

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

**Consolidated Financial  
Statements**

30 June 2023 and  
31 December 2022

With Independent Auditors' Report  
Thereon

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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of Banco Nacional de Crédito, C.A., Banco Universal and its Foreign Branch (the Bank), which comprise the consolidated balance sheets at 30 June 2023 and 31 December 2022, the consolidated statements of income and net income allocation, changes in equity and cash flows for the six-month periods then ended and the notes that contain significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material aspects, the consolidated financial position of the Bank at 30 June 2023 and 31 December 2022, its consolidated financial performance and consolidated cash flows for the six-month periods then ended, all in accordance with the Accounting Manual for Banking Institutions and other prudential regulations issued by the Superintendency of Banking Institutions.

### Basis for our Opinion

We conducted our audits in conformity with International Standards on Auditing (ISA). 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 provision 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 provisions 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 provision, 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 provision.</p> <p>Additionally, a 1% general provision on the loan portfolio's principal balance is required, with the exception of the microcredit portfolio for which, a 2% provision on the principal balance is kept by the Bank. Similarly, the Bank maintains a 0.75% anticyclical provision on the gross balance of the loan portfolio.</p>	<p>Our auditing procedures included, amongst other:</p> <ul style="list-style-type: none"> <li>– Identifying the credit risk management framework and assessing how the Bank's accounting policies align with the standards established by the Superintendency.</li> <li>– Assessing appropriate classification on the basis of the loan portfolio risk, according to the standards issued by the Superintendency.</li> <li>– Testing relevant controls on loan granting, assessing loan conditions, guaranties and terms, amongst others, in compliance with the standards issued by the Superintendency and policies established by the Bank, through the inspection of each loan file.</li> <li>– Obtaining the list of the 500 main Bank debtors and assessing how the different regulations issued by the Superintendency apply to them.</li> <li>– Assessing whether the provision is sufficient on the basis of the guidelines established by the Superintendency in connection with risk assessment.</li> </ul>



**Provision for Loan Portfolio**

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

<b>Key audit matter</b>	<b>How key matter is treated in our audit</b>
<p>The use of certain significant judgments for estimating the provision is a key audit matter due to the underlying complexity of considering all factors that may affect its calculation.</p>	

**Information Technology (IT) associated risks**

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



### **Emphasis of matter**

We draw attention to:

- Note 5 to the consolidated financial statements, which discloses that the Bank is obligated to maintain in the account of the Central Bank of Venezuela (the BCV account) a legal reserve in legal tender (bolivars) corresponding to the total net obligations in domestic and foreign currency. At 30 June 2023 and 31 December 2022, the minimum legal reserve established is 73% of the amount of net local currency obligations, and 31% of the amount of net foreign currency obligations, for both semesters ended 30 June 2023 and 31 December 2022. These obligations on the legal reserve have originated and may continue to represent challenges for the Bank in terms of its monetary liquidity and financial intermediation.
- Note 30(a) to the consolidated financial statements, which discloses that in accordance with Exchange Agreement N° 1 (see note 6 to the consolidated financial statements), the exchange rates at 9 August 2023 are Bs31.16 per US\$1, Bs34.23 per €1 and Bs0.01 per COP1, which are higher than those at 30 June 2023. 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 2023, has a significant impact on the consolidated financial statements of the subsequent reporting period.

Our opinion remains unchanged regarding this matter.

### **Other Matter**

Management is responsible for the other information, comprising the First Half 2023 Report, which includes the consolidated financial statements and our report of independent public accountants. It is expected that the First Half 2023 Report will be available to us after the date of this independent auditors' report.

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

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

Should we, upon reviewing the First Half 2023 Report, come to the conclusion that there is a material misstatement in the report, we are required to communicate the matter to those charged with governance.

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

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



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

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

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

Our objectives are to obtain reasonable assurance as to the whether the consolidated financial statements as a whole, are free of material misstatement due to fraud or error and, to issue an independent auditors' report that includes our opinion thereon. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISA 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 NIA, we exercise our professional judgment and maintain professional skepticism during the entire audit. In addition:

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



- We obtain sufficient appropriate evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We are solely responsible for our audit opinion.

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

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

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

#### **Ostos Velázquez & Asociados**

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

11 August 2023  
Caracas, Venezuela



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

Consolidated balance sheets

30 June 2023 and 31 December 2022

(In bolivars)

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>ASSETS</b>			
CASH AND DUE FROM BANKS	5	9,316,795,786	3,634,902,385
Cash		6,280,834,067	2,879,958,744
Central Bank of Venezuela		1,486,136,104	200,063,269
Domestic banks and other financial institutions		310,184	424,886
Foreign banks and correspondents	24	1,548,814,934	554,318,486
Immediate collection effects		700,497	137,000
Provision for cash and due for banks		-	-
INVESTMENT SECURITIES	7	427,486,149	1,672,688,039
Placements in the Central Bank of Venezuela and interbank operations		2,000,000	1,400,859,000
Trading securities		-	-
Investments in available for sale securities		38,246,126	24,251,632
Held to maturity investment securities		98,383,675	53,730,281
Restricted availability investments		288,856,348	193,847,126
Other investment securities		-	-
Provision for investment securities		-	-
LOAN PORTFOLIO	8	3,882,641,773	2,011,982,530
Current		3,960,795,438	2,011,434,704
Restructured		-	51,070,604
Overdue		23,838,876	8,666,508
Loans in litigation		-	-
Provision for loan portfolio		(101,992,541)	(59,189,286)
INTERESTS AND COMMISSIONS RECEIVABLE	9	2,989,354	9,075,646
Accrued interests receivable from cash and due from banks		-	-
Accrued interests receivable from investment securities		107,517,076	67,773,525
Accrued interests receivable from loan portfolio		4,659,464	3,385,180
Commissions receivable		321,483	80,008
Provision for interests receivable and others		(109,508,669)	(62,163,067)
INVESTMENT IN SUBSIDIARIES, AFFILIATES AND BRANCHES	10	175,835,721	111,744,540
REALIZABLE ASSETS	11	3,021,217	8,381,031
FIXED ASSETS	12	715,568,434	597,942,151
OTHER ASSETS	13	1,770,654,671	872,935,031
TOTAL ASSETS		<u>16,294,993,105</u>	<u>8,919,651,353</u>
MEMORANDUM ACCOUNTS			
Contingent accounts receivable	22	4,327,207	4,513,210
Trust fund assets	22(a)	461,165,020	405,577,966
Accounts receivable for other trust orders	22(b)	111,336	38,268
Other memorandum accounts receivable	22	9,817,002,552	5,221,046,308
		<u>10,282,606,115</u>	<u>5,631,175,752</u>

The accompanying notes 1 through 30 are an integral part of these consolidated financial statements.

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

Consolidated Balance Sheets, continuation

30 June 2023 and 31 December 2022

(In bolivars)

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>LIABILITIES</b>			
CUSTOMERS' DEPOSITS	14	9,766,521,547	5,416,073,941
Sight deposits -		8,680,446,861	4,816,075,715
Non-interest bearing checking accounts		1,704,242,236	809,819,393
Checking accounts as per the Exchange Market System of Free Convertibility		5,748,862,053	3,492,943,563
Interest-bearing checking accounts		148,239,765	113,479,793
Checking accounts as per exchange agreement N° 20		456,224,791	303,861,949
Certificates and sight deposits		615,253,964	95,971,017
Special trust funds		7,624,052	-
Other demand obligations		7,473,032	3,733,388
Saving deposits		895,313,480	486,495,010
Time deposits		183,288,174	109,769,828
Restricted customers' deposits		-	-
DEPOSITS AND OBLIGATIONS NATIONAL BANK OF HOUSING AND HABITAT		-	-
OTHER FINANCING OBTAINED	15	804,129,523	164,721,085
Obligations with domestic financial institutions due within one year		802,680,321	145,697,217
Obligations with foreign financial institutions due within one year		1,449,202	19,023,868
OTHER FINANCIAL INTERMEDIATION OBLIGATIONS		-	-
INTERESTS AND COMMISSIONS PAYABLE	16	18,836,501	3,054,074
Accrued expenses payable for customers' deposits		11,341,094	1,859,067
Accrued expenses for other borrowings		7,495,407	1,195,007
ACCRUALS AND OTHER LIABILITIES	17	1,565,514,210	901,788,781
TOTAL LIABILITIES		12,155,001,781	6,485,637,881
<b>STOCKHOLDERS' EQUITY</b>			
CAPITAL STOCK	23	128,959,650	28,959,650
UNCAPITALIZED EQUITY CONTRIBUTIONS	23	-	82,816,267
CAPITAL RESERVES	23	129,749,709	29,104,911
EQUITY ADJUSTMENTS	23	3,090,531,791	2,058,219,015
ACCUMULATED INCOME		795,555,414	237,394,273
UNREALIZED INCOME (LOSS) IN AVAILABLE-FOR-SALE INVESTMENT SECURITIES	7	(4,805,240)	(2,480,644)
TOTAL STOCKHOLDERS' EQUITY		4,139,991,324	2,434,013,472
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		16,294,993,105	8,919,651,353

The accompanying notes 1 through 30 are an integral part of these consolidated financial statements.

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

Consolidated Statements of Income and Net Income Allocation

Semesters ended 30 June 2023 and 31 December 2022

(In bolivars)

	Notes	Semesters ended	
		30 June 2023	31 December 2022
FINANCIAL INCOME		1,364,839,088	433,442,570
Income from cash and due from banks	5	2,322,764	808,428
Income from investment securities	7	49,995,213	13,464,144
Income from loan portfolio	8	1,307,950,643	413,996,733
Income from other accounts receivable	14	4,570,468	5,173,265
Other financial income		-	-
FINANCIAL EXPENSES		(379,262,640)	(129,848,112)
Expenses on customers' deposits		(138,468,473)	(54,904,092)
Expenses on deposits and obligations National Bank of Housing and Habitat		-	-
Expenses on other borrowings	15	(165,035,798)	(51,397,503)
Other financial expenses	5	(75,758,369)	(23,546,517)
Expenses on other financial intermediation obligations		-	-
GROSS FINANCIAL MARGIN		985,576,448	303,594,458
INCOME FROM RECOVERY OF FINANCIAL ASSETS	8	4,985	6
ALLOWANCE FOR UNCOLLECTIBLE AND DEVALUATED FINANCIAL ASSETS		(42,595,322)	(36,906,293)
Expenses on uncollectible loans and other accounts receivable	8 and 9	(42,595,322)	(36,906,293)
Creation of allowance and adjustments of cash and due from banks		-	-
NET FINANCIAL MARGIN		942,986,111	266,688,171
OTHER OPERATING INCOME	19	1,009,820,509	434,319,494
OTHER OPERATING EXPENSES	20	(92,352,702)	(37,487,810)
FINANCIAL INTERMEDIATION MARGIN		1,860,453,918	663,519,855
OPERATING EXPENSES		(962,541,782)	(450,449,061)
Personnel expenses		(235,807,997)	(89,641,268)
General and administrative expenses	21	(692,120,863)	(348,380,656)
Contributions to Fund of Deposits Guarantees and Banking Protection	25	(8,485,901)	(3,765,983)
Contributions to the Superintendence of Institutions from the Banking System	26	(26,127,021)	(8,661,154)
GROSS OPERATING MARGIN		897,912,136	213,070,794
INCOME FROM REALIZABLE ASSETS	11	-	-
VARIOUS OPERATING INCOME		2,816,501	1,553,033
EXPENSES FROM REALIZABLE ASSETS	11	(10,464,504)	(6,564,420)
VARIOUS OPERATING EXPENSES	20	(48,079,166)	(7,496,313)
NET OPERATING MARGIN		842,184,967	200,563,094
EXTRAORDINARY INCOME	12	86,052,639	68,065,345
EXTRAORDINARY EXPENSES		(4,230,626)	(857,379)
GROSS INCOME BEFORE INCOME TAXES		924,006,980	267,771,060
NET WORTH TAX	18	(8,634,976)	(1,166,420)
INCOME TAX	18	(161,441,969)	(44,431,429)
NET INCOME		753,930,035	222,173,211
NET INCOME ALLOCATION			
Legal reserve		100,000,000	28,930,690
Accumulated income		653,930,035	193,242,521
LOD contribution	20	8,450,000	2,045,350

The accompanying notes 1 through 30 are an integral part of these consolidated financial statements.

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

 Consolidated Statements of Changes in Equity  
 Semesters ended 30 June 2023 and 31 December 2022  
 (In bolivars)

	Notes	Adjustments to stockholder's equity											Unrealized profit or loss in available for sale investment securities (see note 7)	Total stockholders' equity
		Paid-in capital stock	Equity Contributions Not Capitalized	Capital reserves	Income or loss from exchange variation for holding of assets and liabilities in foreign currency	Variation of commercial credits granted through UVC (see note 8)	Total	Accumulated income						
								Surplus pending allocation	Restricted surplus	Undistributed surplus	Accrued loss	Total		
Balances at 30 June 2022		28,960	-	29,423	518,858,322	60,459,717	579,318,039	25,053,014	25,064,630	6,480,217	(1,180,805)	55,417,056	(2,809)	634,790,669
Adjustments of investment securities available for sale at fair market value	7	-	-	-	-	-	-	-	-	-	-	-	(2,477,835)	(2,477,835)
Income from net exchange variation	23	-	-	-	958,050,516	-	958,050,516	-	-	-	-	-	-	958,050,516
Income from variation of commercial loan capital granted by means of UVC	8	-	-	-	-	816,559,839	816,559,839	-	-	-	-	-	-	816,559,839
Allocation with charge to income of the benefits generated by increase in variations of credits collected and granted through UVC	8	-	-	-	-	(277,899,195)	(277,899,195)	-	-	-	-	-	-	(277,899,195)
Increase in capital stock	23	28,930,690	-	-	(17,810,184)	(17,810,184)	(3,054,351)	(8,066,155)	-	-	-	(11,120,506)	-	-
Equity contributions pending capitalization	23	-	82,816,267	-	-	-	-	-	-	-	-	-	-	82,816,267
Net result for the semester		-	-	-	-	-	222,173,211	-	-	-	-	222,173,211	-	222,173,211
Increase in legal reserve	23	-	-	28,930,690	-	-	(28,930,690)	-	-	-	-	(28,930,690)	-	-
Social Fund for Contingencies	23	-	-	144,798	-	-	(144,798)	-	-	-	-	(144,798)	-	-
Reclassification for net income from the Curacao Branch	10	-	-	-	-	-	(10,515,298)	-	10,515,298	-	-	-	-	-
Reclassification of net income														
Net income from investments in subsidiaries and affiliates	10 and 23	-	-	-	-	-	(61,347,882)	-	61,347,882	-	-	-	-	-
Reclassification to restricted surplus of 50% of the semester		-	-	-	-	-	(60,689,670)	60,689,670	-	-	-	-	-	-
Balances at 31 December 2022		28,959,650	82,816,267	29,104,911	1,459,098,654	599,120,361	2,058,219,015	82,543,536	77,688,145	78,343,397	(1,180,805)	237,394,273	(2,480,644)	2,434,013,472
Adjustments of investment securities available for sale at fair market value	7	-	-	-	-	-	-	-	-	-	-	-	(2,324,596)	(2,324,596)
Income from net exchange variation	23	-	-	-	1,046,488,636	-	1,046,488,636	-	-	-	-	-	-	1,046,488,636
Income from variation of commercial loan capital granted by means of UVC	8	-	-	-	-	706,465,536	706,465,536	-	-	-	-	-	-	706,465,536
Allocation with charge to income of the benefits generated by increase in variations of credits collected and granted through UVC	8	-	-	-	-	(782,859,898)	(782,859,898)	-	-	-	-	-	-	(782,859,898)
Equity contributions pending capitalization	23	-	17,183,733	-	-	-	-	-	-	-	-	-	-	17,183,733
Increase in capital stock	23	100,000,000	(100,000,000)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared	17 and 23	-	-	-	-	-	(67,872,630)	-	-	-	-	(67,872,630)	-	(67,872,630)
Net result for the semester		-	-	-	-	-	753,930,035	-	-	-	-	753,930,035	-	753,930,035
Increase in legal reserve	23	-	-	100,000,000	-	-	(100,000,000)	-	-	-	-	(100,000,000)	-	-
Social Fund for Contingencies	23	-	-	644,798	-	-	(644,798)	-	-	-	-	(644,798)	-	-
Reclassification for net income from the Curacao Branch	10	-	-	-	-	-	(8,771,288)	-	8,771,288	-	-	-	-	-
Reclassification of net income to net income from investments in subsidiaries and affiliates	10 and 23	-	-	-	62,218,502	-	62,218,502	(74,455,394)	108,551,809	(61,347,881)	-	(27,251,466)	-	34,967,036
Recognition of dividends declared Consorcio Credicard, C. A.	10	-	-	-	-	-	29,705,464	(29,705,464)	-	-	-	-	-	-
Reclassification to restricted surplus of 50% of the semester		-	-	-	-	-	(285,351,676)	285,351,676	-	-	-	-	-	-
Balances at 30 June 2023		128,959,650	-	129,749,709	2,567,805,792	522,725,999	3,090,531,791	329,083,249	441,886,166	25,766,804	(1,180,805)	795,555,414	(4,805,240)	4,139,991,324

The accompanying notes 1 through 30 are an integral part of these consolidated financial statements.

