382,847	08-12-2022 to 18-01-2023	45,00
Tesorería YMAS, C.A.	200,000	200,000	200,000	200,000	23-09-2022	50,00
Calox International, C.A.	238,000	238,000	238,000	238,000	12-07-2022 to 01-12-2022	35,00 to 45,00
Coca Cola Femsa, C.A.	200,000	200,000	200,000	200,000	24-07-2022	80,00
Alimentos FM, C.A.	396,000	396,000	396,000	396,000	08-11-2022 to 17-12-2022	45,00
3PL Panamericana, C.A.	200,000	200,000	200,000	200,000	20-09-2022	45,00
	2,175,083	2,189,347	2,189,347 (1)	2,189,347		
	4,377,473	4,391,737	4,391,737	4,391,737		
31 December 2021 -						
Investments in financial institutions in the country:						
Time deposits -						
Banco Exterior, C.A., Banco Universal	420,000	420,000 (1)	420,000	420,000	01-01-2022	145,00
Bonds and national public debt obligations -						
Vebonos	18	18 (2)	18	23	07-08-2025 to 30-11-2028	25,45
Obligations issued by non-financial private companies -						
Saving certificates:						
Mercantil Servicios Financieros, C.A.	164,152	184,676	184,676	207,500	15-02-2022 to 18-02-2022	88,00 to 91,00
Dayco Telecom, C.A.	70,380	85,351	85,351	90,000	22-01-2022	95,00
Tesorería YMAS, C.A.	39,140	44,508	44,508	50,000	15-02-2022	80,00
Calox International, C.A.	35,312	39,750	39,750	43,000	14-01-2022 to 19-02-2022	91,00 to 97,00
Coca Cola Femsa, C.A.	89,501	105,116	105,116	111,653	21-01-2022 to 11-02-2022	93,00 to 95,00
Alimentos FM, C.A.	85,637	97,081	97,081	103,500	15-01-2022 to 08-02-2022	93,00 to 97,00
3PL Panamericana, C.A.	74,375	94,111	94,111	95,200	05-01-2022	99,00
Moliendas Papelón, S.A.	78,125	91,979	91,979	100,000	03-02-2022	92,00
Grupo Nueve Once, C.A.	82,281	87,191	87,191	100,000	01-03-2022	87,00
General de Alimentos Nisa, C.A.	128,268	147,394	147,394	163,545	14-01-2022 to 03-03-2022	85,00 to 97,00
Central El Palmar, S.A.	74,750	77,574	77,574	89,700	15-03-2022	87,00
Purulomo, C.A.	68,786	68,786	68,786	68,786	11-04-2022 to 18-06-2022	3,99
Pasteurizadora Táchira, C.A.	47,313	51,408	51,408	56,400	18-02-2022	91,00
Inversiones CDE, C.A.	45,068	45,714	45,714	45,857	17-01-2022	13,89
Corporación Grupo Químico, C.A.	44,940	44,940	44,940	44,940	10-05-2022	100,00
Inversiones Mida, C.A.	44,940	44,940	44,940	44,940	05-05-2022	5,95
Cargill de Venezuela, C.A.	110,938	137,575	137,575	142,000	11-01-2022	96,00 to 98,00
Alimentación Balanceada Alibal, C.A.	144,587	144,587	144,587	144,587	11-04-2022	3,99
Destilería Yracuy, C.A.	122,333	126,955	126,955	146,800	11-04-2022	87,00
Galaxia Médica, C.A.	23,439	29,052	29,052	30,000	15-03-2022	97,00
Caja de Caracas, Casa de Bolsa	7,813	9,708	9,708	10,000	13-01-2022	97,00
Genia Care, C.A.	5,310	6,572	6,572	10,000	11-01-2022	97,00
	1,587,388	1,764,968 (1)	1,764,968	1,898,408		
	2,007,406	2,184,986	2,184,986	2,318,431		

(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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<u>Security</u>	<u>Custodian</u>
Investments in financial institutions of the country:	
Time deposits	Placements in custody of the respective banking institutions.
Bonds and national public debt obligations	Central Bank of Venezuela
Obligations issued by non-financial private companies	C.V.V. Caja Venezolana De Valores, S.A.

