

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

**Consolidated Financial
Statements**

30 June 2024 and
31 December 2023

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 and Foreign Branch:

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 2024 and 31 December 2023, 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 2024 and 31 December 2023, its consolidated financial performance and consolidated cash flows for the six-month periods then ended, all in accordance with the Accounting Manual for Banking Institutions and other prudential regulations issued by the Superintendency of Banking Institutions.

Basis for our Opinion

We conducted our audits in conformity with International Auditing Standards (IAS). Our responsibilities according to these standards, are described in the *Responsibilities of the Independent Auditor for the Consolidated Financial Statements Audit* section of our report. We are independent from the Bank according to the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (including International Standards on Independence) (*IESBA Code*) applicable in Venezuela 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 4(e) and 9 to the consolidated financial statements

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



Provision for Loan Portfolio

See notes 4(e) and 9 of the consolidated financial statements

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

Information Technology (IT) associated risks

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



Emphasis of Matter

We draw attention to note 6 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. 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 the semesters ended 30 June 2024 and 31 December 2023. These obligations on the legal reserve have originated and may continue to represent challenges for the Bank in terms of its monetary liquidity and financial intermediation. Our opinion remains unchanged regarding this matter.

Other Matter

The IESBA Code of Ethics applicable in Venezuela and mentioned in the Basis for Our Opinion section is the 2021 version translated into Spanish, as per the provision established in part three of Resolution dated 30 March 2024 issued by Directory N° 90 of the Federation of Public Accountants of the Bolivarian Republic of Venezuela.

Other Information

Management is responsible for the other information, comprising the First Half 2024 Report, which includes the consolidated financial statements and our report of independent public accountants. It is expected that the First Half 2024 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 other 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 2024 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 corporate governance.

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

Management is responsible for preparing and presenting fairly the consolidated financial statements in accordance with the Accounting Manual for Banking Institutions and other prudential regulations issued by the Superintendency of the Banking Sector 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 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 ISA, 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 so that they are fairly presented.
- We obtain sufficient and appropriate evidence in connection with the financial information of the entities or activities of the Bank's business, to express an opinion on the consolidated financial statements. We are responsible for the management, oversight and conduction 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

16 August 2024
Caracas, Venezuela

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

Consolidated Balance Sheets

30 June 2024 and 31 December 2023

(in bolivars)

	Notes	30 June 2024	31 December 2023
ASSETS			
CASH AND CASH EQUIVALENTS	6	13,206,492,467	12,872,199,443
Cash		5,531,138,529	4,917,090,981
Central Bank of Venezuela		4,810,895,677	4,195,746,083
Banks and other national financial institutions		107,813,994	89,870,991
Banks and correspondents abroad		2,756,188,867	3,669,468,175
Bills for immediate collection		455,400	23,213
Provision for cash and cash equivalents		-	-
INVESTMENT SECURITIES	8	958,860,586	669,330,081
Placements in the Central Bank of Venezuela and interbank operations		-	-
Trading investment securities		-	-
Available-for-sale investment securities		101,007,494	107,818,026
Held-to-maturity investment securities		451,564,671	177,948,282
Restricted availability investments		406,288,421	383,563,773
Other investment securities		-	-
Provision for investment securities		-	-
LOAN PORTFOLIO	9	7,678,919,110	6,085,902,485
Current loans		7,735,234,561	6,186,289,377
Restructured loans		95,927,381	-
Overdue loans		101,575,845	115,978,734
Loans under litigation		-	-
Provision for loan portfolio		(253,818,677)	(216,365,626)
INTEREST AND COMMISSIONS RECEIVABLE	10	51,871,034	4,969,000
Returns receivable from cash and equivalents		-	-
Returns receivable from investment securities		164,510,547	150,423,899
Returns receivable from loan portfolio		59,950,612	5,087,568
Commissions receivable		934,419	695,544
Provision from returns receivable and others		(173,524,544)	(151,238,011)
INVESTMENTS IN SUBSIDIARIES, AFFILIATED COMPANIES AND BRANCHES	11	372,599,354	319,092,029
REALIZABLE ASSETS	12	70,485,000	-
FIXED ASSETS	13	946,704,696	881,076,718
OTHER ASSETS	14	4,400,612,242	3,950,180,457
TOTAL ASSETS		<u>27,686,544,489</u>	<u>24,782,750,213</u>

The accompanying notes 1 to 31 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 2024 and 31 December 2023

(in bolivars)