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

Consolidated Statements of Cash Flows

Semesters ended 30 June 2023 and 31 December 2022

(In bolivars)

	Notes	Semesters ended	
		30 June 2023	31 December 2022
Cash flows from operating activities:			
Net income for the period		753,930,035	222,173,211
Adjustments to reconcile net income to net cash used in operating activities:			
Income from amortization of rebates in held-to-maturity investments	7 and 19	10,624,732	(3,846,687)
Provision for loan portfolio	8	34,243,129	33,623,647
Interests and commissions receivable	9	8,352,193	3,282,646
Allowance for other assets	13	100,000	85,856
Depreciation of fixed assets	12	16,319,568	28,691,867
Amortization of deferred charges	13	16,831,091	8,583,715
Amortization of realizable assets	11	10,404,632	6,495,048
Provision for labor indemnities		20,602,249	7,081,194
Current income tax		149,113,103	47,703,966
Deferred income tax assets		1,681,985	(4,699,819)
Deferred income tax liabilities		14,010,850	1,427,282
Net worth tax		8,634,976	1,166,420
Net variation of placements in the BCV and inter-bank operations		1,398,859,000	(1,400,859,000)
Interests and commissions receivable		2,278,320	(11,214,237)
Other assets		(746,923,518)	(212,391,226)
Accruals and other liabilities		184,873,788	165,822,907
Unrealized income in available-for-sale securities		(2,324,596)	(2,477,835)
Net cash provided by (used in) operating activities		<u>1,881,611,537</u>	<u>(1,109,351,045)</u>
Cash flows from financing activities:			
Net variation of:			
Customers' deposits		4,170,614,402	3,330,520,982
Other financing obtained		633,972,790	(105,812,903)
Interests and commissions payable		15,782,427	1,246,833
Equity contributions not capitalized		(50,688,897)	82,816,267
Net cash provided by financing activities		<u>4,769,680,722</u>	<u>3,308,771,179</u>
Cash flows from investment activities:			
Loans granted in the semester		(3,536,145,178)	(2,019,456,001)
Loans collected in the semester		1,555,434,921	1,062,363,313
Net variation of:			
Available-for-sale investment securities		(13,994,494)	(24,251,034)
Held-to-maturity investment securities		(55,278,126)	(35,305,976)
Restricted availability investments		(113,016,462)	235,457,783
Investments in subsidiaries		110,649,592	99,219,582
Realizable assets		(5,044,818)	(10,166,382)
Fixed assets		(133,945,851)	(224,349,787)
Net cash used in investing activities		<u>(2,191,340,416)</u>	<u>(916,488,502)</u>
Net variation in cash and due from banks		4,459,951,843	1,282,931,632
Income from exchange difference		1,221,941,558	706,918,832
Cash and due from banks at the beginning of the semester		<u>3,634,902,385</u>	<u>1,645,051,921</u>
Cash and due from banks at the end of the semester		<u><u>9,316,795,786</u></u>	<u><u>3,634,902,385</u></u>
Supplementary information on activities which do not require cash flows:			
Loan write-offs	8	(2,148,969)	(209,847)
Other assets write-offs	13	(85,856)	(2,287,880)
Variation in unrealized net losses in investment securities available for sale		(2,324,596)	(2,477,835)
Decrease (increase) for valuation of trade credits receivable granted through UVC		706,465,536	816,559,839
Increase (decrease) from collection of trade credits receivable granted through UVC		(782,859,898)	(277,899,195)
Cash and due from banks		1,221,941,558	706,918,832
Investment securities		(18,007,240)	368,614,948
Loan portfolio		-	104,747,713
Interests and commissions receivable		5,130,698	676,487
Investment in affiliates		174,740,773	161,828,626
Other assets		169,409,198	157,443,640
Customer deposits		(179,833,204)	(214,805,401)
Other financing obtained		(5,435,648)	(7,933,866)
Accruals and other liabilities		(286,490,463)	(319,440,463)
Net income recorded in equity		<u>1,081,455,672</u>	<u>958,050,516</u>

The accompanying notes 1 through 30 are an integral part of these consolidated financial statements.

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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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

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

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

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

At 30 June 2023 and 31 December 2022, the Bank maintains 3,406 and 3,209 employees, respectively.

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

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

#### **Curaçao Branch**

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

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

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

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

- The Bank Deposits Social Protection Fund (FOGADE).
- The Centrale Bank van Curaçao & Sint Maarten.

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

**(c) Acquisition of Banking Operations**

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

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

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

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

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

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

The Bank, in a communication sent on 27 July 2022, informed that the relevant adjustments were made, which included the increase in the valuation of investments in affiliated companies and certain real estate assets, with a credit to the account receivable in comments, fully offsetting it. These offsets to the account receivable reported at 30 June 2022 had no effect on the Bank's results or equity. The Superintendency, by means of Official Letter SIB-DSB-CJ-OD-05287 dated

3 August 2022, informed that it has no observations or objections to make in relation to the proposed adjustments. Therefore, the Bank was instructed to submit the proposed Addendum to the contract for the transfer of rights and obligations, for assessment and prior authorization by the Superintendency. On 4 August 2022, the Bank submitted the proposed Addendum to the Superintendency for consideration.

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

## **(2) Basis of Preparation**

### **(a) Statement of Conformity**

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

In April 2008, the Federation of Public Accountants of the Bolivarian Republic of Venezuela (FCCPV), through Application Bulletin on VEN-NIF N° 0 Frame Agreement for Adopting International Financial Reporting Standards, approved the adoption of the VEN-NIF as the Accounting Principles Generally Accepted in Venezuela. At 30 June 2023 and 31 December 2022, the applicable version of VEN-NIF is the version approved in February of 2020 by the National Extended Directory of the FCCPV, through Application Bulletin on VEN-NIF N° 8 version 7 Accounting Principles Generally Accepted in Venezuela (VEN-NIF).

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

The Superintendency issued Official Communication SIB-II-GGR-GNP-00818 dated 10 February 2022, deferring the presentation of complementary information corresponding to the 2022 second semester closing, in connection with the consolidated or combined financial statements, prepared on the basis of accounting principles generally accepted, as well as the individual audited financial statements for publishing, duly adjusted by inflation.

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

- 1) The presentation of the consolidated financial statements adjusted by inflation as basic is not contemplated, these effects refer to the age of certain assets, to the stockholders' investments and to the net average monetary position maintained by the Bank. The VEN-NIF for LE require recognition of the effects of inflation in the consolidated financial statements.



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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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- 2) As for the statements of cash flows, the Bank considers as cash equivalents the cash and due from banks item. The VEN-NIF for LE consider as cash equivalent short-term investments with high liquidity, which are easily convertible into determined amounts of cash, subject to insignificant risk of change in value, and with maturities lesser than 90 days.
- 3) Provisions 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 provision recorded, since they are aged over 180 days. VEN-NIF LE do not contemplate the recognition of an provision for impairment based on the specific age but based on the risk of loss.
- 4) Accounts receivable from banks and other financial institutions in the country, and from banks and correspondents abroad, aged over 30 and 60 days, respectively, are recorded in the other assets account; these are 100% provided for 30 and 60 days after their recording, respectively, if they are still pending reconciliation. VEN-NIF LE do not include reclassifications of accounts receivable pending recording, nor their provision based on their maturity.
- 5) Maximum holding periods are established for securities recorded in the subaccounts of investments for trading and available-for-sale, except those issued and/or guaranteed by the nation, as well as all those capital securities in the reciprocal guarantee companies. The VEN-NIF LE do not contemplate any time limitation for these investments to remain recorded in such categories.
- 6) The premium or discount on investments held to maturity is amortized over the term of the security with a charge or credit to the gain or loss on investments securities account, in the other operating income and other operating expenses accounts, respectively. In accordance with VEN-NIF LE, these premiums or discounts are part of the yield of the security and are therefore presented as part of financial income.
- 7) Gains or losses generated by variations in the official exchange rate are recorded in the adjustments to equity account, forming part of equity. In accordance with VEN-NIF LE, gains or losses are recognized in the consolidated statement of income for the period.
- 8) Balances and transactions in foreign currency must be valued at the current official exchange rate of the BCV at 30 June 2023 and 31 December 2022 and transactions are recorded at the exchange rate in effect on the transaction date. The assets, liabilities and stockholders' equity of the Branch abroad are translated at the current exchange rate. Income statements are translated at the average official exchange rate for the six-month period. 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.

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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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- 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) Loans granted in terms of the Unit of Credit Value (UVC) are expressed in accordance with the provisions of the BCV, resulting from dividing the amount in bolivars to be settled of the loan granted by the Investment Index (IDI) in effect at that date, and the IDI is updated daily by adjusting the amount of the loan. The higher value of the loan originated by the exchange rate displacement represented by the IDI is recorded in equity during its valuation, net of the financial cost of the legal reserve deficit attributable to such income and is reclassified to income when the corresponding loans are collected. In accordance with VEN-NIF LE, income is recognized in the results of operations when accrued.
- 13) 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 provisions and establish the recognition of impairment and uncollectibility of loans only if there is objective evidence of impairment resulting from one or more events occurring after the initial recognition of the asset. That event causes an effect on the estimated future cash flows of receivables, provided that it can be reliably estimated. This value is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.
- 14) It is established that loans which original payment plan, term and other previously agreed terms have been modified by the creditor, in response to an express request by the debtor to refinance the loan, must be reclassified to the restructured loans portfolio account. VEN-NIF LE does not establish accounting criteria in this regard.
- 15) 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, provisions are recorded based on the risk of uncollectibility.
- 16) 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.

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

### Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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- 17) When there are excess provisions, the difference is recognized as income and/or the accumulated results are affected, with the prior authorization of the Superintendency. VEN-NIF LE allows the reversal of provisions based on an analysis of the realization of the item.
- 18) 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.
- 19) 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, provisions 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.
- 20) An provision 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 provisions for impairment based on maturity.
- 21) 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.
- 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) 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. Furthermore, assets with a useful life of less than four years and those which acquisition cost is less than 320 TU should be recorded in the general and administrative expenses account. In accordance with VEN-NIF LE, property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses; the recognition of an item as 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.

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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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- 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) Leases are classified as capital leases and operating leases. Furthermore, lease payments are recorded as expenses in the month in which the obligation corresponds. In accordance with VEN-NIF LE, leases must be recognized as a financial asset and liability, each lease contract, which conveys the right to control the use of an identified asset, except for contracts that are short-term or of a lesser amount.
- 28) 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 provision for impairment is determined based on the risk of loss of the items.
- 29) Minimum terms and criteria similar to those prescribed for the loan portfolio are established in the evaluation of the collectability of the items presented as other assets, in order to establish the corresponding provision. These assets may remain on the balance sheet for one year after their maturity date, after which time a 100% provision 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 provision for impairment is determined based on the risk of loss of such items.
- 30) In the case of deferred income tax for the determination of the temporary difference generated by the provision for loan portfolio, only provisions 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.
- 31) Investments in subsidiaries and affiliates are accounted for by the equity method when the Company owns between 20% and 50% of the equity of the subsidiary or affiliate. In accordance with VEN-NIF GE, such investment will be recorded by the equity method as long as it has significant influence but not control over such entity.
- 32) Revenues from the sale of fixed assets, realizable assets and property, fixed assets out of use that are made in installments and/or with financing, must be deferred until they are effectively collected and are presented in the accruals and other liabilities account as deferred gains on sales of goods. According to VEN-NIF LE, revenues from the sale of assets held for sale are recognized as income when accrued.

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

The consolidated balance sheets at 30 June 2023 and 31 December 2022 and the consolidated statements of income and net income allocation, previously authorized by the Board of Directors on 12 July and 11 January 2023, were published in a national newspaper on 15 July and 13 January 2023, respectively, in compliance of the requirements established by the Superintendency. On 9 July 2023, management authorized issuance of the consolidated financial statements, which in addition to the abovementioned, are comprised by the consolidated statements of changes in equity and cash flows for the semesters then ended and the notes containing significant accounting

policies and other explanatory information. The consolidated financial statements at and for the semester ended 31 December 2022, have been approved by the Stockholders' Meeting on 22 March 2023. The consolidated financial statements at and for the year ended 30 June 2023, will be submitted to the approval of the Stockholders' Meeting which is expected to be held in September 2023.

**(c) Basis of Measurement**

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

**(d) Functional and Presentation Currency**

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

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

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

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

Information on the most significant areas requiring the application of estimated and a critical judgment in the application of accounting policies, having a significant effect on the value recognized in the consolidated financial statements, are described in note 3: (b) cash and cash equivalents; (c) investment securities; (d) loan portfolio; (e) interest and commissions receivable; (f) realizable assets; (g) fixed assets and depreciation; (h) other assets; (i) Income tax and deferred income tax and (j) provisions for labor-related indemnities.

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

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

▪ Short-term financial instruments

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

▪ Investment securities

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

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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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- Loan portfolio  
  
The net recorded value of the provisions for loan portfolio are considered the best fair value estimate.
- Off-balance sheet financial instruments  
  
Amounts are close to fair values.

### **(3) Significant Accounting Policies**

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

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

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

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

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

#### **(b) Cash and Due From Banks**

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

#### **(c) Investment Securities**

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

- Placements in the Central Bank of Venezuela and inter-banking operations, which include the placements in excess in BCV and overnight obligations.  
  
Investment securities are valued at realization value. For investment securities issued by financial institutions according to the Law of Banking Institutions and the BCV, the realization value is their cost or nominal value. Income or losses are recorded at the transaction date.
- Available-for-sale securities, investments in debt and principal securities that may not be included as trading securities or held-to-maturity securities or investments in subsidiaries and affiliates and may not be held in this account for a term greater than one year, beginning on the date of inclusion into this account.

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

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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 basis.

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

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

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

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

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

- From held-to-maturity investment securities to available-for-sale securities. Fair value is calculated at the time of transfer, the unrealized gain or loss at the date of transfer is recognized, and the net balance is presented separately in equity.

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

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

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

The Superintendency will authorize exchanges and other transactions involving changes in securities or financial instruments denominated in foreign currency, and the financial institution must attach to the request for authorization, the supports evidencing the fair market value or book value, as applicable, together with the approval of the committee, or whoever corresponds, among others. During the semesters ended 30 June 2023 and 31 December 2022, the Bank did not carry out any exchange transactions of securities or financial instruments denominated in foreign currency.

**(d) Loan Portfolio**

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

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

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

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

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

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



The Bank carries out a monthly assessment of its loan portfolio and possible contingencies to determine and create a specific provision 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 Provisions” dated 28 November 1997.
- Resolution N° 028.13 dated 18 March 2013, Standards Related to the Special Regime of Information Requirements and Constitution of Provisions for the Risk Coverage of the Agricultural Portfolio.
- Resolution N° 021.18 dated 5 April 2018, Standards Related to the Characteristics and Risk Classification of the Microfinance System and Small and Medium Entities.

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

The Bank maintains an provision of 100% of the portfolio unmoved, which is composed by the portfolio due and under litigation. This provision is applicable when the sum of the specific provisions and the generic provision 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 provision of 100% must have been created.

Regarding contingent memorandum accounts arising from guarantees granted, a 1% generic provision must be created, as well as a specific provision 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 provision based on the specific provision 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.

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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, a provision of 100% is required. Interest in arrears collected after said term is recorded in the memorandum account.

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

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

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

### **(f) Realizable Assets**

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

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

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

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

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

### **(g) Fixed Assets and Depreciation**

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

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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
Computer equipment	4
Furniture and equipment	10
Equipment for transportation	<u>5</u>

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

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

### **(h) Other Assets**

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

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

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

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

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

### **(i) Income Tax**

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

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

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

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

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

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

**(j) Labor Benefits**

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

**Accrual for severance indemnities**

The Bank accrues and transfers monthly to a trust on behalf of each employee, as a guarantee of social benefits, the equivalent of 15 days of salary, up to a total of 60 days per year of service, calculated based on the last salary earned by the employee at the end of each quarter. Additionally, as from the second year of service, the Bank accrues to each employee two additional days per year of service or fraction greater than six months, cumulative up to a maximum of 30 days. During the semesters ended 30 June 2023 and 31 December 2022, the Bank determined the effect of the retroactivity scheme through a non-actuarial calculation, which consisted in the determination of the social benefits in accordance with Article 142 (b) of the Organic Tax Law, recognizing additional expenses and liabilities for the employees which calculation was greater than the accrued social benefits guarantee.

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

**Profit-sharing**

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

**Vacations and vacation bonus**

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

**(k) Financial Income**

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

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

**(l) Financial Expenses**

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

**(m) Investments in Subsidiaries, Affiliates and Branches**

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

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

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

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

**(n) Trust Assets**

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

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

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

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

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

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

**(p) Net Income per Share**

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

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

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

**(r) Commitments and Contingencies**

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

**(4) Risk Management**

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

- **Credit Risk:** The Bank assumes the credit risk exposure as the risk of a counterparty being incapable of paying debts entirely upon maturity. Credit risk exposure is monitored by the Bank by means of a regular analysis of the borrower's payment capability. The Bank structures the credit risk level placing limits in relation to a borrower or group of borrowers.

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- **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.

- **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 2023 and 31 December 2022, the Bank does not maintain hedging instruments that allow minimizing the abovementioned risks. Management's overall risk management focuses on the unpredictable nature of financial markets and seeks to minimize potential adverse effects on the Bank's financial performance.

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### (5) Cash and cash equivalents

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

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Notes and coins:			
National		199,462,762	134,468,173
Foreign (including US\$208,616,243, €5,605,647 and COP360,617,000; and US\$144,603,809, €10,183,643 and COP50,000, respectively)	6 and 24	6,003,412,877	2,712,554,455
Foreign notes and coins acquired in transactions as per Foreign Exchange Market System of Free Convertibility (including US\$2,666,682 and €112,621; and US\$1,768,572 and €111,697, respectively)	6	77,958,428	32,936,116
		<u>6,280,834,067</u>	<u>2,879,958,744</u>

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Legal reserve		1,376,043,727	-
Foreign notes and coins in custody of the BCV (Including US\$3,904,161 at 30 June 2023 and €30, for both semesters)	6	109,107,375	559
Other deposits in the BCV (US\$21,000, for both semesters)	6	586,870	366,351
Sight deposits		398,132	199,696,359
		<u>1,486,136,104</u>	<u>200,063,269</u>

#### *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 2023 and 31 December 2022, the minimum legal reserve requirement is 73% of the amount of net obligations in local currency, and 31% of the amount of net obligations in foreign currency, for both semesters. These legal reserve obligations have caused and may continue to cause challenges for the Bank in its monetary liquidity and financial intermediation.