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

	<u>30 June 2022</u>		<u>31 December 2021</u>	
	<u>Amortized cost</u>	<u>Fair market value</u>	<u>Amortized cost</u>	<u>Fair market value</u>
Up to six months	4,391,695	4,391,695	2,184,968	2,184,968
From one to five years	18	18	18	18
From five to ten years	5	5	-	-
More than ten years	19	19	-	-
	<u>4,391,737</u>	<u>4,391,737</u>	<u>2,184,986</u>	<u>2,184,986</u>

At 30 June 2022 and 31 December 2021, yields receivable on investments in securities amount to Bs154,352 and Bs236,115, respectively.

At 30 June 2022 and 31 December 2021, the loan portfolio is comprised of loans and advances granted to employees with a guarantee on the balance of their social benefits, which are deposited in the trust, and are related to labor indemnity trust plans of public and private companies. These loans are short-term and do not bear interests.

At 30 June 2022 and 31 December 2021, the loan portfolio includes loans and advances of social benefits to Bank employees for Bs159,639 and Bs4,118, respectively. It also includes Bs6,006,986 and Bs1,994,301, respectively, corresponding to loans and advances of social benefits from private entities; and Bs3,249,086 and Bs84,626, respectively, from public entities.

At 30 June 2022 and 31 December 2021, there are labor indemnity trusts in favor of the Bank's employees for Bs798,801 and Bs84,347, 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 30 June 2022 and 31 December 2021, 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.

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(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):

	<u>Notes</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Assets -			
Cash and due from banks	14	1,812	2,531
Investment securities		16,786	9,944
Total assets		<u>18,598</u>	<u>12,475</u>
Liabilities -			
Contributions for saving funds for housing		18,598	12,475
Total liability		<u>18,598</u>	<u>12,475</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 30 June 2022 and 31 December 2021, the investment trust is maintained in the BANAVIH for Bs16,786 and Bs9,944, 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 30 June 2022 and 31 December 2021, the Bank's paid-in capital stock is Bs28,960, for both semesters, represented by 28,959,650,000 common, nominative, non-convertible bearer shares, of the same class, with a par value of Bs0.000001 each, fully subscribed and paid. The Bank complies with the minimum capital required by current regulations.

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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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 Bank's management is awaiting authorization from the Superintendency and the SNV for the capital increase.

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 Bank's management is awaiting authorization from the Superintendency and the SNV for the abovementioned increase.

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 Bank's management is awaiting authorization from the Superintendency and the SNV of the referred increase.

Stock dividends approved at Stockholders' Meetings and pending capitalization are shown below (in bolivars):

<u>Date of Stockholders' Meeting</u>	<u>Type of increase</u>	<u>Amount of increase</u>	<u>Form of increase</u>	<u>Regulators pending authorization</u>
16 September 2020	Stock dividend	115,839	Under restricted surplus	Superintendency and SNV
17 March 2021	Stock dividend	1,171,974	Under undistributed surplus	
		1,000,000	Under restricted surplus	Superintendency and SNV
15 September 2021	<u>Stock dividend</u>	<u>6,950,316</u>	<u>Under restricted surplus</u>	<u>Superintendency and SNV</u>
		<u>9,238,129</u>		