	Notes	30 June 2024	31 December 2023
LIABILITIES			
CUSTOMERS' DEPOSITS	15	17,791,165,936	15,234,877,748
Sight deposits -		15,789,892,585	13,641,633,894
Non-interest bearing checking accounts		6,194,413,826	3,840,041,863
Checking accounts as per Exchange Market System of Free Convertibility		7,216,296,524	7,862,748,132
Interest-bearing checking accounts		676,031,611	257,656,637
Checking accounts as per Exchange Agreement N° 2C		540,749,731	562,039,345
Deposits and sight certificates		1,152,624,276	1,109,362,323
Special funds in trust		9,776,617	9,785,594
Other sight obligations		9,220,924	8,608,086
Savings deposits		1,711,815,222	1,326,796,991
Time deposits		280,237,205	257,838,777
Restricted customers' deposits		-	-
CUSTOMERS' DEPOSITS AND OBLIGATIONS WITH BANCO NACIONAL DE VIVIENDA Y HÁBITAT		-	-
OTHER FINANCING OBTAINED	16	1,529,668,590	1,357,763,077
Obligations with national financial institutions for up to a year		1,527,241,583	1,355,832,668
Obligations with financial institutions abroad for up to a year		2,427,007	1,930,409
OTHER OBLIGATIONS FOR FINANCIAL INTERMEDIATION		-	-
INTERESTS AND COMMISSIONS PAYABLE	17	32,261,763	34,917,420
Expenses payable for customers' deposits		16,519,564	18,308,612
Expenses payable for other financing obtained		15,742,199	16,608,808
ACCRUALS AND OTHER LIABILITIES	18	2,775,029,965	2,946,255,384
TOTAL LIABILITIES		22,128,126,254	19,573,813,629
STOCKHOLDERS' EQUITY			
CAPITAL STOCK	24	128,959,650	128,959,650
UNCAPITALIZED EQUITY CONTRIBUTIONS	24	377,375,790	300,000,000
CAPITAL RESERVES	24	131,039,306	130,394,508
ADJUSTMENTS TO STOCKHOLDERS' EQUITY	24	3,753,469,396	3,678,219,978
ACCUMULATED INCOME		1,119,916,407	918,801,474
UNREALIZED GAIN (LOSS) IN AVAILABLE-FOR- SALE INVESTMENT SECURITIES	8	47,657,686	52,560,974
TOTAL STOCKHOLDERS' EQUITY		5,558,418,235	5,208,936,584
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		27,686,544,489	24,782,750,213
MEMORANDUM ACCOUNTS			
Debtor contingent accounts	23	525,036,797	12,872,666
Trust assets	23(a)	654,596,738	555,339,278
Debtor accounts for other trustworthy assignments	23(b)	337,057	149,114
Other debtor memorandum accounts	23	16,391,585,456	14,367,585,282
		17,571,556,048	14,935,946,340

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

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

Consolidated Statements of Income and Net Income Allocation

Semesters ended 30 June 2024 and 31 December 2023

(in bolivars)

	Notes	Semesters ended	
		30 June 2024	31 December 2023
FINANCIAL INCOME		1,066,626,600	1,441,049,729
Income from cash and cash equivalents	6	12,167,734	4,567,409
Income from investment securities	8	26,503,782	20,877,966
Income from loan portfolio	9	1,014,514,239	1,406,037,686
Income from other accounts receivable	15	13,440,845	9,566,668
Other financial income		-	-
FINANCIAL EXPENSES		(986,658,160)	(841,198,536)
Expenses from customers' deposits		(388,020,780)	(336,940,006)
Expenses from customers' deposits and obligations with Banco Nacional de Vivienda y Hábitat		-	-
Expenses from other financing obtained	16	(411,997,638)	(288,473,404)
Other financial expenses	6	(186,639,742)	(215,785,126)
Expenses from other obligations for financial intermediation		-	-
GROSS FINANCIAL MARGIN		79,968,440	599,851,193
INCOME FROM RECOVERY OF FINANCIAL ASSETS	9	3,595	7,259
EXPENSES FOR BAD DEBTS AND DOWNGRADING OF FINANCIAL ASSETS		(61,569,098)	(124,962,186)
Expenses from uncollectibility of loans and other accounts receivable	9, 10 y 18	(61,569,098)	(124,962,186)
Constitution of provision and adjustment of cash and equivalents		-	-
NET FINANCIAL MARGIN		18,402,937	474,896,266
OTHER OPERATING INCOME	20	2,083,226,364	1,636,598,393
OTHER OPERATING EXPENSES	21	(295,619,887)	(175,308,568)
FINANCIAL INTERMEDIATION MARGIN		1,806,009,414	1,936,186,091
TRANSFORMATION EXPENSES		(1,738,097,120)	(1,496,885,331)
Personnel expenses		(376,904,822)	(448,230,370)
Administrative and general expenses	22	(1,256,713,575)	(996,283,315)
Contributions to the Social Protection Fund for Banking Deposits	26	(39,646,963)	(17,789,445)
Contribution to the Superintendency of Banking Institutions	27	(64,831,760)	(34,582,201)
GROSS OPERATING MARGIN		67,912,294	439,300,760
INCOME FROM REALIZABLE ASSETS	12	5,271,490	37,674,824
MISCELLANEOUS OPERATING INCOME		17,393,791	3,881,078
EXPENSES FROM REALIZABLE ASSETS	12	(4,476,853)	(4,081,967)
MISCELLANEOUS OPERATING EXPENSES	21	(62,347,359)	(70,189,418)
NET OPERATING MARGIN		23,753,363	406,585,277
EXTRAORDINARY INCOME	13	259,912,684	24,411,778
EXTRAORDINARY EXPENSES		(3,793,688)	(2,698,326)
GROSS INCOME BEFORE INCOME TAXES		279,872,359	428,298,729
NET WORTH TAX	19	(13,900,000)	(3,026,984)
INCOME TAXES	19	13,163,162	(70,434,321)
NET INCOME		279,135,521	354,837,424
NET INCOME ALLOCATION			
Accumulated results		279,135,521	354,837,424
Contribution to the Organic Law on Drugs	21	270,000	4,069,000