A detail of the legal reserve at the date of the financial statements follows (in bolivars):

	<b>30 June 2023</b>	<b>31 December 2022</b>
Legal reserve maintained	1,376,043,727	-
Legal reserve required -		
Theoretical	1,925,822,848	1,018,438,839
Deductions in conformity with the provisions of the BCV	(549,779,121)	(1,033,074,941)
Legal reserve required, net of deductions	<u>1,376,043,727</u>	<u>(14,636,102)</u>
Surplus (deficit) of the legal reserve	<u>-</u>	<u>14,636,102</u>



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A detail of deductions applied to the requirements of the legal reserve in conformity with the provisions of the BCV in notifications and resolutions follows (in bolivars):

		<b>30 June 2023</b>	<b>31 December 2022</b>
Bank intervention	(a)	289,813,859	805,772,685
Deficit interests	(b)	257,965,262	182,222,256
Cash in BCV headquarters	(c)	-	38,500,000
Hedging securities	(d)	2,000,000	6,580,000
		<u>549,779,121</u>	<u>1,033,074,941</u>

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

#### *Interests to the BCV*

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded the amounts of Bs75,743,006 and Bs23,079,499, 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 2023 and 31 December 2022, the Bank maintains Bs1,548,814,934 (including US\$44,298,355 and €10,192,016) and Bs554,318,486 (including US\$25,621,297 and €5,756,716), respectively, in Banks and correspondents abroad. It also includes the amount of US\$3,818, in both six-month periods, equivalent to Bs106,688 and Bs66,600, 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).

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recognized interest income of Bs2,322,764 and Bs808,428, respectively, recorded in the interest income from cash and cash equivalents account in the consolidated statements of income and net income allocation, as a result of the yields obtained from deposits in foreign correspondent banks.

On 5 September 2019, the BCV issued Resolution N° 19-09-03, which establishes that when the BCV deems it pertinent, it may carry out foreign currency sale transactions to financial institutions by debiting the single account held by such financial institutions with the BCV for the amount of bolivars equivalent to the foreign currency sold by the BCV. Likewise, the total foreign currency position sold must be used in foreign currency purchase and sale operations integrated to the Foreign Exchange Market System, to its private sector clients at the official exchange rate in effect on the date of the transaction, except for those

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that integrate the banking and stock market sectors. The amount in bolivars equivalent to the amount of the exchange intervention will be deducted from the amount of the legal reserve from the date of the transaction until the last day of the following week. Additionally, this Resolution establishes that in the event that the banking institutions do not manage to apply all the foreign currency sold that was liquidated as a result of the foreign exchange intervention, the balance not applied in purchase and sale operations will not be subject to the deduction of the legal reserve fund for the following week. At 30 June 2023 and 31 December 2022, the Bank maintains bills for Bs109,107,375 (US\$3,904,194) and Bs559 (US\$32) respectively, under custody of the BCV, which are sold to customers through this mechanism, which in turn are part of the public deposits included in the current accounts according to the Free Convertibility Exchange Market System. Also, during the semesters ended 30 June 2023 and 31 December 2022, the Bank charged its customers commissions for exchange intervention operations and transfer of banknotes to customers for Bs15,893,340 and Bs11,488,368, respectively, which are included in the other operating income account in the consolidated statements of income and net income allocation (see note 19).

### *Bills for immediate collection*

At 30 June 2023 and 31 December 2022, the account of immediately collectible bills of exchange for Bs700,497 and Bs137,000, respectively, corresponds to clearing house operations in charge of the BCV and other banks.

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

At 30 June 2023 and 31 December 2022, valued its assets, liabilities and memorandum accounts in foreign currency at the exchange rates in effect at those dates, corresponding to the weighted average of the transactions traded in the Foreign Exchange Market System, in accordance with Exchange Agreement N° 1 dated September 2018, as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Bolivars per US\$1	27.9462	17.4453
Bolivars per €1	30.4988	18.6473
Bolivars per COP1	0.0067	0.0036

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

		<b>Semesters ended</b>	
	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Other operating income -			
Income from exchange difference	19	<u>1,720,848</u>	<u>895,170</u>
Other operating expenses -			
Loss from exchange difference	20	<u>1,271,385</u>	<u>690,477</u>

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

	30 June 2023			31 December 2022		
	US\$	€	COP	US\$	€	COP
<b>Assets -</b>						
Cash and due from banks	259,454,590	15,910,313	360,617,000	172,014,678	16,052,086	50,000
Investment securities	15,219,222	-	-	95,581,708	-	-
Loan portfolio	18,181,868	-	-	24,716,710	-	-
Provision for loan portfolio	(1,085,509)	-	-	(1,076,318)	-	-
Interests and commissions receivable	4,007,478	-	-	4,074,703	-	-
Provision for returns receivable	(3,918,165)	-	-	(3,562,957)	-	-
Investments in subsidiaries, affiliates and branches	-	97,965	-	-	97,966	-
Realizable assets	108,109	-	-	480,418	-	-
Fixed assets	19,605	-	-	24,520	-	-
Other assets	24,369,000	353,032	-	9,905,668	941,268	-
Provision for other assets	(445,700)	-	-	-	-	-
<b>Total long position</b>	<b>315,910,498</b>	<b>16,361,310</b>	<b>360,617,000</b>	<b>302,159,130</b>	<b>17,091,320</b>	<b>50,000</b>
<b>Liabilities -</b>						
Customers' deposits	230,529,401	11,878,620	360,617,000	226,297,101	10,614,341	50,000
Other financing obtained	51,857	-	-	1,090,486	-	-
Interests and commissions payable	26,158	-	-	35,872	-	-
Accruals and other liabilities	28,222,491	1,758,085	-	32,340,022	1,931,508	-
<b>Total short position</b>	<b>258,829,907</b>	<b>13,636,705</b>	<b>360,617,000</b>	<b>259,763,481</b>	<b>12,545,849</b>	<b>50,000</b>
<b>Net long position</b>	<b>57,080,591</b>	<b>2,724,605</b>	<b>-</b>	<b>42,395,649</b>	<b>4,545,471</b>	<b>-</b>
<b>Memorandum accounts -</b>						
Trust fund assets	66,151,719	-	-	65,525,039	-	-
Memorandum accounts	140,588,486	-	-	174,612,537	-	-
<b>Total memorandum accounts</b>	<b>206,740,205</b>	<b>-</b>	<b>-</b>	<b>240,137,576</b>	<b>-</b>	<b>-</b>

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

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

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

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

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At 30 June 2023 and 31 December 2022, the Bank maintains a net foreign currency asset position of US\$57,080,591 and €2,724,605; and US\$42,395,649 and €4,545,471, respectively.

At 30 June 2023 and 31 December 2022, the Bank maintains a net foreign currency asset position in the memorandum accounts of the trust of US\$66,151,719 and US\$65,525,039, respectively.

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

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

### ***Exchange Agreement N° 1***

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

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

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

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

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded gains mainly originated by the variation in the official exchange rate of the US dollar and the euro for Bs1,081,455,672 and Bs958,050,516, respectively, which were included in the consolidated statements of changes in equity under the item of income or losses for exchange variations for net assets and liabilities in foreign currency [see note 23(c)].

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**(7) Investment Securities**

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Placements in the Central Bank of Venezuela and interbank operations	2,000,000	1,400,859,000
Investments in available for sale securities	38,246,126	24,251,632
Held to maturity investment securities	98,383,675	53,730,281
Restricted availability investments	288,856,348	193,847,126
	<u>427,486,149</u>	<u>1,672,688,039</u>

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

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

	<b>Note</b>	<b>Realization value</b>	<b>Nominal value</b>	<b>Maturities</b>	<b>Interest rates (%)</b>
<b>30 June 2023 -</b>					
Other certificates of deposits: BCV hedging securities		<u>2,000,000</u>	<u>2,000,000</u>	<u>07-07-2023</u>	<u>16</u>
<b>31 December 2022 -</b>					
Other certificates of deposits: BCV hedging securities		3,570,000	3,570,000	05-01-2023 y 06-01-2023	16
Interbank operations: Overnight placements - Banco Caroní, C.A. Banco Universal		1,665,000	1,665,000	02-01-2023	1
Other obligations issued by the country's financial institutions: Fixed-term certificate of deposit - Banco de Desarrollo Económico y Social de Venezuela (BANDES) (equivalent to US\$80,000,000)	6	<u>1,395,624,000</u>	<u>1,395,624,000</u>	<u>15-03-2023</u>	<u>11</u>
		<u>1,400,859,000</u>	<u>1,400,859,000</u>		

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recognized interest income for Bs36,112,801 and Bs9,097,286, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the profit obtained from placements in the BCV and interbank transactions.

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**Available for Sale Investment Securities**

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

	<u>Notes</u>	<u>Acquisition cost</u>	<u>Net unrealized loss</u>	<u>Fair market value</u>
<b>30 June 2023 -</b>				
Securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs120, annual return of 26.19% and maturing in August 2025		120	-	120
Global Bonds, equivalent to US\$1,368,558, with a nominal value of US\$15,340,500, annual return of 0.0001% and 9.25%, and maturing in September 2027 and August 2031	6	<u>43,051,246</u>	<u>(4,805,240)</u>	<u>38,246,006</u>
		<u>43,051,366</u>	<u>(4,805,240)</u>	<u>38,246,126</u>
<b>31 December 2022 -</b>				
Securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs120, annual return of 26.19% and maturing in August 2025		120	-	120
Global Bonds, equivalent to US\$1,390,146, with a nominal value of US\$15,446,500, annual return of 0.0001% and 9.25%, and maturing in May 2023 and September 2027	6	<u>26,732,156</u>	<u>(2,480,644)</u>	<u>24,251,512</u>
		<u>26,732,276</u>	<u>(2,480,644)</u>	<u>24,251,632</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.

Investment available for sale securities at 30 June 2023 and 31 December 2022 are under custody and details thereon, follow:

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

Through Official Communication SIB-II-GGIBPV2-40535 dated 13 December 2012, the Superintendency informed the Bank that the *Reuters* and *Bloomberg* valuation systems cluster referential prices for the entire financial market, therefore, when no referential prices are found in these systems, the Bank will consider a similar system, or by default, will apply the present value (Curve of Return) for valuation of its available for sale investment portfolio, according to the provisions contained in the Accounting Manual. The Bank used these guidelines for valuation of these available for sale investment securities at 30 June 2023 and 31 December 2022.

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At 30 June 2023 and 31 December 2022, the Bank holds an unrealized loss for available for sale investment securities, recorded in the consolidated statements of changes in equity, for Bs4,805,240 and Bs2,480,644, respectively, corresponding to foreign currency securities issued or endorsed by the Nation.

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recognized interest income for Bs908 and Bs340, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the returns obtained from available for sale investment securities.

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

	<b>Fair Market Value</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>
Between 6 months and 5 years	36,211,726	24,251,632
Over 5 years	2,034,400	-
	<u>38,246,126</u>	<u>24,251,632</u>

***Held to maturity investment securities***

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

	<b>Note</b>	<b>Acquisition cost</b>	<b>Amortized cost</b>	<b>Fair market value</b>
<b>30 June 2023 -</b>				
Securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$3,519,677, with a nominal value of US\$7,225,000, annual return of 9.25% and maturing in September 2027	6	21,772,291	98,361,588	17,883,283
Sovereign Bonds, equivalent to US\$96, with a nominal value of US\$100, annual return of 8.25% and maturing in October 2024	6	2,145	2,714	242
		<u>21,774,436</u>	<u>98,364,302</u>	<u>17,883,525</u>
Bonds and obligations issued by the Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$693, with a nominal value of US\$900, annual returns between 5.38% and 5.50%, and maturing in April 2027 and 2037	6	12,635	19,373	866
		<u>21,787,071</u>	<u>98,383,675</u>	<u>17,884,391</u>

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	<u>Note</u>	<u>Acquisition cost</u>	<u>Amortized cost</u>	<u>Fair market value</u>
<b>31 December 2022 -</b>				
Securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$3,079,149, with a nominal value of US\$7,225,000, annual return of 9.25% and maturing in September 2027	6	13,591,263	53,716,686	11,357,671 (a)
Sovereign Bonds, equivalent to US\$96, with a nominal value of US\$100, annual return of 8.25% and maturing in October 2024	6	1,339	1,675	151 (a)
		<u>13,592,602</u>	<u>53,718,361</u>	<u>11,357,822</u>
Bonds and obligations issued by the Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$683, with a nominal value of US\$900, annual returns between 5.38% and 5.50%, and maturing in April 2027 and 2037	6	7,887	11,920	774 (a)
		<u>13,600,489</u>	<u>53,730,281</u>	<u>11,358,596</u>

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

Held to maturity investment securities at 30 June 2023 and 31 December 2022, are under custody as detailed below:

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

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recognized interest income for Bs8,059,429 and Bs2,918,016, 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 30 June 2023 and 31 December 2022, the Bank recorded amortization income from discounts on held to maturity investments of Bs10,624,732 and Bs3,846,687, 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 (in bolivars), follows:

	30 June 2023		31 December 2022	
	Amortized cost	Fair market value	Amortized cost	Fair market value
Between 1 and 5 years	98,369,189	17,883,728	53,721,353	11,357,997
Between 5 and 10 years	-	-	-	-
Over 10 years	14,486	663	8,928	599
	<u>98,383,675</u>	<u>17,884,391</u>	<u>53,730,281</u>	<u>11,358,596</u>

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

At 30 June 2023 and 31 December 2022, the Bank holds an account at Euroclear Bank in the name of the BCV, in order to hold foreign currency securities in custody that are held in other financial institutions overseas, in accordance with the provisions contained in Article N° 51 of the Law of Banking Institutions.

At 30 June 2023 and 31 December 2022, the Bank has not recognized impairment on securities issued or endorsed by the Bolivarian Republic of Venezuela, even though the market value of these investments is below amortized cost, management considers that this decrease is temporary, as it may recover its face value at maturity by paying taxes and contributions.

### Restricted Availability Investments

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

Notes	30 June 2023		31 December 2022	
	Amortized cost	Fair market value	Amortized cost	Fair market value
Certificate of deposit:				
Social Fund for Contingencies - Banco Exterior, C.A., Banco Universal	23	166,616	166,616	1,339 (a)
PNC Bank, with a nominal value of US\$5,475,938 and US\$5,356,006, respectively	6	153,031,668	153,031,668	93,437,125 (a)
JP Morgan Chase Bank, with nominal value of US\$4,404,25, and US\$4,305,628, respectively	6	123,082,273	123,082,273	75,112,977 (a)
Standard Chartered Bank, with nominal value of US\$450,000, for both semesters	6	12,575,791	12,575,791	7,850,385 (a)
Italbank International, with nominal value of US\$1,000,000, at 31 December 2022	6	-	-	17,445,300 (a)
		<u>288,856,348</u>	<u>288,856,348</u>	<u>193,847,126</u>

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

At 30 June 2023 and 31 December 2022, the deposit certificates at JP Morgan Chase Bank, PNC Bank and Standard Chartered Bank are used as collateral to guarantee the Bank's operations with VISA, MasterCard and American Express credit cards, respectively.

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During the semesters ended 30 June 2023 and 31 December 2022, the Bank paid commissions for Bs5,822,075 and Bs1,448,502, respectively, recorded in the consolidated statements of income and net income allocation, under the account of financial income from investment securities, as a result of the returns obtained from restricted availability investments.

During the semesters ended 30 June 2023 and 31 December 2022, the Bank paid commissions for Bs41,176,146 and Bs19,549,780, respectively, for use of trademarks and rights of use of its technology platform for processing VISA, American Express and MasterCard credit cards, as well Proyecto Naiquatá for processing debit and credit cards (see note 20).