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

	30 June 2022		31 December 2021	
	Number of stock	Participation (%)	Number of stock	Participation (%)
Stockholders -				
Nogueroles García, Jorge Luis	2,821,565,690	9.74	2,821,565,690	9.74
Valores Torre Casa, C.A.	2,219,954,115	7.67	2,219,954,115	7.67
Sociedad Financiera Internacional, Ltd.	1,941,196,525	6.70	1,941,196,525	6.70
Halabi Harb, Anuar	1,749,495,445	6.04	1,749,495,445	6.04
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
Inversiones Clatal, C.A.	893,605,290	3.09	893,605,290	3.09
Corporación Friport, C.A.	853,681,390	2.95	853,681,390	2.95
Osio Montiel, Carmen Inés	751,800,040	2.60	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
Tamayo Degwitz, Carlos Enrique	531,384,430	1.83	531,384,430	1.83
Teleacción A.C., C.A.	518,784,815	1.79	518,784,815	1.79
Somoza Mosquera, David	511,582,535	1.77	511,582,535	1.77
García Arroyo, Sagrario	495,915,025	1.71	495,915,025	1.71
Grupo Ebenezer, C.A.	434,394,750	1.50	434,394,750	1.50
Puig Miret, Jaime	404,436,075	1.40	404,436,075	1.40
Consorcio Toyomarca, S.A.	403,832,335	1.39	403,832,335	1.39
Pembrokepines Investments LLC Sucursal Venezuela	387,436,477	1.34	387,436,477	1.34
Castellana Investments Fund Limited, S.C.C.	379,905,894	1.31	379,905,894	1.31
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
Nogueroles García, María Monsterrat	319,611,405	1.10	319,611,405	1.10
Pivca Promotora de Inversiones y Valores, C.A.	294,796,531	1.02	294,796,531	1.02
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.	265,917,870	0.92	265,917,870	0.92
Benacerraf Herrera, Mercedes Cecilia	224,748,910	0.78	224,748,910	0.78
Other	5,475,744,513	18.89	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>

(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 30 June 2022 and 31 December 2021, capital reserves include Bs28,960 corresponding to legal reserve.

Social Funds for Contingencies

The Banking Sector Law establishes in its Article 47 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.

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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.

As of 30 June 2022 and 31 December 2021, the capital reserves account includes Bs145, respectively, corresponding to the Social Contingency Fund (see note 7).

(c) **Retained Earnings**

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

As of 30 June 2022 and 31 December 2021, the restricted surplus amounts to Bs25,064,630 and Bs9,399,790, respectively. The amounts included in the restricted surplus for this concept will not be available for the payment of cash dividends and can only be used for capital stock increases.

Accumulated loss

During the six-month period ended 31 December 2021, the Bank reclassified Bs1,180,803 from the Bank's operations in Venezuela to the accumulated loss account.

(d) **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:

	30 June 2022		31 December 2021	
	Required (%)	Maintained (%)	Required (%)	Maintained (%)
Stockholders' equity/Assets and contingent operations assessed on the basis of risks	12	44.79%	12	73.68%
Book value of equity /Total assets	9	22.47%	9	23.29%

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.

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(e) Earnings per Share

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

	Semesters ended at	
	30 June 2022	31 December 2021
Outstanding common shares	28,959,650,000	28,959,650,000
Liquidation earning per share	0.0011	0.0001

(24) Transactions and Balances with Related Entity

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

	Notes	30 June 2022	31 December 2021
Assets -			
Cash and dues from banks at BNC International Banking Corporation:			
Banks and correspondents overseas (include US\$7.543.463 and US\$23.710.542, respectively)		41,663,299	129,674,909
Exchange Agreement N° 20 (include US\$3.818 for both semesters)	5 and 14	21,085	17,506
Total assets		<u>41,684,384</u>	<u>129,692,415</u>
Liabilities -			
Customer deposits:			
Latin American Holdings Inc, C.A. (Include US\$587 and US\$435.762, respectively)		5,158,327	2,022,317
Servicios Latin Pagos 2021, C.A. (Include US\$120.623 and US\$1.306, respectively)		823,104	12,225
Transvalor Orinoco, C.A. (include US\$79.338 and €10; and US\$75.326 and €10, respectively)		775,155	832,305
Other financing obtained at BNC International Banking Corporation:			
Demand deposits, non-remunerated (include US\$52.785 and US\$53.650, respectively)	15	291,537	245,982
Total liabilities		<u>7,048,123</u>	<u>3,112,829</u>

(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.

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During the semesters ended 30 June 2022 and 31 December 2021, the Bank recorded Bs997,220 and Bs395,847, 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 30 June 2022 and 31 December 2021, 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 30 June 2022 and 31 December 2021, the Bank recorded Bs3,577,669 and Bs2,101,962, respectively, in the consolidated statements of income and net income allocation.

(27) Contingencies

At 30 June 2022 and 31 December 2021, 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.