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

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

Consolidated Statements of Changes in Stockholders' Equity

Semesters ended 30 June 2024 and 31 December 2023

(in bolivars)

	Notes	Adjustments to Stockholders' equity						Accumulated results					Unrealized net income or loss in available-for-sale investment securities valores (see note 8)	Total Stockholders' equity
		Paid-in capital stock	Uncapitalized equity contributions	Capital reserves	Income or loss from exchange variation for holding of assets and liabilities in foreign currency	Variation of trading loans granted through UVC (see note 9)	Total	Surplus pending allocation	Restricted surplus	Undistributed surplus	Accumulated loss	Total		
Balance 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
Adjustments to available-for-sale investment securities at fair market value		-	-	-	-	-	-	-	-	-	-	-	57,366,214	57,366,214
Income from net exchange variation	24	-	-	-	594,460,240	-	594,460,240	-	-	-	-	-	-	594,460,240
Increase provided by variation in trade loan capital granted through UVC	9	-	-	-	-	760,019,655	760,019,655	-	-	-	-	-	-	760,019,655
Allocation charged to income of benefits generated by increase in variation of loans collected and granted through UVC	9	-	-	-	-	(765,610,903)	(765,610,903)	-	-	-	-	-	-	(765,610,903)
Equity contributions pending capitalization	24	-	232,127,370	-	-	-	(232,127,370)	-	-	-	-	(232,127,370)	-	-
Increase in capital stock from other liabilities	24	-	67,872,630	-	-	-	-	-	-	-	-	-	-	67,872,630
Net income for the semester		-	-	-	-	-	-	354,837,424	-	-	-	354,837,424	-	354,837,424
Social Fund for Contingencies		-	-	644,799	-	-	-	(644,799)	-	-	-	(644,799)	-	-
Reclassification to net income of Curacao Branch		-	-	-	-	-	-	(21,325,901)	-	21,325,901	-	-	-	-
Reclassification to net income of net income from investments in subsidiaries and affiliates	11, 20 and 21	-	-	-	-	-	-	(111,847,311)	111,847,311	-	-	-	-	-
Reclassification of accumulated loss	24	-	-	-	(1,180,805)	-	(1,180,805)	-	-	-	1,180,805	1,180,805	-	-
Reclassification to restricted surplus of 50% of the semester		-	-	-	-	-	-	(110,832,106)	110,832,106	-	-	-	-	-
Balance at 31 December 2023		128,959,650	300,000,000	130,394,508	3,161,085,227	517,134,751	3,678,219,978	207,143,186	664,565,583	47,092,705	-	918,801,474	52,560,974	5,208,936,584
Adjustments to available-for-sale investment securities at fair market value		-	-	-	-	-	-	-	-	-	-	-	(4,903,288)	(4,903,288)
Income from net exchange variation	24	-	-	-	451,509,796	-	451,509,796	-	-	-	-	-	-	451,509,796
Increase provided by variation of trade loan capital granted through UVC	9	-	-	-	-	72,758,258	72,758,258	-	-	-	-	-	-	72,758,258
Allocation charged to income of the benefits provided by an increase in the variation of loans collected and granted through UVC	9	-	-	-	-	(449,018,636)	(449,018,636)	-	-	-	-	-	-	(449,018,636)
Equity contributions pending capitalization	24	-	77,375,790	-	-	-	(77,375,790)	-	-	-	-	(77,375,790)	-	-
Net income for the semester		-	-	-	-	-	-	279,135,521	-	-	-	279,135,521	-	279,135,521
Social Fund for Contingencies		-	-	644,798	-	-	-	(644,798)	-	-	-	(644,798)	-	-
Reclassification of net income of Curacao Branch		-	-	-	-	-	-	(44,514,471)	-	44,514,471	-	-	-	-
Reclassification of net income of net income for investments in subsidiaries and affiliates	11 and 24	-	-	-	-	-	-	(123,472,038)	123,472,038	-	-	-	-	-
Recognition of dividends decree Consorcio Credicard, C. A.	11	-	-	-	-	-	-	71,918,600	(71,918,600)	-	-	-	-	-
Reclassification to restricted surplus of 50% for the semester		-	-	-	-	-	-	(55,574,506)	55,574,506	-	-	-	-	-
Balance at 30 June 2024		128,959,650	377,375,790	131,039,306	3,612,595,023	140,874,373	3,753,469,396	256,615,704	771,693,527	91,607,176	-	1,119,916,407	47,657,686	5,558,418,235

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

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

Consolidated Statements of Cash Flows

Semesters ended at 30 June 2024 and 31 December 2023

(in bolivars)