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

	%	Placements in the Central Bank of Venezuela	Available for sale	Held to maturity	Of restricted availability	Total
<b>30 June 2023 -</b>						
Central Bank of Venezuela	0.47%	2,000,000	120	2,714	-	2,002,834
Bolivarian Republic of Venezuela	31.96%	-	38,246,006	98,361,588	-	136,607,594
Petróleos de Venezuela, S.A.	0.00%	-	-	19,373	-	19,373
Banco Exterior, C.A. Banco Universal	0.03%	-	-	-	166,616	166,616
JP Morgan Chase Bank	28.79%	-	-	-	123,082,273	123,082,273
PNC Bank	35.80%	-	-	-	153,031,668	153,031,668
Standard Chartered Bank	2.95%	-	-	-	12,575,791	12,575,791
	<u>100.00%</u>	<u>2,000,000</u>	<u>38,246,126</u>	<u>98,383,675</u>	<u>288,856,348</u>	<u>427,486,149</u>
<b>31 December 2022 -</b>						
Central Bank of Venezuela	83.75%	1,400,859,000	120	1,675	-	1,400,860,795
Bolivarian Republic of Venezuela	4.66%	-	24,251,512	53,716,686	-	77,968,198
Petróleos de Venezuela, S.A.	0.00%	-	-	11,920	-	11,920
Banco Exterior, C.A. Banco Universal	0.00%	-	-	-	1,339	1,339
JP Morgan Chase Bank	4.49%	-	-	-	75,112,977	75,112,977
PNC Bank	5.59%	-	-	-	93,437,125	93,437,125
Standard Chartered Bank	0.47%	-	-	-	7,850,385	7,850,385
Italbank International	1.04%	-	-	-	17,445,300	17,445,300
	<u>100.00%</u>	<u>1,400,859,000</u>	<u>24,251,632</u>	<u>53,730,281</u>	<u>193,847,126</u>	<u>1,672,688,039</u>

## (8) Loan Portfolio

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

	At 30 June 2023				At 31 December 2022			
	Current	Restructured	Overdue	Total	Current	Restructured	Overdue	Total
Per type of economic activity - Operations in Venezuela								
Manufacturing industry	1,290,526,199	-	86,353	1,290,612,552	716,980,899	3,082,356	424,737	720,487,992
Agribusiness, fishery and forestry	764,516,791	-	9,169,498	773,686,289	409,346,723	204,333	6,160	409,557,216
Wholesale and retail trade, restaurants and hotels	594,556,980	-	3,399,176	597,956,156	142,067,321	19,345,419	1,319,529	162,732,269
Financial institutions, insurance, properties and services (see note 6)	471,557,706	-	177,995	471,735,701	207,641,210	25,843,865	148,938	233,634,013
Communal, social and personal services, including	163,461,280	-	1,107,050	164,568,330	62,154,016	-	116,993	62,271,009
Transportation, storage and communications	112,912,544	-	83,997	112,996,541	14,362,389	2,594,631	2	16,957,022
Electricity, gas and water	42,872,830	-	-	42,872,830	24,831,363	-	-	24,831,363
Construction	22,091,686	-	101	22,091,787	9,510,506	-	-	9,510,506
	<u>3,462,496,016</u>	<u>-</u>	<u>14,024,170</u>	<u>3,476,520,186</u>	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>
Per type of economic activity - Operations in Foreign Branch								
Manufacturing industry, equivalent to US\$6,057,250 and US\$11,718,943, respectively (see note 6)	169,277,120	-	-	169,277,120	204,440,479	-	-	204,440,479
Agribusiness, fishery and forestry, equivalent to US\$4,989,667 and US\$4,690,856, respectively (see note 6)	139,442,223	-	-	139,442,223	81,833,390	-	-	81,833,390
Financial institutions, insurance, properties and services, equivalent to US\$4,310,234 and US\$3,940,234, respectively (see note 6)	119,415,055	-	1,039,599	120,454,654	67,566,235	-	1,172,324	68,738,559
Wholesale and retail trade, restaurants and hotels equivalent to US\$1,009,000 and US\$2,670,667, respectively (see note 6)	27,806,469	-	391,247	28,197,716	46,346,353	-	244,234	46,590,587
Communal, social and personal services, equivalent to US\$1,515,718 and US\$1,339,760, respectively (see note 6)	42,358,555	-	-	42,358,555	23,372,522	-	-	23,372,522
Transportation, storage and communications, equivalent to US\$300,000 and US\$356,250, respectively (see note 6)	-	-	8,383,860	8,383,860	981,298	-	5,233,591	6,214,889
	<u>498,299,422</u>	<u>-</u>	<u>9,814,706</u>	<u>508,114,128</u>	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>
	<u>3,960,795,438</u>	<u>-</u>	<u>23,838,876</u>	<u>3,984,634,314</u>	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>
Allowance for loan portfolio, including US\$1,085,509 and US\$1,076,318, respectively (see note 6)				(101,992,541)				(59,189,286)
				<u>3,882,641,773</u>				<u>2,011,982,530</u>

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

## Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

	At 30 June 2023			At 31 December 2022				
	Current	Restructured	Overdue	Total	Current	Restructured	Overdue	Total
Per type of guarantee - Operations in Venezuela -								
Bond	1,608,290,009	-	10,645,029	1,618,935,038	778,022,608	51,070,604	1,415,697	830,508,909
Collateral	674,755,707	-	691,093	675,446,800	318,981,752	-	123,006	319,104,758
Free	494,386,649	-	277,582	494,664,231	112,656,059	-	376,515	113,032,574
Endorsement	348,436,511	-	2,410,466	350,846,977	283,361,848	-	101,141	283,462,989
Real estate mortgage (see note 6)	274,595,657	-	-	274,595,657	90,605,592	-	-	90,605,592
Commercial notes	59,639,939	-	-	59,639,939	-	-	-	-
Property mortgage	2,391,544	-	-	2,391,544	1,734,281	-	-	1,734,281
Non-possessory collateral	-	-	-	-	1,532,287	-	-	1,532,287
	<u>3,462,496,016</u>	<u>-</u>	<u>14,024,170</u>	<u>3,476,520,186</u>	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>
Per type of guarantee - Operations in Foreign Branch -								
Collateral, equivalent to US\$7,383,500 and US\$3,298,318, respectively (see note 6)	206,340,768	-	-	206,340,768	57,540,150	-	-	57,540,150
Bond, equivalent to US\$7,670,450 and US\$17,593,742, respectively (see note 6)	213,968,694	-	391,247	214,359,941	306,683,874	-	244,234	306,928,108
Free, equivalent to US\$2,705,218 and US\$1,197,616, respectively (see note 6)	67,216,700	-	8,383,860	75,600,560	15,659,187	-	5,233,590	20,892,777
Endorsement, equivalent to US\$414,200 and US\$1,557,200, respectively (see note 6)	10,535,717	-	1,039,599	11,575,316	25,993,497	-	1,172,325	27,165,822
Other guarantees, equivalent to US\$8,500 and US\$1,069,834, respectively (see note 6)	237,543	-	-	237,543	18,663,569	-	-	18,663,569
	<u>498,299,422</u>	<u>-</u>	<u>9,814,706</u>	<u>508,114,128</u>	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>
	<u>3,960,795,438</u>	<u>-</u>	<u>23,838,876</u>	<u>3,984,634,314</u>	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>
Per maturity - Operations in Venezuela -								
Overdue	109,931,555	-	3,785,058	113,716,613	28,385,082	-	1,140,516	29,525,598
Up to 30 days	300,642,693	-	762	300,643,455	269,721,046	-	114,766	269,835,812
From 31 to 60 days	392,399,808	-	58	392,399,866	180,128,043	-	-	180,128,043
From 61 to 90 days	285,576,463	-	122	285,576,585	126,324,463	-	-	126,324,463
From 91 to 180 days	1,252,101,022	-	641,564	1,252,742,586	612,075,993	42,798,986	691,565	655,566,544
From 181 to 360 days	804,539,050	-	408,677	804,947,727	258,242,419	-	1,845	258,244,264
Over 360 days	317,305,425	-	9,187,929	326,493,354	112,017,381	8,271,618	67,667	120,356,666
	<u>3,462,496,016</u>	<u>-</u>	<u>14,024,170</u>	<u>3,476,520,186</u>	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>
Per maturity - Operations in Foreign Branch -								
Overdue	6,986,550	-	9,814,706	16,801,256	54,603,789	-	6,650,149	61,253,938
Up to 30 days	135,050,954	-	-	135,050,954	31,221,662	-	-	31,221,662
From 31 to 60 days	20,875,811	-	-	20,875,811	56,207,282	-	-	56,207,282
From 61 to 90 days	27,582,899	-	-	27,582,899	56,790,267	-	-	56,790,267
From 91 to 180 days	174,505,958	-	-	174,505,958	139,935,151	-	-	139,935,151
From 181 to 360 days	52,727,493	-	-	52,727,493	69,962,924	-	-	69,962,924
Over 360 days	80,569,757	-	-	80,569,757	15,819,202	-	-	15,819,202
	<u>498,299,422</u>	<u>-</u>	<u>9,814,706</u>	<u>508,114,128</u>	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>
	<u>3,960,795,438</u>	<u>-</u>	<u>23,838,876</u>	<u>3,984,634,314</u>	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>
Per type of loan - Operations in Venezuela -								
Commercial loans granted through UVC	2,617,917,730	-	12,797,202	2,630,714,932	1,211,145,676	50,866,271	1,698,077	1,263,710,024
National Sole Productive Loan Portfolio granted through UVC	730,374,457	-	-	730,374,457	338,951,311	-	-	338,951,311
Microcredits granted through UVC	78,975,652	-	1,188,532	80,164,184	22,070,308	204,333	113,815	22,388,456
Loans to employees	15,695,105	-	-	15,695,105	7,497,283	-	-	7,497,283
Credit cards	1,016,818	-	29,306	1,046,124	784,167	-	69,634	833,801
Checking account loans	289,596	-	9,130	298,726	39,448	-	134,833	174,281
Mortgage loans	18,226,658	-	-	18,226,658	6,426,234	-	-	6,426,234
	<u>3,462,496,016</u>	<u>-</u>	<u>14,024,170</u>	<u>3,476,520,186</u>	<u>1,586,894,427</u>	<u>51,070,604</u>	<u>2,016,359</u>	<u>1,639,981,390</u>
Per type of loans - Operations in Foreign Branch -								
Commercial promissory notes, equivalent to US\$18,145,450 and US\$24,094,765, respectively (see note 6)	497,281,680	-	9,814,706	507,096,386	413,690,253	-	6,650,149	420,340,402
Syndicated loans, equivalent to US\$581,818 at 31 December 2022 (see note 6)	-	-	-	-	10,149,993	-	-	10,149,993
Loans to employees, equivalent to US\$36,418 and US\$48,597, respectively (see note 6)	1,017,742	-	-	1,017,742	700,031	-	-	700,031
	<u>498,299,422</u>	<u>-</u>	<u>9,814,706</u>	<u>508,114,128</u>	<u>424,540,277</u>	<u>-</u>	<u>6,650,149</u>	<u>431,190,426</u>
	<u>3,960,795,438</u>	<u>-</u>	<u>23,838,876</u>	<u>3,984,634,314</u>	<u>2,011,434,704</u>	<u>51,070,604</u>	<u>8,666,508</u>	<u>2,071,171,816</u>

### National Sole Productive Loan Portfolio

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

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

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

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At 30 June 2023 and 31 December 2022, the gross loan portfolio corresponding to the productive sectors indicated by the Governing Committee of the National Sole Productive Loan Portfolio, follows:

Type of loan	Percentage required	Percentage held	Balance maintained in bolivars	Number of		Calculation basis of gross loan portfolio
				debtors	loans	
<b>30 June 2023 -</b>						
UVC Agri-food loans and mortgage loans	25%	32.10%	748,601,115	93	113	Gross loan portfolio at 31 March 2023, without the update of UVC loans.
<b>31 December 2022 -</b>						
UVC Agri-food loans and mortgage loans	25%	74.87%	345,377,545	72	79	Gross loan portfolio at 30 September 2022, without the update of UVC loans.

### Microcredits

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

Type of loan	Percentage required	Percentage held	Balance maintained in bolivars	Number of	
				debtors	loans
<b>30 June 2023 -</b>					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Max. 40%	47.56%	38,127,684	466	476
Provision of services (maximum 40% of the allocated microcredit portfolio)	Max. 40%	45.78%	36,701,813	38	39
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	<u>Min. 20%</u>	<u>6.65%</u>	<u>5,334,687</u>	<u>10</u>	<u>11</u>
(a)	<u>Min. 3%</u>	<u>4.89%</u>	<u>80,164,184</u>	<u>514</u>	<u>526</u>
<b>31 December 2022 -</b>					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Max. 40%	79.71%	7,993,700	33	39
Provision of services (maximum 40% of the allocated microcredit portfolio)	Max. 40%	131.13%	13,150,335	27	32
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	<u>Min. 20%</u>	<u>12.41%</u>	<u>1,244,421</u>	<u>12</u>	<u>12</u>
(a)	<u>Min. 3%</u>	<u>6.70%</u>	<u>22,388,456</u>	<u>72</u>	<u>83</u>

(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.

During the semesters ended 30 June 2023 and 31 December 2022, income accrued and recorded in the income from loan portfolio account in the consolidated statements of income and net income allocation comprises the following (in bolivars):

	Note	Semesters ended	
		30 June 2023	31 December 2022
Financial interests		497,228,458	124,690,089
Increase in the Investment Index of Loans Value Unit of Loans collected	23	782,859,898	277,899,195
Fiat commission		27,862,287	11,407,449
		<u>1,307,950,643</u>	<u>413,996,733</u>

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Notes to the Consolidated Financial Statements

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During the semesters ended 30 June 2023 and 31 December 2022, the Bank obtained net benefits from the variation in the capital of the UVC loans, which were recorded in the consolidated statements of changes in equity for Bs706,465,536 and Bs816,559,839, respectively. Additionally, the Bank applied to the results of the semesters ended 30 June 2023 and 31 December 2022, Bs782,859,898 and Bs277,899,195, respectively, of the net benefits previously mentioned, corresponding to the loans granted through the use of UVC which are part of the income from loan portfolio [see note 23(c)].

In accordance with Resolution N° 009-1197 dated 28 November 1997, issued by the Superintendency, at 30 June 2023 and 31 December 2022, the Bank maintains a generic provision for loan portfolio contingencies of Bs41,948,446 and Bs22,041,080, respectively; and a counter-cyclical provision of Bs29,886,513 and Bs15,535,294, respectively.

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

	Notes	Semesters ended	
		30 June 2023	31 December 2022
Balances at the beginning of the semester		59,189,286	13,982,899
Provision carried to expenses on uncollectible loans and other accounts receivable		34,243,129	33,623,647
Credit write-off		(2,148,969)	(209,847)
Relief of allowance for recovery of loans		(4,985)	(6)
Reclassification of allowance for interests receivable and others	9	(4,636)	(637,310)
Reclassification of allowance for contingent loans	17	(2,100)	(2,167)
Adjustment for exchange rate variation		10,720,816	12,432,070
Balances at semester-end		<u>101,992,541</u>	<u>59,189,286</u>

At 30 June 2023 and 31 December 2022, past due loans on which interest has ceased to accrue interests amount to Bs23,838,876 and Bs8,666,508, respectively. At 30 June 2023 and 31 December 2022, the following amounts are included in memorandum accounts Bs1,071,292 and Bs649,282, respectively, corresponding to interest not recognized as income on loans on which interest has ceased to accrue (see note 22).

During the semesters ended 30 June 2023 and 31 December 2022, the Bank charged commissions to its clients for Bs153,181,953 and Bs45,641,475, respectively, for the documentation of loans granted in UVC, recorded in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2023 and 31 December 2022, the Bank maintains interest collected from debtors in advance at the time of settling the loan for Bs1,645,312 and Bs2,951,467, respectively, which are part of deferred income in the accruals and other liabilities group (see note 17). Such interest will be recorded as income as accrued.

At 30 June 2023 and 31 December 2022, the Bank's loan portfolio maintains risk concentrations in 10 individual customers, which represent 27% and 29% of the gross loan portfolio balance, respectively. Furthermore, the loan portfolio at 30 June 2023 and 31 December 2022 maintains risk concentrations in 10 groups of related companies, which represent 34% and 38% of the gross loan portfolio, respectively.

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The Superintendency, through Administrative Notice SIB-DSB-CJ-OD-00317 dated 21 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.

At 30 June 2023 and 31 December 2022, the Bank does not maintain credits in foreign currency.

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

**(9) Interests and Commissions Receivable**

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Investment securities -			
Placements in the BCV and interbank operations, including US\$366,667, at 31 December 2022	6	-	6,396,703
Available for sale, including US\$503 and US\$466, respectively	6	14,056	8,130
Held to maturity, equivalent to US\$3,846,785 and US\$3,512,600, respectively	6	107,503,020	61,278,359
Restricted availability investment, including US\$5,178, at 31 December 2022	6	-	90,333
		<u>107,517,076</u>	<u>67,773,525</u>
Loan portfolio -			
Current loans, including US\$90,167 and US\$140,889, respectively	6	2,693,054	2,517,667
Overdue loans, including US\$70,023 and US\$48,903, respectively	6	1,966,410	867,513
		<u>4,659,464</u>	<u>3,385,180</u>
Commissions receivable -			
Trust fund	22(a)	321,483	72,058
Other commissions receivable		-	7,950
		<u>321,483</u>	<u>80,008</u>
		112,498,023	71,238,713
Provision for interests receivable and others, including US\$3,918,165 and US\$3,562,957, respectively	6	(109,508,669)	(62,163,067)
		<u>2,989,354</u>	<u>9,075,646</u>

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

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A summary of changes in provision for interests receivable and others follows (in bolivars):

	Note	Semesters ended	
		30 June 2023	31 December 2022
Balances at the beginning of the semester		62,163,067	17,634,249
Provision carried to expenses on incollectible loans and other accounts receivables		8,350,982	3,282,646
Reclassification of provision for loan portfolio	8	4,636	637,310
Adjustment for exchange rate variation		38,989,984	40,608,862
Balances at semester-end		109,508,669	62,163,067

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

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

	Note	Number of nominal shares maintained	Equity carrying value of the Bank	Equity percentage	Income from net equity share (see note 19)
<b>30 June 2023 -</b>					
Issuing entity:					
Consortio Credicard, C.A.		340	164,984,179	33.33	67,836,220
Proyectos CONEXUS, C.A.		1,500	7,863,727	33.33	6,619,174
S.W.I.F.T. SCRL (€97,966)	6	22	2,987,815	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			175,835,721		74,455,394
<b>31 December 2022 -</b>					
Issuing entity:					
Consortio Credicard, C.A.		340	107,757,370	33.33	60,312,894
Proyectos Conexus, C.A.		1,500	2,160,387	33.33	1,034,988
S.W.I.F.T. SCRL (€97,966)	6	22	1,826,783	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			111,744,540		61,347,882

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

During the six-month period ended 30 June 2023, the Bank received cash dividends of Bs29,705,464, corresponding to the equity interest of Consortio Credicard, C.A., which is included in the surplus to be applied as part of stockholders' equity.