(28) Maturities of Assets and Liabilities

A detail of maturities of monetary assets and liabilities at 30 June 2022 is as follows (in bolivars):

	Maturities							Total
	31 December 2022	30 June 2023	31 December 2023	30 June 2024	31 December 2024	30 June 2025	Beyond 30 June 2025	
Assets:								
Cash and due from banks	1,645,051,921	-	-	-	-	-	-	1,645,051,921
Investment securities	-	-	-	-	524	-	75,267,653	75,268,177
Loan portfolio	340,587,056	93,616,258	24,884,717	-	-	-	-	459,088,031
Interest and commissions receivable	467,568	-	-	-	-	-	-	467,568
	<u>1,986,106,545</u>	<u>93,616,258</u>	<u>24,884,717</u>	<u>-</u>	<u>524</u>	<u>-</u>	<u>75,267,653</u>	<u>2,179,875,697</u>
Liabilities:								
Customer deposits	1,870,747,558	-	-	-	-	-	-	1,870,747,558
Other financing obtained	262,600,122	-	-	-	-	-	-	262,600,122
Interest and commissions payable	1,807,241	-	-	-	-	-	-	1,807,241
	<u>2,135,154,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,135,154,921</u>

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(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):

	30 June 2022		31 December 2021	
	Book value	Fair value	Book value	Fair value
Assets -				
Cash and due from banks	1,645,051,921	1,645,051,921	975,013,612	975,013,612
Investment securities	75,268,177	73,800,770	35,294,855	28,255,941
Loan portfolio	445,105,132	445,105,132	182,555,774	182,555,774
Interest and commissions receivable	467,568	467,568	532,627	532,627
Total assets	<u>2,165,892,798</u>	<u>2,164,425,391</u>	<u>1,193,396,868</u>	<u>1,186,357,954</u>
Liabilities -				
Customer deposits	1,870,747,558	1,870,747,558	974,878,925	974,878,925
Other financing obtained	262,600,122	262,600,122	22,899,929	22,899,929
Interest and commissions payable	1,807,241	1,807,241	1,937,261	1,937,261
Total liabilities	<u>2,135,154,921</u>	<u>2,135,154,921</u>	<u>999,716,115</u>	<u>999,716,115</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) *Standards relating to 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, according to which 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 of publication. 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 Higher Entity for the Financial System (hereinafter 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 ending 31 December of the immediately preceding year.

(b) Balance sheet of transfer of assets and absorption of liabilities of Banco Occidental de Descuento, Banco Universal, C.A.

The Bank, in a communication sent on 11 July 2022, informed the Superintendency that as a result of the transfer of assets and assumption of liabilities of Banco Occidental de Descuento, Banco Universal, C.A., a difference arose between said 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 whose counterparts were 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, considering that the Bank transmitted the consolidated financial statements, required the consignment 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 evaluating and reviewing each of the items that make up such difference, agreed to make adjustments mainly related to the increase in the valuation of property, with a credit to the abovementioned account receivable, reducing its balance to US\$3,825,345.

The Superintendency, by means of Official Notice SIB-DSB-CJ-OD-04800 dated 21 July 2022, informed that it has no objection to the proposed adjustments. Regarding the difference to be compensated of US\$3,825,345, a pronouncement will be issued once the definitive proposals are consigned and urges that a proposal to compensate the difference generated be explored and finalized by mutual agreement, being expressly understood that the assets of the trust are excluded from the negotiation.

The Bank, in a communication sent on 27 July 2022, informed that the pertinent 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 compensating it. These compensations of the account receivable reported at 30 June 2022 had no effect on the Bank's results or equity. The Superintendency, by means of Official Notice SIB-DSB-CJ-OD-05287 dated 3 August 2022, informed that it has no observations or objections to make regarding the proposed adjustments. Therefore, the Bank was instructed to submit the draft Addendum to the contract for the transfer of rights and obligations, for evaluation and prior authorization by the Superintendency.

(c) Exchange Rate Variation

In accordance with Exchange Agreement N°1 (see note 6), the exchange rates at 15 August 2022 are Bs 5.9634 per US\$1, Bs 6.1093 per €1 and Bs 0.0014 per COP1, which are higher than those existing at 30 June 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 30 June 2022, causes an effect on the consolidated financial statements of the subsequent reporting period.