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Cash flows provided by operating activities -			
Net income for the period		279,135,521	354,837,424
Adjustments to reconcile net income to net cash used in operating activities:			
Net income from amortization of discount in held-to-maturity investment premiums	8 and 20	18,010,479	14,613,832
Provision for loan portfolio	9	45,053,284	111,074,209
Provision for returns receivable	10	12,134,266	13,887,977
Provision for other assets	14	16,402,759	-
Provision for contingent loans	18	4,381,548	-
Depreciation of fixed assets	13	36,937,512	27,842,674
Amortization of deferred charges	14	36,359,836	35,684,185
Amortization of realizable assets	12	4,146,176	-
Provision for labor indemnities		3,449,557	4,726,759
Current income tax		352,507	67,395,955
Deferred income tax asset		(13,557,560)	(188,635)
Deferred income tax liabilities		41,891	3,227,001
Net worth tax		13,900,000	3,026,984
Net variation of placements in the BCV and interbank operations		-	2,000,000
Interests and commissions receivable		(67,115,624)	(11,771,844)
Other assets		(490,001,973)	(1,908,556,670)
Accruals and other liabilities		(188,609,114)	1,092,726,754
Income from sale of realizable assets		5,271,490	37,674,824
Unrealized income in available-for-sale investments		(4,903,288)	57,366,214
Net cash (used in) provided by operating activities		(288,610,733)	(94,432,357)
Cash flows from financing activities -			
Net variation of:			
Customers' deposits		2,494,853,858	5,341,177,779
Other financing obtained		171,905,513	553,633,554
Interests and commissions payable		(2,655,657)	16,080,919
Uncapitalized equity contributions		-	67,872,630
Net cash provided by financing activities		2,664,103,714	5,978,764,882
Cash flows provided by investing activities -			
Loans granted during the semester		(6,488,369,704)	(6,476,008,907)
Loans collected in the semester		4,482,135,946	4,152,183,121
Net variation of:			
Available-for-sale investment securities		6,810,532	(69,571,900)
Held-to-maturity investment securities		(291,626,868)	(94,178,439)
Restricted availability investments		(12,936,399)	28,518,868
Investment in affiliates		(38,936,258)	2,124,440
Realizable assets		(79,902,666)	(34,653,607)
Fixed assets		(102,565,490)	(193,350,958)
Net cash used in investment activities		(2,525,390,907)	(2,684,937,382)
Net variation of cash and equivalents		(149,897,926)	3,199,395,143
Income from exchange difference		484,190,950	356,008,514
Cash and equivalents at the beginning of the semester		12,872,199,443	9,316,795,786
Cash and equivalents at semester-end		13,206,492,467	12,872,199,443
Supplementary information on activities which do not require cash flows -			
Loans write-off	9	(64,673)	(9,201,444)
Variation of unrealized net loss in available-for-sale investment securities		(4,903,288)	57,366,214
Decrease (increase) for valuation of trade loans granted through UVC receivable		72,758,258	760,019,655
Decrease in collection of trade loans granted through UVC receivable		(449,018,636)	(765,610,903)
Cash and cash equivalents		484,190,950	356,008,513
Investment securities		9,788,249	123,226,293
Interests and commissions receivable		17,206	196,164
Investments in affiliates		14,571,067	145,380,748
Other assets		(365,153)	306,464,665
Customers' deposits		(61,434,330)	(127,178,422)
Accruals and other liabilities		4,741,807	(209,637,721)
Net income recorded in equity		451,509,796	594,460,240

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

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

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30 June 2024 and 31 December 2023

(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, Estado Miranda, Caracas.

At 30 June 2024 and 31 December 2023, the Bank maintains 2.971 and 3.211 employees, respectively.

The Bank's stocks are listed in the Caracas Stock Exchange.

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 van 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 Extraordinary Official Gazette of the Bolivarian Republic of Venezuela N° 6.154 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 Ruling 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 cash and due from banks, 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 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 Ruling 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 Superintendency, by means of Ruling SIB-DSB-CJ-OD-04481 dated 13 July 2022, informed that in view of what was stated by the Bank in the communication dated 11 July 2022, in the absence of accurate and definitive accounting information, the Regulatory Entity cannot issue a partial technical and legal pronouncement in the present case. It is expressly understood that until the information requested in Ruling SIB-DSB-CJ-OD-04444 dated 12 July 2022, to Banco Occidental de Descuento, Banco Universal, C.A. does not comply with the instructions given, the Superintendency will not issue a pronouncement thereon.

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.

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Notes to the Consolidated Financial Statements

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The Superintendency, by means of Ruling 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 Ruling 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 Ruling 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.

The Bank, by means of communications sent on 22 July, 16 August and 14 October 2022, requested authorization to amortize in a maximum term of 5 years, the capital gain generated by the valuation of the shares of the companies Consorcio Credicard, C.A., Proyectos Conexus, C.A., and Corporación Suiche 7B, C.A.; as well as the value to maintain operations with American Express and the expenses incurred in connection with the adaptation of the transferred offices as a result of the transfer of assets and assumption of liabilities of Banco Occidental de Descuento, Banco Universal, C.A. The Superintendency, through Ruling SIB-II-GGIBPV-GIBPV4-08964 dated 5 December 2022, establishes that the term indicated for the amortization is in accordance with the provisions of the Accounting Manual for Banking Institutions. Furthermore, it urges the Bank to fully evaluate the expenses incurred for the adaptation of the real estate. The Bank, by means of a communication issued on 20 December 2022, informs the beginning of the regularization of the items recorded in sub-account 188.01 "Advances to suppliers".