At 30 June 2023 and 31 December 2022, the Bank maintains an investment recorded at acquisition cost of €97,965 (see note 6), equivalent to Bs2,987,815 and Bs1,826,783 respectively, from 22 shares, with a nominal value of €125, acquired in September 2019 from Society for Worldwide Interbank Financial Telecommunications (SWIFT), an entity domiciled in Belgium, in which the Bank has less than 0.01% interest of its capital stock; therefore, the Bank does not have significant influence over such entity. Furthermore, such acquisition of shares was conducted in reference to and as a requirement for the rendering of the service.

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During the six-month period ended 30 June 2023 and 31 December 2022, the Bank recognized equity investments of its subsidiaries and affiliates in other operating income from equity investment in subsidiaries and affiliates for Bs74,455,394 and Bs61,347,882, respectively (see note 19).

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

	<b>Consorcio Credicard, C.A.</b>	
	<b>31 May 2023</b>	<b>31 December 2022</b>
Noncurrent assets -		
Intangible assets	23,462,693	21,256,005
Property, plant and equipment	67,668,711	93,204,557
Other assets	171,777,319	44,925,300
Total noncurrent assets	<u>262,908,723</u>	<u>159,385,862</u>
Current assets -		
Cash and cash equivalents	159,802,041	83,408,066
Trade receivables and other accounts receivable	291,043,563	277,675,657
Inventory	132,019,890	66,345,068
Prepaid	215,834,997	74,136,911
Total noncurrent assets	<u>798,700,491</u>	<u>501,565,702</u>
Total assets	<u>1,061,609,214</u>	<u>660,951,564</u>
Liabilities -		
Current	70,762,464	124,788,405
Noncurrent	497,314,013	243,629,336
Total liabilities	<u>568,076,477</u>	<u>368,417,741</u>
Stockholders' equity-	<u>493,532,737</u>	<u>292,533,823</u>
Total liabilities and stockholder's equity	<u>1,061,609,214</u>	<u>660,951,564</u>
	<b>Semesters ended</b>	
	<b>31 May de 2023</b>	<b>31 December de 2022</b>
Income -		
Income from ordinary activities	689,157,471	392,085,318
Cost of sales	(9,364,044)	(40,571,044)
Operating costs	(69,490,553)	(28,095,301)
Gross income	<u>610,302,874</u>	<u>323,418,973</u>
General and administrative expenses	(303,724,004)	(150,924,533)
Financial income (cost), net	(14,860,296)	45,264,649
Income from operations before Income taxes	<u>291,718,574</u>	<u>217,759,089</u>
Income taxes	(13,086,777)	(49,896,987)
Net income for the period	<u>278,631,797</u>	<u>167,862,102</u>



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

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

	<b>Proyecto Conexus, C.A.</b>	
	<b>31 May 2023</b>	<b>31 December 2022</b>
Assets -		
Cash and cash equivalents	20,122,589	5,844,002
Investment securities	682,764	241,808
Fixed assets	25,143,386	7,179,372
Other assets	7,850,472	3,558,297
Total assets	<u>53,799,211</u>	<u>16,823,479</u>
Liabilities and stockholders' equity -		
Liabilities	16,787,046	7,140,327
Stockholders' equity	37,012,165	9,683,152
Total liabilities and stockholder's equity	<u>53,799,211</u>	<u>16,823,479</u>
	<b>Semesters ended</b>	
	<b>31 May 2023</b>	<b>31 December 2022</b>
Income -		
Income from ordinary activities	19,660,012	5,980,408
Operating costs	(4,135,189)	(2,190,710)
Gross operating income	<u>15,524,823</u>	<u>3,789,698</u>
General and administrative expenses	(3,792,932)	(1,884,095)
Financial income, net	2,156,651	758,527
Net income for the period	<u>13,888,542</u>	<u>2,664,130</u>

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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 2023		31 December 2022	
	US\$	Bs	US\$	Bs
<b>Assets:</b>				
Cash and due from Banks	18,840,439	526,518,666	11,446,049	199,679,759
Investment securities	139,669	3,903,220	136,610	2,383,202
Loan portfolio	17,096,359	477,778,272	23,640,392	412,413,731
Interests and commissions receivable	89,313	2,495,952	139,901	2,440,615
Realizable assets	108,109	3,021,217	480,418	8,381,036
Fixed assets	19,605	547,884	24,520	427,759
Other assets	454,574	12,703,641	127,906	2,231,358
<b>Total assets</b>	<b>36,748,068</b>	<b>1,026,968,852</b>	<b>35,995,796</b>	<b>627,957,460</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities:</b>				
Customers' deposits	21,269,784	594,409,650	20,002,195	348,944,292
Other financing obtained	891,226	24,906,381	1,566,503	27,328,115
Interests and commissions payable	26,158	731,028	21,861	381,372
Accruals and other liabilities	176,338	4,927,982	334,540	5,836,151
<b>Total liabilities</b>	<b>22,363,506</b>	<b>624,975,041</b>	<b>21,925,099</b>	<b>382,489,930</b>
<b>Stockholders' equity:</b>				
Capital stock	7,599,462	212,376,086	7,599,462	132,574,894
Capital reserves	2,766,551	77,314,551	2,766,551	48,263,312
Accumulated income	4,018,549	112,303,174	3,704,684	64,629,324
<b>Total stockholders' equity</b>	<b>14,384,562</b>	<b>401,993,811</b>	<b>14,070,697</b>	<b>245,467,530</b>
<b>Total liabilities and stockholders' equity</b>	<b>36,748,068</b>	<b>1,026,968,852</b>	<b>35,995,796</b>	<b>627,957,460</b>
<b>Semester ended</b>				
	30 June 2023		31 December 2022	
	US\$	Bs	US\$	Bs
Financial income	1,493,180	41,728,646	1,740,614	30,365,533
Financial expenses	(104,213)	(2,912,358)	(39,875)	(695,631)
Expenses for bad debts regarding loans	(30,177)	(843,329)	(97,753)	(1,705,330)
Other operating income	61,602	1,721,548	51,313	895,171
Other operating expenses	(698,683)	(19,525,533)	(634,426)	(11,067,752)
Transformation expenses	(401,092)	(11,208,995)	(385,234)	(6,720,523)
Miscellaneous operating income	11,151	311,628	20,506	357,733
Miscellaneous operating expenses	(3,876)	(108,317)	(36,718)	(640,557)
Expenses for realizable assets	(2,142)	(59,859)	(3,977)	(69,380)
Income tax expenses	(11,885)	(332,143)	(11,692)	(203,966)
<b>Net income for the semester</b>	<b>313,865</b>	<b>8,771,288</b>	<b>602,758</b>	<b>10,515,298</b>

At 30 June 2023 and 31 December 2022, assets, liabilities, equity and results of the Foreign Branch were translated from U.S. dollars to bolivars at the exchange rate in effect at those dates, corresponding to the Exchange System Market (see note 6) of Bs27,9462 and Bs17,4453 per US\$1, respectively.

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

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**(11) Realizable Assets**

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

	<u>Property</u>
Cost -	
Balance at 30 June 2022	8,225,208
Effect of conversion of Foreign Branch	<u>17,754,987</u>
Balance at 31 December 2022	25,980,195
Effect of conversion of Foreign Branch	<u>15,638,334</u>
Balance at 30 June 2023	<u>41,618,529</u>
Accrued amortization -	
Balance at 30 June 2022	(3,515,511)
Amortization recognized in expenses	(6,495,048)
Effect of conversion of Foreign Branch	<u>(7,588,605)</u>
Balance at 31 December 2022	(17,599,164)
Amortization recognized in expenses	(10,404,632)
Effect of conversion of Foreign Branch	<u>(10,593,516)</u>
Balance at 30 June 2023	<u>(38,597,312)</u>
Balance at 31 December 2022	<u>8,381,031</u>
Balance at 30 June 2023	<u>3,021,217</u>

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded amortization of realizable assets for Bs10,404,632 and Bs6,495,048, respectively, included in the consolidated statements of income and net income allocation, in the realizable assets expense account. It also recorded maintenance expenses for goods received in payment of Bs59,872 and Bs69,372, respectively.

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

Notes to the Consolidated Financial Statements

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**(12) Fixed Assets**

A detail of fixed assets follows (in bolivars):

	<b>Note</b>	<b>Buildings and facilities</b>	<b>Computers</b>	<b>Furniture and equipment</b>	<b>Transportation</b>	<b>Works in progress</b>	<b>Other assets</b>	<b>Total</b>
Cost -								
Balances at 30 June 2022		350,083,753	39,426,230	6,595,849	212,906	8,947,976	15,053	405,281,767
Additions		22,088,318	4,998,855	9,894,340	85,684	17,800,497	-	54,867,694
Effect of conversion of Foreign Branch		170,924	1,091,254	440,058	-	-	-	1,702,236
Valuation supplements		92,218,440	-	-	-	-	-	92,218,440
Capitalizations		94,914,789	-	-	-	(5,257,662)	-	89,657,127
Withdrawals and/or reclassifications		(23,072,691)	(260,942)	-	-	(6,788,959)	-	(30,122,592)
Balances at 31 December 2022		536,403,533	45,255,397	16,930,247	298,590	14,701,852	15,053	613,604,672
Additions		36,794,779	29,669,619	21,149,547	1,927,548	55,647,376	-	145,188,869
Effect of conversion of Foreign Branch		150,546	961,160	389,905	-	-	-	1,501,611
Withdrawals and/or reclassifications		(10,102,805)	2,432,996	(399,018)	-	(3,717,910)	-	(11,786,737)
Balances at 30 June 2023		563,246,053	78,319,172	38,070,681	2,226,138	66,631,318	15,053	748,508,415
Accumulated depreciation -								
Balances at 30 June 2022		(811,513)	(1,627,636)	(508,637)	(49,750)	-	-	(2,997,536)
Depreciation recognized in expenses	21	(22,595,052)	(5,565,257)	(502,968)	(28,590)	-	-	(28,691,867)
Effect of conversion of Foreign Branch		(170,924)	(901,067)	(281,156)	-	-	-	(1,353,147)
Withdrawals		17,263,745	116,284	-	-	-	-	17,380,029
Balances at 31 December 2022		(6,313,744)	(7,977,676)	(1,292,761)	(78,340)	-	-	(15,662,521)
Depreciation recognized in expenses	21	(7,243,043)	(7,481,873)	(1,539,353)	(61,956)	-	-	(16,326,225)
Effect of conversion of Foreign Branch		(150,546)	(837,086)	(276,875)	-	-	-	(1,264,507)
Withdrawals		293,006	3,552	16,714	-	-	-	313,272
Balances at 30 June 2023		(13,414,327)	(16,293,083)	(3,092,275)	(140,296)	-	-	(32,939,981)
Balances at 31 December 2022		530,089,789	37,277,721	15,637,486	220,250	14,701,852	15,053	597,942,151
Balances at 30 June 2023		549,831,726	62,026,089	34,978,406	2,085,842	66,631,318	15,053	715,568,434

During the semesters ended 30 June 2023 and 31 December 2022, additions to buildings and facilities include Bs36,794,779 and Bs22,088,318, corresponding to improvements made to the Bank's branch network. Additionally, as a result of this operation, during the six-month period ended 31 December 2022, the Bank recognized valuation complements corresponding to the price adjustment of certain real estate properties, approved by the Superintendency in Official Notices SIB-DSB-CJ-OD-04800 and SIB-DSB-CJ-OD-05287 dated 21 July and 3 August 2022, respectively.

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

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

During the semesters ended 30 June 2023 and 31 December 2022, the Bank sold real estate, recording revenues for Bs86,052,639 and Bs68,065,345, respectively, in the extraordinary income item in the statement of income and net income allocation. Additionally, at 30 June 2023 and 31 December 2022, the Bank recorded deferred income for Bs11,992,809 and Bs11,274,545 (see note 17).

At 30 June 2023 and 31 December 2022, works in progress correspond to construction in progress and remodeling at the Bank's network agencies.

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### (13) Other Assets

A detail of other assets follows (in bolivars):

	Notes	30 June 2023	31 December 2022
Deferred expenses		89,603,619	72,764,420
Miscellaneous assets		6,053,600	3,467,414
Deferred income taxes	18(b)	6,893,387	5,211,402
Items pending application (including US\$958,679 and €349,091, and US\$1,955,676 and €896,274, respectively)	6	653,840,950	540,136,530
Investment securities overdue (US\$445,700 at 30 June 2023)		12,455,621	-
Miscellaneous -			
Transactions provided by international credit cards (US\$1,983,645 and US\$5,030,115 respectively)	6	55,435,344	87,751,865
Advances to suppliers (including US\$3,330 and US\$212,000, respectively)	6	101,245,881	54,675,213
Accounts receivable and balance offsetting for credit cards (including US\$145,375 and US\$1,478,334, respectively)		4,237,387	25,848,233
Prepaid income taxes		44,051,918	18,603,080
Proyecto MasterCard (Debit Card)		15,832,466	16,342,271
Mobile payment transactions in foreign currency (equivalent to US\$116,729 and €2,741; and US\$841,074 and €43,794, respectively)		3,345,737	15,489,420
Advances for the option to purchase facilities (including US\$180,475, for both semesters)	6	5,897,455	4,002,306
Other prepaid expenses		51,306,289	7,829,151
Sale of foreign currency to exporters		5,087,040	2,457,198
Insurance (including US\$118,744 and US\$75,097, respectively)	6	3,354,333	1,511,110
Loans granted through free convertibility agreement (US\$18,371,453 at 30 June 2023)		513,412,310	-
Mobile payment in-transit operations		116,539,419	-
Other miscellaneous accounts receivable (including US\$2,044,870 and €1,200; and US\$141,958 and €4,200, respectively)	6	94,621,792	16,935,530
Total Miscellaneous		<u>1,014,367,371</u>	<u>251,445,377</u>
		1,783,214,548	873,025,143
Provision for other assets (including US\$445,700 at 30 June 2023)	6	<u>(12,559,877)</u>	<u>(90,112)</u>
		<u>1,770,654,671</u>	<u>872,935,031</u>

At 30 June 2023, the loans granted through free convertibility agreements for Bs513,412,310, corresponding to free convertibility funds provided by collections in bolivars for loans granted in accordance with Notice SIB-DSB-CJ-OD-00317 dated 21 January 2021, whereby establishing that banking institutions shall be able to grant loans in foreign currency with the resources obtained through the result of customer's deposits in foreign currency or any other method, previous authorization by the Central Bank of Venezuela and the Superintendency.

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

	Note	Goodwill				Leasehold improvements	Licenses	Operating system (software)	Expenses New Monetary Expression	Contribution to Fondo Nacional de Desarrollo (FONDEN, S.A.)	Total
		Consorcio Credicard, C.A.	Corporación Suiche 7B, C.A.	Proyecto Conexus, C.A.	American Express						
Cost:											
Balances at 30 June 2022		32,989,733	849,353	-	10,844,348	7,960,487	2,650,312	537,418	728,590	-	56,560,241
Valuation supplements		1,974,291	2,507,040	436,049	143,452	-	-	-	-	-	5,060,832
Additions		-	-	-	-	15,051,647	2,688,427	-	-	3,988,633	21,728,707
Withdrawals		-	-	-	-	-	(891,014)	(158,439)	-	-	(1,049,453)
Balances at 31 December 2022		34,964,024	3,356,393	436,049	10,987,800	23,012,134	4,447,725	378,979	728,590	3,988,633	82,300,327
Additions		-	-	-	-	8,320,935	22,872,941	3,259,156	-	-	34,453,032
Withdrawals		-	-	-	-	-	(1,079,218)	(21,143)	-	-	(1,100,361)
Balances at 30 June 2023		34,964,024	3,356,393	436,049	10,987,800	31,333,069	26,241,448	3,616,992	728,590	3,988,633	115,652,998
Accrued amortization:											
Balances at 30 June 2022		-	-	-	-	(523,725)	(1,174,369)	(144,052)	(159,499)	-	(2,001,645)
Amortization carried to expenses	21	(3,496,402)	(335,639)	(43,605)	(1,098,780)	(863,402)	(1,414,684)	(212,677)	(121,368)	(997,158)	(8,583,715)
Withdrawals		-	-	-	-	-	891,014	158,439	-	-	1,049,453
Balances at 31 December 2022		(3,496,402)	(335,639)	(43,605)	(1,098,780)	(1,387,127)	(1,698,039)	(198,290)	(280,867)	(997,158)	(9,535,907)
Amortization carried to expenses	21	(3,496,402)	(335,639)	(43,605)	(1,098,780)	(2,274,368)	(5,811,871)	(3,434,642)	(121,367)	(997,158)	(17,613,832)
Withdrawals		-	-	-	-	-	1,079,218	21,143	-	-	1,100,361
Balances at 30 June 2023		(6,992,804)	(671,278)	(87,210)	(2,197,560)	(3,661,495)	(6,430,692)	(3,611,789)	(402,234)	(1,994,316)	(26,049,378)
Net carrying value:											
Balances at 31 December 2022		31,467,622	3,020,754	392,444	9,889,020	21,625,007	2,749,686	180,689	447,723	2,991,475	72,764,420
Balances at 30 June 2023		27,971,220	2,685,115	348,839	8,790,240	27,671,574	19,810,756	5,203	326,356	1,994,317	89,603,620

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

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

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Foreign exchange office transactions (including US\$1,335,900 and €349,091; and US\$1,955,676 and €896,274, respectively)	6	37,443,647	273,539,818
Interbank mobile payment transactions receivable		145,535,171	125,063,715
Transactions in transit point of sales		370,914,865	119,186,707
Immediate credit transactions		81,655,887	21,142,165
Retail operations	6	18,145,000	954,655
Other items pending application (including US\$2,073 at 30 June 2023)		100,328	229,295
Cash shortage (US\$950 at 30 June 2023)		46,052	20,175
		<u>653,840,950</u>	<u>540,136,530</u>

At 30 June 2023 and 31 December 2022, the transactions per foreign exchange office correspond to agreed transactions of purchase and sale of foreign currencies between the Bank's customers, in accordance with the provisions of Resolution N° 19-05-01 dated 2 May 2019, issued by the BCV. These were automatically adjusted during the first days of July and January 2023. Additionally, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded income from commissions collected for this concept for Bs34,650,306 and Bs9,136,155, respectively, under other operating income, in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2023 and 31 December 2022, the interbank mobile payment transactions receivable correspond to bank transfers in customers' accounts from other banking institutions through the mobile application, which were automatically adjusted during the first days of July and January 2023. Additionally, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded income from commissions charged to its customers for Bs41,279,389 and Bs16,983,356, 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).