The Bank, by means of communications sent on 18 November and 5 December 2022, informed that the Public Registry offices have refrained from notarizing the documents presented to proceed with the transfer of ownership of the assets that are part of the Transfer of Rights and Obligations Agreement entered into with Banco Occidental de Descuento, Banco Universal, C.A. The Superintendency, by means of Ruling SIB-DSB-CJ-OD-09734 dated 28 December 2022, communicated that, once the list of properties was compared with what is indicated in the Contract for the Transfer of Rights and Obligations executed with Banco Occidental de Descuento, Banco Universal, C.A., authorizes the alienation or transfer exclusively to Banco Nacional de Crédito, C.A., Banco Universal. Finally, and in order to guarantee the request made to the Autonomous Service of Registries and Notaries Public, the real estate and mercantile registries must request the Superintendency to confirm the authorization in writing and verify the specifications, location, boundaries and other registration data of the real estate to be sold or transferred.

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The Bank, by means of communications sent on 10 February and 16 March 2023, requests authorization for the registration of the transfer of the real estate and that the Autonomous Service of Registries and Notaries be notified, in order to allow its notarization. The Superintendency, by means of Ruling SIB-DSB-CJ-OD-07038 dated 30 November 2023, requests, in order to issue the corresponding authorization, a detailed report clarifying the discrepancies evidenced between the Contract for the Transfer of Rights and Obligations executed between Banco Nacional de Crédito, C.A., Banco Universal and Banco Occidental de Descuento, Banco Universal, C.A. The Bank, by means of a communication sent on 8 December 2023, informs the Superintendency that the differences correspond to involuntary errors; furthermore, it indicates that it did not possess the copies of the documents corresponding to the properties. In addition, it is indicated that the Bank has not been able to notarize all the documents of said properties in its name, and therefore, it requests the speedy issuance of the respective authorization and its notification to the Autonomous Service of Registries and Notaries.

The Bank, by means of a communication sent on 1 December 2023, filed before the Superintendency Addenda N° 2 and 3 dated 16 November 2023, under N° 26, Volume 36 and N° 25, Volume 36, respectively, authenticated at the Thirtieth Notary Public Office of Caracas, Municipality of Libertador.

The Bank, by means of a communication sent on 23 June 2023, informs the Superintendency that on 18 May 2023, the Political Administrative Court of the Supreme Court of Justice instructed the Bank to transfer ownership of the real property located in Centro Comercial Maracay Plaza, Girardot Municipality of Aragua State, to The Bank Deposits Social Protection Fund (FOGADE). Similarly, it informs the Superintendency that the aforementioned assets are not part of Addenda N° 3 of the Contract for the Transfer of Rights and Obligations entered into by Banco Nacional de Crédito, C. A., Banco Universal and Banco Occidental de Descuento, Banco Universal, C. A, consequently, it requests the Superintendency to issue a pronouncement evidencing that Banco Occidental de Descuento, Banco Universal, C.A. maintains its legal personality, holding the ownership of the real property located in Centro Comercial Maracay Plaza. The Superintendency, by means of Ruling SIB-DSB-CJ-OD-00665 dated 15 February 2024, in order to issue a pronouncement, requests the registered documents of the real property owned by the Bank, located in Centro Comercial Maracay Plaza, listed in Addenda N° 3 of the Contract for the Transfer of Rights and Obligations, which, do not correspond to the real property indicated by the Political Administrative Court of the Supreme Court of Justice. The Bank, by means of a communication sent on 30 April 2024, sent ownership documents duly registered of the commercial premises located in Centro Comercial Maracay Plaza, to 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 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 in Venezuela for Large Entities (VEN-NIF for LE). In regard to all aspects not established in these provisions, the Accounting Principles Generally Accepted in Venezuela (VEN-GAAP) that were in force until 31 December 2007 must be followed; in the succeeding order and in a supplementary manner, the provisions contained in the Accounting Principles Generally Accepted in Venezuela for Large Entities (VEN-NIF for LE).

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In April 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 2024 and 31 December 2023, the applicable version of VEN-NIF is the version approved in February 2020 by the National Extended Directory of the FCCPV, through Application Bulletin on VEN-NIF N° 8 version 8, Accounting Principles Generally Accepted in Venezuela (VEN-NIF).

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

On 15 December 2023, the Superintendency issued Ruling SIB-II-GGR-GNP-08302, deferring the presentation of complementary information corresponding to the 2023 second semester closing, in connection with the consolidated financial statements, prepared on the basis of generally accepted accounting principles; 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 financial statements are not adjusted by inflation, they are presented in nominal bolivars. VEN-NIF for LE require the presentation of financial statements expressed in terms of the measurement unit current at the reporting date, considering that the bolivar is the currency of a hyperinflationary economy.
- 2) The comparative information is presented under the comparative financial statements approach, not under the approach of corresponding figures which is customary according to VEN-NIF for LE.
- 3) Statements of cash flows: The cash and due from banks item is equivalent to cash according to the Manual. 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.
- 4) A provision is recognized 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 provisions recorded, since they are aged over 180 days. VEN-NIF for LE do not contemplate the recognition of a provision for impairment based on the specific age but based on the expected risk of credit loss.
- 5) Unrecorded 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; then, a provision is recognized for 100% of the balance 30 and 60 days after their recording, respectively, if they are still pending reconciliation. VEN-NIF for LE do not establish reclassifications of accounts receivable pending recording, nor the recognition of an estimate for loss resulting from impairment based on a specific maturity but based on the expected risk of credit loss.

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- 6) Maximum holding periods are established in the Manual for securities recorded in the subaccount of 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 for LE do not contemplate any specific maximum time limitation for these investments to remain recorded in such categories.
- 7) 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 VE-NIF for LE, these premiums or discounts are part of the yield of the security and are therefore presented as part of financial income or financial costs, as the case may be.
- 8) Gains or losses generated by variations in the official exchange rate are recorded in the adjustments to stockholders' equity account. As of the first semester of 2024, net realized gains and/or losses originated from the sale of foreign currency made by the Bank in the Foreign Exchange Market acquired in the BCV, as well as the foreign currency acquired from its clients, are recorded in income, whilst unrealized gains and/or losses continue to be recorded in stockholders' equity. In accordance with VE-NIF for LE, any exchange gain or loss is recognized in the statement of income for the period.
- 9) Transactions and balances in foreign currency are recognized at the official exchange rate (ask rate) of the BCV effective on the transaction date and on the reporting date, respectively. In accordance with VEN-NIF for LE, these are recognized 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 financial statements would have been disbursed or received, as the case may be, to settle obligations or to realize foreign currency assets, using the exchange or payment mechanisms legally established or permitted by the Government or laws of the Bolivarian Republic of Venezuela.
- 10) Permanent impairment in the value of investments held to maturity is recognized in income for the period as incurred. Any subsequent recovery of the cost does not affect the new accounting basis. VEN-NIF for LE allows the recognition as income of any recovery of impairment previously recognized as net income, up to the concurrent amount of the original investment.
- 11) The value to be recorded for transfers from available-for-sale to held-to-maturity investments is calculated at fair value at the time of the transfer. The unrealized gain or loss continues to be reported separately in stockholders' equity and is amortized over the remaining life of the debt security, as an adjustment of its yield. VEN-NIF for LE establishes that the fair value of the investment at the date of transfer will become its new or amortized cost, and any net income previously recognized in stockholders' equity is recorded as follows: a) investment with fixed maturity: gain or loss is recognized in net income over the remaining life of the investment, and any difference between the new amortized cost and the amount at maturity is amortized over the remaining life; b) investment with no maturity: the gain or loss remains in stockholders' equity until the asset is sold or otherwise disposed of, at which time it will be recognized in income.
- 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) effective at the 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 stockholders' 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 for LE, income is recognized in net income when accrued.

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- 13) In addition to the specific provision, a generic and a counter-cyclical provision is required for the loan portfolio, as well as a generic and a specific provision for indirect credit risks controlled by the Bank in memoranda accounts. VEN-NIF for LE do not contemplate the recording of generic or counter-cyclical provisions and establish the recognition of the expected credit losses that reflect a non-biased, probable average amount that is determined through the assessment of a range of possible outcomes, the temporary value of money and reasonable and sustainable information that is available without disproportionate cost or effort on the date of presentation regarding past events, current conditions and future economic conditions forecasts.
- 14) It is established that loans which original payment plan, term and other previously agreed conditions 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 for LE do not establish a separate classification and presentation in the balance sheet when this occurs.
- 15) The period for writing off the past-due loan portfolio may not exceed 24 months as of the date of registration of the entire loan in that category. At 24 months as of the date of registration in that category, the credits in dispute must be fully provisioned. VEN-NIF for LE establish the recognition of expected credit losses that reflect a non-biased, probable average amount that is determined through the assessment of a range of possible outcomes.
- 16) Yields originated by the current and restructured loan portfolio, with a collection term equal to or greater than six months, are recorded as deferred income until they are effectively collected. In accordance with VEN-NIF for LE, interest is recognized as income when accrued.
- 17) Excess provisions reversal requires prior authorization of the Superintendency and is recognized as income and/or accumulated results. VEN-NIF for LE allows this type of reversal based on an analysis of the realization of the item and is recorded as income in the results of the semester.
- 18) Yields on past-due loans and loans in litigation are recorded in memoranda accounts and are recognized as income when collected. In accordance with VEN-NIF for LE, interest is recognized as income when accrued. If there is significant risk of uncollectability, interest must not be recognized as income until said risk is eliminated.
- 19) A provision is recognized 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, for which a 100% provision of the balance thereof is recognized. Interest accrued on loans considered as high risk and non-recoverable is not recognized in income. In accordance with VEN-NIF for LE, estimates for impairment are established based on the risk of expected credit loss of items, and interest is recognized as income when accrued and it corresponds to loans with no risk of expected credit loss.
- 20) A provision for the total amount of the balance of accrued and uncollected interest must be recognized when the fixed term loan is considered past due. A provision for interest resulting from installment loans is recognized when the installment is 30 days past due. VEN-NIF for LE establish the recognition of expected credit losses that reflect a non-biased, probable average amount that is determined through the assessment of a range of possible outcomes.