At 30 June 2023 and 31 December 2022, the transactions in transit points of sale correspond to commissions charged to the affiliated stores for consumption made through the points of sale by customers with debit cards, which were automatically adjusted during the first days of July and January 2023. In addition, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded income from commissions for operations in points of sale for Bs101,414,132 and Bs44,886,316,

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respectively (see note 19). Furthermore, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded income from commissions on point-of-sale transactions for Bs33,258,954 and Bs8,706,037, respectively, for reimbursement of operating costs of point-of-sale terminals to merchants, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2023 and 31 December 2022, immediate credit operations correspond to instantaneous bank transfers in customers' accounts from other banking institutions, which were automatically adjusted during the first days of July and January 2023. In addition, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded income for this concept for Bs56,361,168 and Bs15,535,193, respectively, in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2023 and 31 December 2022, the advances for option to purchase new Bank's premises correspond to contractual rights on the purchase of administrative offices located in Centro Empresarial Boleíta, in the Sucre Municipality, State of Miranda.

At 30 June 2023 and 31 December 2022, advances to suppliers correspond mainly to advances for the purchase of equipment, updating of technological information systems, ATMs and remodeling of branches and administrative headquarters.

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Insurance	34,082,330	4,039,914
Contribution to LOCTI	9,809,736	-
Licenses	5,442,983	3,376,776
Marketing	789,181	-
Other	468,725	-
Improvements to agencies	355,255	199,281
Bloomberg Services	352,136	207,237
Travelling expenses paid to employees	5,943	5,943
	<u>51,306,289</u>	<u>7,829,151</u>

At 30 June 2023, loans settled with the funds provided by customer's deposits in foreign currency for Bs513,412,310, correspond to free convertibility funds provided by collections in bolivars for the loans granted in bolivars for the credits provided in accordance with Notice SIB-DSB-CJ-OD-00712 dated 11 February 2022, which establishes that financial institutions will be able to grant loans in local currency with the resources provided by a portion of customer's deposits in foreign currency up to a maximum equivalent to 10% of such deposits, previously authorized by the BCV and the Superintendency.

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

		<b>Semesters ended</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Balances at the beginning of the semester		90,112	728,837
Provision carried to various operating expenses	20	100,000	85,856
Adjustments to the nominal value of investment securities overdue		12,455,621	-
Write-offs		(85,856)	(2,287,880)
Adjustments for exchange rate variation		-	1,563,299
Balances at semester-end		<u>12,559,877</u>	<u>90,112</u>



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## (14) Customers' Deposits

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

	<u>Notes</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Sight Deposits -			
Non-interest bearing checking accounts		1,704,242,236	809,819,393
Checking accounts as per the Exchange Market System of Free Convertibility (US\$192,759,289, €11,789,193 and COP360,617,000; and US\$188,974,641, €10,522,922 and COP50,000, respectively)	6	5,748,862,053	3,492,943,563
Interest bearing checking accounts		148,239,765	113,479,793
Checking accounts as per Exchange Agreement N° 20 (including US\$16,323,473 and €1,500; and US\$17,416,380 and €1,500, respectively)	5 and 6	456,224,791	303,861,949
Non-negotiable sight deposits and certificates bearing annual interests of 3% and 100%		437,079,158	83,242,027
Public, state and municipal administration levels		178,174,806	12,728,990
Special trust funds (US\$272,812 at 30 June 2023)		7,624,052	-
		<u>8,680,446,861</u>	<u>4,816,075,715</u>
Other demand obligations -			
Cashier's checks issued		1,678,986	587,143
Trust obligations	22	5,602,587	3,049,428
Advance collections to customers for credit cards		163,857	91,810
Obligations Mandatory Savings Fund for Housing		27,595	5,000
Previous deposits for credit letters		7	7
		<u>7,473,032</u>	<u>3,733,388</u>
Saving deposits, with annual interests of 32% in individual accounts and 0.06% for customer deposits in foreign currency (including US\$14,615,362 and €87,927; and US\$13,614,080 and €81,919, respectively)			
	6	<u>895,313,480</u>	<u>486,495,010</u>
Time deposits, bearing annual interests of 36% for customer deposits in bolivars and between 0.10% and 7% for customer deposits in foreign currency (including US\$6,558,465 and US\$6,292,000, respectively), with the following maturities:			
Up to 30 days	6	2,710,781	645,476
From 31 to 60 days		10,843,126	29,482,557
From 61 to 90 days		45,552,306	-
From 91 to 180 days		124,177,961	79,637,795
From 181 to 360 days		4,000	4,000
		<u>183,288,174</u>	<u>109,769,828</u>
		<u>9,766,521,547</u>	<u>5,416,073,941</u>

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

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At 30 June 2023 and 31 December 2022, checking accounts under the Free Convertibility Exchange Market System correspond to customers' deposits in foreign currency, held in Venezuela, in accordance with the provisions of Exchange Agreement N° 1 (see note 6). In addition, during the semesters ended 30 June 2023 and 31 December 2022, the Bank charged commissions to its customers between 0.80% and 3% of the amount in cash in foreign currency withdrawn at branches and ticket offices, accruing income of Bs362,041,948 and Bs159,233,451, 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 2023 and 31 December 2022, the Bank recorded income from commissions related to transfers to foreign banks for Bs4,545,226 (US\$162,642) and Bs5,147,263 (US\$295,052), respectively, which are included in income from other accounts receivable in the consolidated statements of income and net income allocation. Also, during the semesters ended 30 June 2023 and 31 December 2022, the Bank paid commissions for bank transfers through correspondent banks abroad of Bs7,842,604 (US\$280,632) and Bs3,882,221 (US\$222,537) respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2023 and 31 December 2022, the Bank maintains deposits from official entities for Bs480,090,415 and Bs68,593,877, respectively.

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

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>Tasa (%)</b>			
	<b>Minimum</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Maximum</b>
Operations in Venezuela, per kind of obligation -				
Interest bearing checking accounts	0.25	0.25	0.25	0.25
Sight deposits and certificates	36	36	36	36
Saving deposits	32	32	32	32
Time deposits	36	36	36	36
Operations in Foreign Branch, per kind of obligation -				
Saving deposits	0.06	0.06	0.06	0.06
Time deposits	0.10	7	0.10	7

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

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### (15) Other Financing Obtained

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

	<u>Notes</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Obligations domestic financial institutions			
due within one year -			
Financing from other local financial institutions			
under the overnight method, with annual return			
between 5% and 20%, and maturing in July 2023		245,000,000	-
Sight deposits from local financial institutions:			
Banco de Venezuela, S.A. Banco Universal, with			
annual return of 90% and 50%, and maturing			
in July 2023 and January 2023, respectively		148,648,938	84,670,374
Banco del Tesoro, C.A. Banco Universal, with annual return			
between 93% and 93%; and 55% and 65%, and maturing			
in July 2023 and January 2023, respectively		123,981,261	27,154,336
Banco de Desarrollo Económico y Social de			
Venezuela (BANDES), with annual return			
between 30 and 55%; and 25 and 40%, and maturing in			
January 2023 and July 2022, respectively		108,000,000	22,900,000
Banco Bicentenario, Banco Universal, C.A., with			
annual return of 50% and 80%; and 40%, and maturing			
in July 2023 and January 2023, respectively		119,000,000	10,000,000
Banplus Banco Universal, C.A., with annual			
return of 30%, and maturing in January 2023		-	150,478
Banco de la Fuerza Armada Nacional Bolivariana			
with annual return of 50%, and maturing			
in July 2023		40,000,000	-
Banco Sofitasa Banco Universal, C. A.			
with annual return of 95%, and maturing in			
July 2023		13,000,000	-
Del Sur Banco Universal, C. A.			
with annual return of 93%, and maturing			
in July 2023		5,000,000	-
		<u>802,630,199</u>	<u>144,875,188</u>
Sight deposits in non-interest bearing checking accounts		50,122	822,029
		<u>802,680,321</u>	<u>145,697,217</u>
Obligations with foreign financial institutions			
due within one year -			
Sight deposits from foreign financial institutions:			
BNC International Banking Corporation			
(US\$51,857 and US\$51,946, respectively)	6 and 24	1,449,201	906,217
Arca Internacional Bank, Inc.		1	1
		<u>1,449,202</u>	<u>906,218</u>
Financing from foreign financial			
institutions for up to one year -			
Italbank International, with nominal value			
of US\$600,000, annual return of 4%			
and maturing in June 2023 and December			
2022, respectively	6	-	10,467,180
AV. Securities, with nominal value of			
US\$438,540, annual return of 7.25% and			
maturing in January 2023	6	-	7,650,470
		<u>1,449,202</u>	<u>19,023,868</u>
		<u>804,129,523</u>	<u>164,721,085</u>

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

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A detail of expenses on other borrowings follows (in bolivars):

	<b>Semesters ended</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>
Obligations with local financial institutions for up to a year -		
Overnight obligations	31,230,941	15,710,805
Sight deposits	133,691,460	35,442,274
Obligations with financial institutions abroad for up to a year -		
Sight deposits	91,483	220,973
Financing	21,914	23,451
	<u>165,035,798</u>	<u>51,397,503</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 2023 and 31 December 2022, the Bank is in full compliance with the requirements of this Resolution.

**(16) Interests and Commissions Payable**

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Accrued expenses payable for customers' deposits -			
Non-negotiable certificates of sight deposits		10,610,034	1,477,661
Time deposits (including US\$26,158 and US\$21,861, respectively)	6	731,060	381,406
		<u>11,341,094</u>	<u>1,859,067</u>
Accrued expenses for other borrowings -			
Expenses payable for obligations maintained with local financial institutions for up to one year		7,495,407	950,583
Expenses payable for obligations maintained with foreign financial institutions for up to one year (equivalent to US\$14,011, at 31 December 2022)		-	244,424
		<u>7,495,407</u>	<u>1,195,007</u>
		<u>18,836,501</u>	<u>3,054,074</u>

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Notes to the Consolidated Financial Statements

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**(17) Accruals and Other Liabilities**

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

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Items pending application (including US\$1,597,155 and €798,819; and US\$5,485,791 and €972,098, respectively)	6	223,365,591	261,838,455
Capital and interests payable to BOD clients (US\$10,215,271 and US\$17,053,692, respectively)	6 and 1(c)	285,477,999	297,506,781
Dividends payable	23(a)	67,872,630	-
Accounts payable in foreign currency (including US\$12,204,234 and €13,888; US\$3,878,273 and €13,811, respectively)	6	458,720,663	67,915,163
Deferred income (including US\$778,478 and €13,283; and US\$860,736 and €13,283, respectively)	6	34,377,436	26,538,032
Accruals for labor indemnities		28,884,784	13,556,997
Taxes withheld (including US\$112,136 at 30 June 2023)	6	30,763,694	22,068,343
Transactions provided by international credit cards (including US\$1,765,657 and US\$4,733,716, respectively)	6	49,343,410	82,581,081
Provision for income taxes (including US\$11,885 and US\$24,843, respectively)	6 and 18(a)	146,248,368	52,163,386
Services payable		10,303,296	6,654,601
Proyecto MasterCard (Debit Card)		53,873,184	14,004,184
Vacations and vacation bonus payable (including US\$38,926 and US\$33,124, respectively)	6	10,489,671	5,709,236
Deferred income tax	18(b)	17,397,498	3,386,648
Sale of foreign currency to exporters (US\$182,030 and US\$140,852, respectively)	6	5,087,040	2,457,198
Bank insurance policies (including €932,095 and €932,095, respectively)	6	28,427,767	17,381,048
Provision for net worth tax	18	8,635,016	40
Provision for Science, Technology and Innovation		12,317,669	-
Tax on economic activities and other taxes payable	18	16,467,440	13,699,371
Fees payable (including US\$7,541 and US\$9,237, respectively)	6	1,113,608	1,996,181
Commissions for debit and credit card services		5,875,954	3,083,118
Profit-sharing payable (US\$2,011 at 30 June 2023)	6	3,234,686	2,112
Suppliers and other miscellaneous accounts payable (including US\$1,199,419 and US\$57,486, respectively)	6	39,124,515	2,067,769
Leases payable		8,759,303	1,193,525
Comprehensive prevention against money laundering and terrorism financing		8,537,587	2,548,144
Credit cards (including US\$106,395 at 30 June 2023)	6	3,028,243	-
Organic Law on Sports, Physical Activity and Physical Education		6,978,649	2,549,740
Contributions and labor withholdings payable		621,329	340,636
Allowance for contingent credits	8	4,577	2,477
Counter charges for debit and credit cards (including US\$1,355 at 30 June 2023)		38,263	-
Other provisions		144,340	544,515
		<b>1,565,514,210</b>	<b>901,788,781</b>

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## Notes to the Consolidated Financial Statements

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

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Exchange desk transactions (including US\$958,871 and €349,127; and US\$1,953,059 and €898,249, respectively)	6	37,444,747	50,821,600
Electronic transfer for consideration		130,042,743	54,269,368
Mobile payment operations payable (including US\$116,729 and €2,741; and US\$841,074 and €43,794, respectively)	6	6,672,193	102,077,573
Collection of national and municipal funds		20,806,758	6,882,208
Retail operations (including US\$161,603 and €446,864; and US\$23,031 and €29,649, respectively)	6	18,145,024	954,657
Customer operations (including US\$180,377 and €77; and US\$367,786, respectively)	6	5,043,225	6,418,598
Other items pending application (including US\$158,575 and €9; and US\$2,279,841 and €274, respectively)	6	4,529,348	39,872,427
Commissions to the Central Bank of Venezuela		33	73
Operations conducted through SICAD (US\$21,000, for both semesters)	5 and 6	586,870	366,351
Point-of-sale operations payable		94,650	175,600
		<u>223,365,591</u>	<u>261,838,455</u>

At 30 June 2023 and 31 December 2022, the electronic transfers for compensation correspond to transfers made by the Bank's customers to other banking institutions on the last days of June 2023 and December 2022, respectively, which were made effective on the first days of July and January 2023, respectively. Additionally, during the semesters ended 30 June 2023 and 31 December 2022, the Bank has charged fees for interbank wire transfers of Bs35,471,517 and Bs10,196,771, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 19).

At 30 June 2023 and 31 December 2022, electronic transfers payable correspond to transfers made by the Bank's customers to other banking institutions by means of the mobile application, which were automatically adjusted during the first days of July and January 2023. In addition, during the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded expenses for commissions paid to its customers for Bs10,243,475 and Bs4,303,905, respectively, for transactions carried out through said application under other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2023 and 31 December 2022, point of sale transactions payable correspond to the use of points of sale of other financial institutions by the Bank's customers, which have been adjusted during the first days of July and January 2023. During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded expenses for commissions charged to merchants for the use of points of sale for Bs27,646,526 and Bs7,947,863, respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2023 and 31 December 2022, accounts payable in foreign currency mainly include interest payable on customer securities held in custody by the Bank, which to date have not been claimed. The Bank's management is taking the necessary measures to settle these liabilities with their respective beneficiaries.

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

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A detail of deferred income follows (in bolivars):

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Options to purchase property (including US\$734,100 and US\$705,750, respectively)		20,515,305	12,312,020
Deferred income from sale of property	12	11,992,809	11,274,545
Interests collected in advance for loan portfolio (including US\$44,378 and €13,283; and US\$154,986 and €13,283, respectively)	8	1,645,312	2,951,467
Data center leasing		224,010	-
		<u>34,377,436</u>	<u>26,538,032</u>

A detail of withheld taxes follows (in bolivars):

	<b>30 June 2023</b>	<b>31 December 2022</b>
Value added tax	6,804,343	10,155,778
Income tax	10,370,589	6,836,676
Tax on large financial transactions (including US\$112,136; and US\$62,271 and €221, respectively)	10,590,257	3,474,748
Revenue stamps	2,972,402	1,589,460
Municipal taxes	26,103	11,681
	<u>30,763,694</u>	<u>22,068,343</u>

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Balances at the beginning of the semester		2,477	310
Reclassification of provision for loan portfolio	8	2,100	2,167
Balances at semester-end		<u>4,577</u>	<u>2,477</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 tax period ended 31 December 2022 follows (in bolivars):

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

At 30 June 2023, provision for income taxes was determined based on the Bank's financial statements at that date and their projection at the closing of the tax period.

During the semesters ended 30 June 2023 and 31 December 2022, the Foreign Branch recorded an estimated income tax expense of US\$11,885 (equivalent to Bs332,141) and US\$11,692 (equivalent to Bs203,966), respectively. On 27 June 2019, the Overseas Branch received from the tax authorities of Curaçao the approval of Tax Ruling UR 19-0115 until 31 December 2024. Such Ruling establishes at 7% the basis for the determination of income tax, from the beginning of its operations, of all costs related to the activities carried out by the Branch Abroad, except for costs with the character of disbursements and interest on debts. Costs for third-party services that are not an integral part of the activities of the Foreign Branch, excluding service fees, office and equipment rental, and telecommunication expenses, among others, are considered disbursements.