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- 21) Fees charged on loans are recognized as income when collected. In accordance with VEN-NIF for 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 income when accrued and in subsequent measurement, is subject to the recognition of an estimate for loss of value, which base, in general, is the real risk of loss.
- 22) Assets received as payment are recorded at the lower of the amount awarded, the carrying amount, market value or the appraisal amount. In accordance with VEN-NIF for LE, they are presented at fair value, less costs to sell, and are recorded as fixed assets or assets held for sale, depending on their intended use.
- 23) Realizable property is amortized over the period established in the Accounting Manual, which also establishes terms for derecognizing those assets. According to VEN-NIF for LE, depreciation of these assets ceases, and they are valued at fair value less costs to sell. Also, 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 conditions.
- 24) Fixed assets are presented at original cost less accumulated depreciation. The original cost of fixed assets is determined by its acquisition or construction cost, as the case may be. Similarly, assets with a useful life of less than four years and those which acquisition cost is less than 320 TU are recorded in the general and administrative expenses account. In accordance with VEN-NIF for LE, fixed assets are presented at cost, less accumulated depreciation and impairment losses; the recognition of an item as fixed assets is not subject to the useful life of the asset or its amount as established by the terms of the Manual.
- 25) The measurement of fixed assets according to the revaluation model instructed by the Superintendency is mandatory, except for lands, works in progress and other assets and, their amount cannot exceed from the primary equity of the Bank. In accordance with VEN-NIF for LE, the revaluation model for the subsequent measurement of fixed assets is optional, by adopting that model, it must be applied to all the elements of the same class of fixed assets and the amount to be recognized is the fair value reliably measured at the time of revaluation, less accumulated depreciation and the amount of impairment losses.
- 26) Substantial improvements to leased properties are recorded as amortizable expenses and are classified in other assets. In accordance with VEN-NIF for LE, these substantial improvements are part of fixed assets.
- 27) The Superintendency is empowered to authorize financial institutions to defer regular and recurring expenses. VEN-NIF for LE do not contemplate recognition of deferred expenses, but recognition of intangible assets, if and only 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.
- 28) Leases are classified as capital leases and operating leases. Lease payments are recorded as expenses in the month in which the obligation is incurred. In accordance with VEN-NIF for LE, a lease must be recognized as an asset susceptible to be used legally and a financial liability if the contract transfers the right to control the use of an identified asset, amongst other considerations established in IFRS 16 – which is part of VEN-NIF for LE -, except for contracts that are short-term or of a lesser amount.

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- 29) 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 for LE, these assets are not reclassified and the estimate for impairment is determined based on the expected risk of credit loss.
- 30) Minimum terms and criteria similar to those prescribed for the loan portfolio are established in the evaluation of the collectability of the items classified as other assets, in order to recognize the corresponding provision. These assets may remain on the balance sheet for one year after their maturity date, as of which time a 100% provision of their balance must be recognized. 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 for LE, the estimate for impairment is determined based on the expected risk of credit loss.
- 31) For the purposes of calculating the temporary difference related to the provision for loan portfolio, in order to determine the deferred income tax, only provisions for loans classified as high risk or unrecoverable are considered. The deferred income tax cannot exceed the current tax expense. In accordance with VEN-NIF for LE, deferred taxes are recognized for all taxable temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax basis, and for the temporary differences deductible between those bases up to the amount of probably available future taxable earnings to be offset against. Similarly, recognition of an asset and a liability is required for separate deferred tax when the temporary differences raised in the recognition of an asset and a liability are equal.
- 32) Income originating from the sale of fixed assets, realizable assets and end-of-life assets made on installment credit terms and/or by means of financing, is deferred until actually collected and is classified in the accruals account and other liabilities with deferred earnings from the sale of assets. In accordance with VEN-NIF for LE, profit from the sale of assets, made on installment credit terms, is recognized as income when accrued.
- 33) Investments in subsidiaries and affiliates are valued according to the equity method when between 20% and 50% of the subsidiary's or affiliate's equity is owned. In accordance with VEN-NIF for LE, such investment will be recorded by the equity method provided that it has significant influence but not control over such entity.

(b) Approval of the Consolidated Financial Statements

The consolidated balance sheets of the Bank at 30 June 2024 and 31 December 2023 and the consolidated statements of income and net income allocation, previously authorized by the Board of Directors on 10 July 2024, were published in a national newspaper on 12 July 2024, in compliance of the requirements established by the Superintendency. On 15 August 2024, management authorized the issuance of the consolidated financial statements of the Bank, which in addition to those mentioned above, are comprised by the consolidated statements of changes in equity and cash flows for the semesters then ended and the notes containing significant accounting policies and other explanatory information. The consolidated financial statements at and for the semester ended at 31 December 2023, have been approved by the Stockholders' Meeting on 20 March 2024. The consolidated financial statements at and for the semester ended 30 June 2024, will be submitted to the approval of the Stockholders' Meeting which is expected to be held in September 2024.

(c) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost method, 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 4: (c) cash and cash equivalents; (d) investment securities; (e) loan portfolio; (f) interest and commissions receivable; (g) realizable assets; (h) fixed assets and depreciation; (i) other assets; (j) income tax and deferred income tax; (k) labor benefits and (s) commitments and contingencies.