At 30 June 2023 and 31 December 2022, the Bank maintains an income tax provision of Bs146,248,368 and Bs52,163,386, which include US\$11,885 (Bs332,143) and US\$24,843 (Bs433,394), respectively, corresponding to the Foreign Branch (see note 17). Furthermore, at 30 June 2023 and 31 December 2022, the Bank maintains prepaid income tax of Bs42,679,462 and Bs18,603,080, respectively, which are part of other assets and are included in the Prepaid taxes and subscriptions group.

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Income tax -		
Current income tax for operations in Venezuela	148,780,961	47,500,000
Current income tax for operations in Foreign Branch	332,143	203,966
Deferred (income) expenses	12,328,865	(3,272,537)
	<u>161,441,969</u>	<u>44,431,429</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 2023 and 31 December 2022, that give way to it correspond to prepaid expenses, other provisions and accruals. At 30 June 2023 and 31 December 2022, the Bank maintains net deferred tax liabilities for Bs10,504,111 and Bs1,824,754, respectively.

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

	<u>Notes</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Assets -			
Other assets	13	6,893,387	5,211,402
Liabilities -			
Accruals and other liabilities	17	(17,397,498)	(3,386,648)
Net deferred income tax assets (liabilities)		<u>(10,504,111)</u>	<u>1,824,754</u>

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A detail of changes in the accounts of deferred income tax assets (liabilities) for the semesters ended 30 June 2023 and 31 December 2022 follows (in bolivars):

	<b>Other assets</b>	<b>Accruals and other liabilities</b>	<b>Deferred income tax (liability) asset</b>
Balances at 30 June 2022	511,583	(1,959,366)	(1,447,783)
Charges (credits) in income	<u>4,699,819</u>	<u>(1,427,282)</u>	<u>3,272,537</u>
Balances at 31 December 2022	5,211,402	(3,386,648)	1,824,754
Charges (credits) in income	<u>1,681,985</u>	<u>(14,010,850)</u>	<u>(12,328,865)</u>
Balances at 30 June 2023	<u><u>6,893,387</u></u>	<u><u>(17,397,498)</u></u>	<u><u>(10,504,111)</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 2022 with no impact on the taxable income. At 30 June 2023, the Bank file dan informative declaration of operations conducted with related parties, Form PT-99, corresponding to the tax period ended 31 December 2022.

**(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 2023 and 31 December 2022, for Bs68,510,718 and Bs24,994,266, 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 2023 and 31 December 2022, the outstanding balance payable for this concept amounts to Bs15,783,224 and Bs11,349,772, 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.

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

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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 2023 and 31 December 2022, the Bank recorded expenses for this concept for Bs22,386,591 and Bs11,828,192, respectively, which is presented under the caption of general and administrative expenses (see note 21).

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

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

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded expenses for this concept for Bs8,634,976 and Bs1,166,420, respectively, in the consolidated statements of income and net income allocation.

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

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

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Commissions for services rendered		923,019,535	368,229,755
Income from investments in affiliates	10 and 23	74,455,394	61,347,882
Income from amortization of discount in held-to-maturity investments	7	10,624,732	3,846,687
Income from exchange difference	6	1,720,848	895,170
		<u>1,009,820,509</u>	<u>434,319,494</u>

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

Notes to the Consolidated Financial Statements

30 June 2023 and 31 December 2022

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

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Withdrawal of cash in foreign currency	14	362,041,948	159,233,451
Documentation of loans granted in UVC	8	153,181,953	45,641,475
Transactions with points of sale	13	101,414,132	44,886,316
Interbank mobile payments	13	41,279,389	16,983,356
Immediate credit transactions	13	56,361,168	15,535,193
Exchange intervention transactions	5	15,893,340	11,488,368
Commission for use of point of sale		25,879,347	10,690,016
Interbank electronic transactions	17	35,471,517	10,196,771
Exchange office transactions	13	34,650,306	9,136,155
Services provided to Social Security pensioners		6,844,230	9,301,099
Reimbursement of operating costs of point of sale terminals to commercial establishments	13	33,258,954	8,706,037
Transportation of values		579,446	8,004,896
Suiche 7B P2P Services		19,080,682	7,893,540
Phone credit recharge		4,671,048	1,832,315
Credit card commissions		4,900,092	1,725,693
Domiciliation services		3,285,824	1,578,488
Custody of values		1,524,045	841,604
Affiliation of payroll		1,776,382	790,874
Retail operations		4,267,052	690,381
High-value bank transfers		-	593,053
Transactions with debit cards in USD		768,504	336,354
Minimum wage of customer recruitment		313,311	317,761
Trust fund		1,318,616	312,054
Other non-financial commissions		10,213,714	270,023
Others		4,044,535	1,244,482
		<b>923,019,535</b>	<b>368,229,755</b>

**(20) Other Operating Expenses and various operating expenses**

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

	<b>Note</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Commissions for services		90,099,059	36,797,326
Loss from exchange differences	6	1,271,385	690,477
Loss in investment securities		982,258	7
		<b>92,352,702</b>	<b>37,487,810</b>

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

Notes to the Consolidated Financial Statements

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

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Commissions to suppliers			
processing credit cards	7	41,176,146	19,549,780
Point of sale operations	17	27,646,526	7,947,863
Bank transfers by			
means of correspondent banks	14	7,842,604	3,882,221
Interbank mobile payments	17	10,243,475	4,303,905
Suiche 7B ATMs		1,470,899	432,401
Other expenses for service commissions		1,719,409	681,156
		<u>90,099,059</u>	<u>36,797,326</u>

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

	<b>Note</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Contribution to Organic Law on Drugs		8,450,000	2,045,350
Contribution to the Organic Law on Sports, Physical Activity and Physical Education		7,550,000	2,270,900
Contribution to the Nation Fund for Municipal Councils		13,388,553	1,957,711
Contribution to the Organic Law on Science, Technology and Innovation		18,070,221	488,570
Provision for other assets	13	100,000	85,856
Provision for other services		12,065	7,371
Tasks relating to LC/FT/FPADM activities		400,000	-
Others		108,327	640,555
		<u>48,079,166</u>	<u>7,496,313</u>

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

Notes to the Consolidated Financial Statements

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**(21) General and administrative expenses**

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

	<b>Notes</b>	<b>Semester ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Advisory and external audit	24	75,500,860	84,723,809
Maintenance and repairs of fixed assets		164,899,863	63,162,071
Transportation expenses and communication		76,256,324	29,471,895
Depreciation and downgrading of fixed assets	12	16,326,225	28,691,867
Tax on economic activities	18(f)	68,510,718	24,994,266
Security transport and overall surveillance	24	70,143,204	24,025,959
Expenses for external services		45,647,686	18,544,670
Rent expenses		51,933,014	17,031,397
Tax on large financial transactions	18(e)	22,386,591	11,828,192
Miscellaneous general expenses		24,176,713	9,859,551
Insurance expenses		6,362,274	8,944,885
Amortization of deferred expenses	13	17,613,832	8,583,715
Advertisement and publicity expenses		26,593,278	7,487,610
Water, electricity and gas expenses		11,191,774	1,942,148
Legal advisory		3,753,636	1,937,290
Stationery and office supplies		2,114,272	1,719,890
Other taxes and contributions		6,056,931	722,011
Public relations		709,518	720,318
Legal expenses		378,674	693,848
Infrastructure expenses		28,971	672,332
Others		1,536,505	2,622,932
		<u>692,120,863</u>	<u>348,380,656</u>

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

Notes to the Consolidated Financial Statements

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### (22) Memorandum Accounts

A detail of memorandum accounts follows (in bolivars):

	<u>Notes</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Contingent accounts receivable -			
Guarantees granted		457,683	247,683
Credit lines		3,869,521	4,265,524
Discount and invoice purchase credit lines		<u>3</u>	<u>3</u>
		<u>4,327,207</u>	<u>4,513,210</u>
Trust found assets		<u>461,165,020</u>	<u>405,577,966</u>
Accounts receivable for other trust orders (Housing and Habitat Loan Regime)		<u>111,336</u>	<u>38,268</u>
Other memorandum accounts receivable -			
Guarantees received (including US\$50,212,181; and US\$76,313,517, respectively)	6	6,427,804,878	3,083,307,058
Custody received (including US\$51,015,727 and US\$51,202,538, respectively)	6	1,518,173,483	924,649,380
BOD transaction (including US\$11,079,200 and US\$9,861,000, respectively)	6	310,993,711	172,562,596
Securities in custody of other financial institutions (equivalent to US\$21,588,691 and US\$22,084,591, respectively)	6	603,321,876	385,272,315
Non-negotiated credit lines pending granting (including US\$3,220,500 and US\$11,180,919, respectively)	6	799,291,457	573,339,962
Bad debts written off		53,527,675	21,097,404
Collections in foreign currency (equivalent to US\$1,664,009, for both semesters)	6	46,502,672	29,029,101
Financial instruments written off (equivalent to US\$1,436,614, for both semesters)	6	40,147,895	25,062,158
Reconciling items written off (equivalent to US\$299,732 and US\$168,631, respectively)	6	15,231,174	5,492,394
Returns receivable deferred on overdue loan portfolio (equivalent to US\$38,334 and US\$37,218, respectively)	6 y 8	1,071,292	649,282
Foreign currencies granted through SICAD (equivalent to US\$21,000, for both semesters)	6	586,870	366,351
Others (including US\$12,500, for both semesters)	6	<u>349,569</u>	<u>218,307</u>
		<u>9,817,002,552</u>	<u>5,221,046,308</u>
		<u>10,282,606,115</u>	<u>5,631,175,752</u>

At 30 June 2023 and 31 December 2022, the custody of securities of other financial institutions are held in the custody of Euroclear Bank, Pershing LLC and Morgan Stanley Smith Barney.

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

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**(a) Trust fund Assets**

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

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Assets -			
Cash and due from banks		13,530,363	3,239,027
Investment securities		35,091,408	17,831,516
Loan portfolio		47,255,847	21,228,911
Interests and commissions receivable		2,789,597	804,010
Other assets		<u>362,497,805</u>	<u>362,474,502</u>
Total assets		<u>461,165,020</u>	<u>405,577,966</u>
Liabilities -			
Other accounts payable	9	321,607	72,058
Other liabilities		<u>120,626</u>	<u>50,426</u>
Total liabilities		<u>442,233</u>	<u>122,484</u>
Trust fund equity -			
Equity appointed to trust funds		451,322,991	400,014,464
Equity adjustments		-	-
Accrued income		<u>9,399,796</u>	<u>5,441,018</u>
Total stockholders' equity		<u>460,722,787</u>	<u>405,455,482</u>
Total liabilities and stockholders' equity		<u><u>461,165,020</u></u>	<u><u>405,577,966</u></u>

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Trust fund equity -		
Guarantee	362,474,138	362,474,138
Labor indemnities	89,976,708	42,711,859
Management	8,013,007	176,681
Investment	<u>258,934</u>	<u>92,804</u>
	<u>460,722,787</u>	<u>405,455,482</u>

At 30 June 2023 and 31 December 2022, cash and due from banks include Bs13,530,363 and Bs3,239,027, respectively, corresponding to funds collected from the Trust's operations that are managed through checking accounts held at the Bank, which are used as receivers and/or payers of the funds of all the trusts and earn an annual interest of 6% (see note 14).



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

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### Investment Securities

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

	Acquisition cost	Carrying amount/amortized cost	Fair market value	Nominal value	Maturities	Interest rate (%)
<b>30 June 2023 -</b>						
Investments in local financial institutions:						
Bonds and national public debt obligations-						
Vebono	19	19	14	19	07-08-2025 al 30-11-2028	13.19 al 26.19
Other investment securities -						
Banco Occidental de Descuento						
Banco Universal C.A	19	19	-	19	-	-
Obligations issued by non-financial private companies -						
Genia Care, C. A. (equivalent to US\$223,000)	6,232,850	6,232,003	6,232,850	6,232,850	07-07-2023 al 06-12-2023	12.00
Marsoca, C. A. Procesadora (including US\$148,000)	5,981,100	5,980,538	5,981,100	5,981,100	03-07-2023 al 29-11-2023	13.00 al 70.00
Calox International, C.A.	2,400,000	2,400,000	2,400,000	2,400,000	30-07-2023 al 24-08-2023	70.00 al 80.00
Steritex, C. A.	2,229,600	2,229,600	2,229,600	2,229,600	30-07-2023 al 21-08-2023	70.00
General de Alimentos Nisa, C. A.	2,110,570	2,110,570	2,110,570	2,110,570	11-08-2023 al 08-10-2023	70.00
Alice Neumáticos de Venezuela, C. A.	2,000,000	2,000,000	2,000,000	2,000,000	11-08-2023	70.00
Productos Quimicos L.M.V, C. A.	1,960,900	1,960,900	1,960,900	1,960,900	20-07-2023 al 06-09-2023	60.00
Compañía Venezolana de Cerámica, C. A.	1,700,000	1,700,000	1,700,000	1,700,000	27-07-2023	70.00
Montana Grafica, C. A.	1,580,000	1,580,000	1,580,000	1,580,000	05-09-2023	60.00
Laboratorio Vicenti, C. A.	1,430,000	1,430,000	1,430,000	1,430,000	24-08-2023 al 11-09-2023	60.00 al 70.00
Grupo Apradoc, C. A. (equivalent to US\$50,000)	1,397,500	1,397,310	1,397,500	1,397,500	14-10-2023	12.00
Industrias Iberia, C. A.	1,300,000	1,300,000	1,300,000	1,300,000	04-09-2023 al 13-10-2023	70.00
Corporación Telemic, C. A.	996,700	996,700	996,700	996,700	25-09-2023	70.00
Mercantil Servicios Financieros, C.A.	966,000	966,000	966,000	966,000	07-07-2023 al 24-10-2023	70.00
Distribuidora Agrícola, C. A. (equivalent to US\$32,000)	894,400	894,278	894,400	894,400	16-12-2023	12.00
Grupo Nueve Once, C. A. (equivalent to US\$30,000)	838,500	838,386	838,500	838,500	17-09-2023	13.00
Alimentos FM, C.A.	600,000	600,000	600,000	600,000	21-07-2023 al 20-08-2023	70.00
Lucky Trade, C. A. (equivalent to US\$17,000)	475,150	475,085	475,150	475,150	24-09-2023	12.00
	<u>35,093,270</u>	<u>35,091,370</u>	<u>35,093,270</u>	<u>35,093,270</u>		
	<u>35,093,308</u>	<u>35,091,408</u>	<u>35,093,284</u>	<u>35,093,308</u>		
<b>31 December 2022 -</b>						
Investments in local financial institutions:						
Time deposits -						
Banco Exterior, C.A., Banco Universal	3,500,000	3,500,000	3,500,000 <sup>(1)</sup>	3,500,000	03-01-2023 al 04-01-2023	35.00
Bonds and national public debt obligations -						
Vebonos	19	19	14 <sup>(2)</sup>	19	07-08-2025 al 30-11-2028	13.19 al 26.19
Other investment securities -						
Banco Occidental de Descuento						
Banco Universal C. A.	19	19	-	19	-	-
Obligations issued by non-financial private companies -						
Saving certificates:						
Marsoca, C.A. Procesadora	2,564,577	2,564,577	2,564,577	2,564,577	02-03-2023 al 14-05-2023	12.00 al 60.00
Calox International, C.A.	2,211,000	2,211,000	2,211,000	2,211,000	28-01-2023 al 23-03-2023	50.00 al 60.00
Alimentos FM, C.A.	2,045,655	2,045,655	2,045,655	2,045,655	19-01-2023 al 20-03-2023	12.00 al 65.00
Steritex, C.A.	1,900,600	1,900,600	1,900,600	1,900,600	05-01-2023 al 06-04-2023	70.00
General de Alimentos Nisa, C.A.	1,383,770	1,383,770	1,383,770	1,383,770	03-02-2023 al 05-03-2023	60.00
Tesorería YMAS, C.A.	1,298,500	1,298,500	1,298,500	1,298,500	19-01-2023 al 07-02-2023	70.00
Alice Neumaticos de Venezuela	1,000,000	1,000,000	1,000,000	1,000,000	03-04-2023	60.00
Mercantil Servicios Financieros, C.A.	715,691	715,696	716,000	716,000	29-01-2023 al 27-04-2023	50.00 al 70.00
Dayco Telecom, C.A	561,680	561,680	561,680	561,680	18-01-2023 al 10-02-2023	8.00 al 50.00
Productos Quimicos L.M.V., C.A.	400,000	400,000	400,000	400,000	01-03-2023	60.00
Laboratorio Vicenti, C.A.	250,000	250,000	250,000	250,000	09-05-2023	60.00
	<u>14,331,473</u>	<u>14,331,478</u>	<u>14,331,782</u> <sup>(1)</sup>	<u>14,331,782</u>		
	<u>17,831,511</u>	<u>17,831,516</u>	<u>17,831,796</u>	<u>17,831,820</u>		

(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.

### Security

Investments in financial institutions of the country

### Custodian

Central Bank of Venezuela  
C.V.V. Caja Venezolana De Valores, S.A.

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

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>Amortized cost</b>	<b>Fair market value</b>	<b>Amortized cost</b>	<b>Fair market value</b>
Up to six months	35,091,370	35,093,270	17,831,478	17,831,782
From one to five years	14	14	14	14
From five to ten years	5	-	5	-
Over ten years	19	-	19	-
	<u>35,091,408</u>	<u>35,093,284</u>	<u>17,831,516</u>	<u>17,831,796</u>

At 30 June 2023 and 31 December 2022, returns receivable from investment in securities amount to Bs2,789,597 and Bs804,010, respectively.

During the semesters ended 30 June 2023 and 31 December 2022, the trust fund purchased investments for Bs14,357,390 and Bs16,746,720, respectively. At 31 December 2022, it conducted term bank placements for Bs25,000,000, in local private financial institutions.

At 30 June 2023 and 31 December 2022, the loan portfolio includes loans and advances of social benefits to Bank employees for Bs1,083,145 and Bs433,444, respectively. It also includes the amounts of Bs41,503,445 and Bs18,094,110, respectively, corresponding to loans and advances of social benefits from private entities; and Bs4,669,257 and Bs2,701,357, respectively, from public entities.

At 30 June 2023 and 31 December 2022, there are labor indemnity trusts in favor of the Bank's employees for Bs5,018,933 and Bs2,197,521, 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 2023 and 31 December 2022, the trusts constituted by the Republic or its decentralized entities correspond mainly to labor indemnity and administration trusts, which have been mobilized during the last four months.

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

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**(b) Accounts receivable for other trust orders (Housing and Habitat Benefits Regime) and Saving Funds for Housing**

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

	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Assets -			
Cash and due from banks	14	27,595	5,000
Investment securities		83,741	33,268
Total assets		<u>111,336</u>	<u>38,268</u>
Liabilities -			
Contributions for saving funds for housing		111,336	38,268
Total liabilities		<u>111,336</u>	<u>38,268</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 2023 and 31 December 2022, the investment trust is maintained in the BANAVIH for Bs83,741 and Bs33,268, 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 2023 and 31 December 2022, the Bank's paid-in capital stock is Bs128,959,650 and Bs28,959,650, represented by 128,959,650,000 and 28,959,650,000 common, nominative, non-convertible bearer shares, of the same class, with a par value of Bs0.001 each, fully subscribed and paid.

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.

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

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

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

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

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

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

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

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

### Notes to the Consolidated Financial Statements

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On 25 January 2023, the Bank completed by means of a cash contribution from the stockholders of Bs17,183,733 the capitalization of 100,000,000,000 new common shares, nominative of a single class, non-convertible to bearer, with a par value of Bs0.001, increasing the capital stock to Bs128,959,650, in accordance with the provisions of Official Communication SIB-II-GGR-GA-09315 dated 15 December 2022 and Ruling N° 249, dated 23 December 2022.

At the General Ordinary Stockholders' Meeting held on 22 March 2023, a dividend distribution of Bs113,121,050 was approved, to be paid 40% through the issuance of 45,248,420,000 shares with a par value of Bs0.001 and 60% equivalent to Bs67,872,630 payable in cash, with a charge to the account of Surplus to be applied, said dividend decree is recorded in accruals and other liabilities as dividends payable (see note 17). The Superintendency, in Official Letter SIB-II-GGIBPV-GIBPV4-04525 dated 30 June 2023, indicates that the Bank must request authorization for the application of the capital increase in shares, and also states that it must submit the supporting documentation evidencing the cash inflow from stockholders' equity.

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

	30 June 2023		31 December	
	Number of shares	Share (%)	Number of shares	Share (%)
Stockholders -				
Nogueroles García, Jorge Luis	13,945,763,000	10.81	2,821,565,700	9.74
Sociedad Financiera Internacional, Ltd.	11,276,414,000	8.74	2,279,809,000	7.87
Valores Torre Casa, C.A.	9,885,635,000	7.67	2,219,954,115	7.67
Halabi Harb, Anuar	8,512,946,000	6.60	1,749,495,445	6.04
Alintio International, S.L.	6,404,227,630	4.97	1,435,671,235	4.96
Pivca Promotora de Inversiones y Valores, C.A.	5,158,386,000	4.00	1,657,522,300	5.72
Curbelo Pérez, Juan Ramón	5,091,895,010	3.95	1,143,454,540	3.95
Starlight Investments, S.L.	5,063,484,845	3.93	274,568,875	0.95
Inversiones Clatal, C.A.	3,979,296,210	3.09	893,605,290	3.09
Corporación Friport, C.A.	3,809,252,843	2.95	903,980,990	3.12
Osio Montiel, Carmen Inés	3,328,679,480	2.58	748,700,040	2.59
Inversiones Grial, C.A.	2,971,729,000	2.30	622,296,115	2.15
Kozma Solymosy, Nicolás A.	2,762,433,250	2.14	620,342,100	2.14
Pembrokepines Investments LLC Venezuelan Branch	2,536,000,046	1.97	533,554,000	1.84
Inversiones Tosuman, C.A.	2,404,644,810	1.86	539,995,820	1.86
García Arroyo, Sagrario	2,397,886,000	1.86	495,915,100	1.71
Tamayo Degwitz, Carlos Enrique	2,360,839,900	1.83	530,158,830	1.83
Somoza Mosquera, David	2,278,118,165	1.77	511,582,535	1.77
Grupo Ebenezer, C.A.	1,934,394,750	1.50	434,394,750	1.50
Consorcio Toyomarca, S.A.	1,919,428,623	1.49	403,832,335	1.39
Kozma Ingenuo, Alejandro Nicola	1,632,999,220	1.27	366,712,270	1.27
Kozma Ingenuo, Carolina María	1,632,999,220	1.27	366,712,270	1.27
Chaar Chaar, Mouada	1,466,882,850	1.14	329,408,570	1.14
Fospuca Baruta, C.A.	1,289,596,500	1.00	-	-
Arocha Moreno, Gregorio José	1,289,596,500	1.00	-	-
Valores Agropecuarios La Florida, C.A.	1,195,267,855	0.93	268,413,715	0.93
Tracto Agro Valencia, C.A.	1,184,154,000	0.92	265,917,900	0.92
Zasuma Inversiones, C.A.	1,112,284,430	0.86	1,112,284,430	3.84
Benacerraf Herrera, Mercedes Cecilia	1,092,144,000	0.85	224,749,000	0.78
Mota Sanchez y Cia, S.A.	908,633,013	0.70	189,132,875	0.65
Nogueroles Benacerraf, Rodrigo José	846,281,000	0.66	168,185,800	0.58
Others	17,287,356,850	13.41	4,847,734,055	16.74
	<u>128,959,650,000</u>	<u>100.00</u>	<u>28,959,650,000</u>	<u>100.00</u>

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

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

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

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

At 30 June 2023 and 31 December 2022, the Bank does not maintain the minimum capital requirement in accordance with this provision. The required capital increases were approved at Ordinary Stockholders' Meetings and the corresponding authorization requests were submitted to SUDEBAN for consideration and are awaiting a response from SUDEBAN.

**(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 provision for legal reserve, 10% of its bi-yearly net income until it reaches 100% of the capital stock. At 30 June 2023 and 31 December 2022, capital reserves include Bs128,959,650 and Bs28,959,650, respectively, corresponding to legal reserve.

***Social Funds for Contingencies***

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

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

At 30 June 2023 and 31 December 2022, the capital reserves account includes Bs790,059 and Bs145,261, respectively, corresponding to the Social Contingency Fund.

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

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

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

- Income or losses arising from holding assets and liabilities in foreign currency should be recorded in account 352.00 "Income or losses from exchange rate variations from holding assets and liabilities in foreign currency."
- The net credit balance reflected at 31 December 2018 and 30 June 2019, as well as, that corresponding to the following half-yearly closings, must be applied in the following order of priority, upon request and authorization to the Superintendency:
  - Write-off operational losses or deficits.
  - Constitution or coverage of deficit balances in provisions for asset contingencies, adjustments or losses determined by the Superintendency.

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

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

On 5 June 2023, the Superintendency, through Circular SIB-II-GGR-GNP-03636 establishes the rules regarding the application of the net profits originated at 30 June 2023 due to the effect of the valuation of assets and liabilities in foreign currency at the free convertibility exchange rate fixed through Exchange Agreement N° 1 dated 21 August 2018, the criteria and guidelines must be applied considering:

- Revenues or losses arising from holding assets and liabilities in foreign currency should be recorded in account 352.00 "Gains or losses from exchange rate fluctuations from holding assets and liabilities in foreign currency."
- The net credit balance reflected in account 35.00 "Exchange gains or losses from holding assets and liabilities in foreign currency" at 30 June 2023 and 31 December 2023, as well as that corresponding to the following half-yearly closings, shall only be applied in the following order of priority, upon request and authorization to the Superintendency:
  - Write-off of operating losses or deficits.
  - Constitution or coverage of deficit balances in provisions for asset contingencies, adjustments or losses determined by the Superintendency.

- Constitution or coverage of deficit balances in provisions for contingencies, adjustments or losses, directly related to assets denominated in foreign currency that generate such effect.

When the banking institution, by virtue of its financial situation, does not merit applying the balance recorded in the aforementioned account to the aforementioned items or, in any case, if once the items have been applied there are amounts that are the product of realized profits, the Superintendency, upon request and evaluation, may authorize their application to the results of the fiscal year. Once its application has been authorized, 50% of the results must be set aside to sub-account 361.02 "Restricted Surplus", in accordance with Resolution N° 329.99 dated 28 December 1999, published in Official Gazette N° 36.859 dated 29 December 1999.

The balance maintained in account 352.00 "Revenues or losses from exchange fluctuations from holding assets and liabilities in foreign currency" must be considered to determine the primary equity (level I), which is used in the calculation of the Total Equity Adequacy Ratio.

Additionally, circulars SIB-II-GGR-GNP-03578 and SIB-DSB-CJ-OD-05294 dated 29 March 2019 and 14 July 2021, respectively, are repealed.

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

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

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



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Notes to the Consolidated Financial Statements

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

	<b>Notes</b>	<b>Semesters ended</b>	
		<b>30 June 2023</b>	<b>31 December 2022</b>
Balances at the beginning of the semester		2,058,219,015	579,318,039
Income from net exchange variation	6	1,081,455,672	958,050,516
Increase provided by the variation of capital loans granted by means of UVC	8	706,465,536	816,559,839
Allocation charged to income of the benefits yielded by an increase in the variation of loans collected and granted by means of UVC	8	(782,859,898)	(277,899,195)
Increase in capital stock carried to Income or Loss from Exchange Variation on Holding and sale of Foreign Currency as per the Exchange Market System of Free Convertibility	23(a)	-	(17,810,184)
Reclassification of net income from net revenues for investments in subsidiaries and affiliates		27,251,466	-
Balances at semester-end		<u>3,090,531,791</u>	<u>2,058,219,015</u>

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

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

*Restricted surplus*

At 30 June 2023 and 31 December 2022, restricted surplus amounts to Bs441,886,166 and Bs77,688,145, respectively.

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

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

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

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

On 28 June 2023, in Circular SIB-II-GGR-GNP-04201, the Superintendency established the parameters that banking institutions must consider for the application of the restricted surplus, constituted on the occasion of the 50% of the results of each semester, and indicates that the restricted surplus may only be applied or used to increase the capital stock, upon request of authorization and approval of the Superintendency.

### (e) Risk Capital Ratios

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

	30 June 2023		31 December 2022	
	Required (%)	Maintained (%)	Required (%)	Maintained (%)
Equity/Assets and contingent weighted operations based on risks	12	62.53%	12	69.85%
Accounting equity/Total Assets	9	28.57%	9	35.76%

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.

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

Notes to the Consolidated Financial Statements

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**(f) Earnings per Share**

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

	<b>Semesters ended</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>
Outstanding common shares	128,959,650,000	28,959,650,000
Liquidation earning per share	0.0058	0.0077

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

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

	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Assets -</b>			
Cash and due from banks:			
Transvalor Orinoco, C.A. -			
Notes and foreign coins (including US\$39,252,330 and €1,199,245; and US\$10,251,834 and €1,832,123, respectively)	5	1,133,001,353	213,010,467
BNC International Banking Corporation -			
Banks and correspondents overseas (including US\$1,268,304 and US\$1,498,295, respectively)		35,444,286	26,138,204
Exchange Agreement N° 20 (including US\$3,818 in both semesters)	5 and 14	106,688	66,600
Investments in affiliates and subsidiaries -			
Consortio Credicard, C.A.	10	164,984,179	107,757,370
Proyectos Conexus, C.A.	10	7,863,727	2,160,387
Total assets		<u>1,341,400,233</u>	<u>349,133,028</u>
<b>Liabilities -</b>			
Customers' deposits			
BNC International Banking Corporation (equivalent to US\$4,323,634 and US\$4,816,000, respectively)			
		120,829,144	84,016,565
Latin American Holdings Inc, C.A. (including US\$115,064 and US\$408,401, respectively)			
		3,215,604	7,381,834
Servicios Latin Pagos 2021, C.A. (including US\$125,112 and US\$1,356, respectively)			
		3,496,418	65,978
Transvalor Orinoco, C.A. (including US\$36.781 and €10; and US\$145,171 and €10, respectively)			
		1,027,892	2,544,871
Other financing obtained at BNC			
International Banking Corporation -			
Sight deposits, non-interest bearing (including US\$51,857 and US\$51,946, respectively)	15	1,449,201	906,217
Total liabilities		<u>130,018,259</u>	<u>94,915,465</u>

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

On 30 November 2022, the Bank entered into an addendum to the framework agreement with Transvalor Orinoco, C.A., which contemplates the terms and conditions related to ATM services, transportation and custody of securities. This agreement is valid for one year, with automatic renewal, unless one of the parties states otherwise. As a consequence of this agreement, at 31 December 2022, foreign notes and coins are in the custody of Transvalor Orinoco, C.A. Additionally, during the semesters ended 30 June 2023 and 31 December 2022, the Bank has recorded expenses for these services, transportation and custody of securities for Bs35,764,940 and Bs11,519,602, included in general and administrative expenses in the consolidated statements of income and net income allocation.

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

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

During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded Bs 8,485,901 and Bs3,765,983, 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 2023 and 31 December 2022, the amount corresponding to the contribution paid in the six-month period is based on 0.8 per thousand of the average of the assets of the two months prior to the two-month period to which the payment corresponds. During the semesters ended 30 June 2023 and 31 December 2022, the Bank recorded Bs26,127,021 and Bs8,661,154, respectively, in the consolidated statements of income and net income allocation.

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### (27) Contingencies

At 30 June 2023 and 31 December 2022, there are lawsuits and other claims against the Bank arising from the normal course of its operations, management and its legal advisors consider that such lawsuits and claims are not entirely appropriate, and the allegations and legal appeals filed by the Bank will be favorably received; consequently, the resolution of these contingencies will not significantly affect the Bank's consolidated financial position or results of operations.

### (28) Maturities of Assets and Liabilities

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

	31 December 2023	30 June 2024	31 December 2024	30 June 2025	31 December 2025	30 June 2026 or beyond	Total
<b>Assets:</b>							
Cash and due from banks	9,316,795,786	-	-	-	-	-	9,316,795,786
Investment securities	2,000,000	-	2,714	-	120	425,483,315	427,486,149
Loan portfolio	2,837,651,446	831,870,600	82,610,581	52,728,561	11,000,666	168,772,460	3,984,634,314
Interests and commissions receivable	2,989,354	-	-	-	-	-	2,989,354
Other assets	1,674,157,665	-	-	-	-	-	1,674,157,665
	<u>13,833,594,251</u>	<u>831,870,600</u>	<u>82,613,295</u>	<u>52,728,561</u>	<u>11,000,786</u>	<u>594,255,775</u>	<u>15,406,063,268</u>
<b>Liabilities:</b>							
Customers' deposits	9,766,521,547	-	-	-	-	-	9,766,521,547
Other financing obtained	804,129,523	-	-	-	-	-	804,129,523
Interests and commissions payable	18,836,501	-	-	-	-	-	18,836,501
Accruals and other liabilities	1,565,514,210	-	-	-	-	-	1,565,514,210
	<u>12,155,001,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,155,001,781</u>

### (29) Fair Value of Financial Instruments

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

	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets -</b>				
Cash and due from banks	9,316,795,786	9,316,795,786	3,634,902,385	3,634,902,385
Investment securities	427,486,149	346,986,865	1,672,688,039	1,630,316,354
Loan portfolio	3,882,641,773	3,882,641,773	2,011,982,530	2,011,982,530
Interests and commissions receivable	2,989,354	2,989,354	9,075,646	9,075,646
Total assets	<u>13,629,913,062</u>	<u>13,549,413,778</u>	<u>7,328,648,600</u>	<u>7,286,276,915</u>
<b>Liabilities -</b>				
Customers' deposits	9,766,521,547	9,766,521,547	5,416,073,941	5,416,073,941
Other financing obtained	804,129,523	804,129,523	164,721,085	164,721,085
Interests and commissions payable	18,836,501	18,836,501	3,054,074	3,054,074
Total liabilities	<u>10,589,487,571</u>	<u>10,589,487,571</u>	<u>5,583,849,100</u>	<u>5,583,849,100</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) Subsequent Events**

**(a) Exchange Rate Variation**

In accordance with Exchange Agreement N°1 (see note 6), the exchange rates at 9 August 2023, are Bs31.16 per US\$1, Bs34.23 per €1 and Bs0.01 per COP1, which are higher than those existing at 30 June 2023. 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 2023, causes an effect on the consolidated financial statements of the subsequent reporting period.

**(b) Standards regarding minimum capital stock for the incorporation and operation of banking institutions**

Official Gazette of the Bolivarian Republic of Venezuela N° 42.664 dated 4 July 2023, the Superintendency's Resolution N° 029.23 was published, whereby establishing that 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 reflected in the financial statements corresponding to the closing of the fiscal year ended 31 December of the immediately preceding year for institutions of the private banking sector and 1.5% for institutions of the public banking sector. Banking sector institutions must adjust their capital stock on an annual basis during the first six months of each year, maintaining at least the percentages indicated above; such capital stock increases will require the authorization of the Superintendency, subject to the binding opinion of the OSFIN. The banking institutions must make the required adjustments 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.

Additionally, Resolution N° 014.22 published in Official Gazette of the Republic of Venezuela N° 42.412 dated 6 December 2001, was repealed.