(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 have been 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: cash and cash equivalents, customers' deposits without defined maturity and with short-term maturities, other financing obtained, interest and commissions both receivable and payable.

▪ Investment securities

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

▪ Loan portfolio

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

▪ Off-balance sheet financial instruments

Amounts approximate their fair values.

(3) Change in Significant Accounting Policy

As of the first semester of 2024, the Bank applied the provisions contained in Ruling SIB-II-GGR-GNP-03483 issued by the Superintendency on 30 May 2024, according to which it informs of the general criteria and guidelines to be considered for the application of the net realized gains and/or losses originated when the Bank sells foreign currency in the Foreign Exchange Market, acquired in the BCV; as well as for the foreign currency acquired from clients when they must be sold and for such foreign currency to be negotiated in the aforementioned market.

Consequently, the balance recorded as a result thereof in subaccounts 356.03 Realized gain from exchange variations and 356.04 Realized loss from exchange variations, must be applied in the following manner:

- 1) The Bank can record in the net income for the year at the closing date in June 2024, the accumulated creditor amount actually realized during January through May 2025, as a result of the realized gains and/or losses from exchange variations recorded in subaccounts 356.03 Realized gain from exchange variations and 356.04 Realized loss from exchange variations originated when the Bank sold foreign currency according to the Exchange Market System.
- 2) As of the second semester of 2024 and at closing date of each month, the Bank can record in net income, the amount resulting from realized gains and/or losses from exchange variations originated when the Bank sells foreign currency according to the Exchange Market System.
- 3) Net income recording will be carried out as follows:
 - a. Debit in subaccount 356.03 Realized gain from exchange variations, with a credit in subaccount 532.97.M.01.02 Cash and cash equivalents according to the system of free convertibility.
 - b. Credit in subaccount 356.04 Realized loss from exchange variations, with a debit in subaccount 432.97.M.01.02 Cash and cash equivalents according to the system of free convertibility.
- 4) Balances at 31 December 2023 in subaccounts 356.03 Realized gain from exchange variations and 356.04 Realized loss from exchange variations can also be recorded in net income, in the same manner as indicated in number 3. To that effect, the Bank must submit the corresponding request to the consideration of the Superintendency, which, based on the evaluation of the requirements provided by the Bank, will decide on the merits to authorize the application of realized amounts. On this regard, the Bank will request such authorization in the period following the reporting period; consequently, the effects will be recognized in net income for the semester when authorization is obtained.

Effects on the consolidated financial statements

The adoption of the aforementioned Ruling SIB-II-GGR-GNP-03483 has resulted in the recognition during the semester ended at 30 June 2024, of Bs200,575,464 in gain and Bs36,932,338 in loss in the profit and loss account for cash and cash equivalents according to the system of free convertibility (see note 7).

(4) 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

The consolidated financial statements 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 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 accordance with Exchange Agreement N° 1 (see note 7).

(b) Foreign Currency

Is recorded at the exchange rate in force on the date of the operation. In accordance with the Accounting Manual, foreign currency asset and liability balances are valued at the closing date of each month, at the official exchange rate for purchasing foreign currency as determined by the BCV (see note 7).

Policy applicable as of 1 January 2024

Exchange gains and losses are presented in the statement of income and net income allocation for the semester, except for the effects of variation of the official exchange rate that at 30 June 2024 is governed by the provisions contained in Exchange Agreement N° 1, as the unrealized exchange difference is recorded in stockholders' equity and the realized exchange difference from the sale of foreign currency in the Exchange Market System is recorded in the statement of income and net income allocation.

Policy applicable through 31 December 2023

Exchange gains and losses corresponding to gains and losses resulting from arbitration in foreign currency are presented in the statement of income and net income allocation for the semester, except for the effects of variation of the official exchange rate that at 31 December 2023 is governed by the provisions contained in Exchange Agreement N° 1, as the exchange difference is recorded in stockholders' equity, in accordance with the provisions established by the Superintendency, without affecting the net income for the year (see note 24).

(c) Cash and Cash Equivalents

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

(d) 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:

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

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

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

If permanent impairment is determined in the investment's value, it is recorded in the results for the period of the impairment. Any subsequent recovery of cost does not affect the new accounting basis. Recovery is presented directly and separately under stockholders' equity provided that 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 consolidated 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 securities. Fair value is calculated at the time of transfer, and the difference with the previous fair value will be recorded in the results of the year, since the unrealized gain or loss was already recognized in income; this treatment is not reversed.
- From available-for-sale or held-to-maturity securities to trading securities. Their fair value is calculated at the time of transfer; the unrealized gain or loss at the date of transfer is recognized immediately in income.
- From available-for-sale securities to held-to-maturity securities, their fair value is calculated at the time of transfer, the unrealized gain or loss continues to be presented separately in equity and is amortized over the remaining life of the investment.
- From held-to-maturity securities to available-for-sale securities. Fair value is calculated at the time of transfer, the unrealized gain or loss at the date of transfer is recognized, and the net balance is presented separately in equity.

When investment 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 carrying value, as applicable, together with the approval of the committee, or whoever corresponds, among others. During the semesters ended 30 June 2024 and 31 December 2023, the Bank did not carry out any exchange transactions of securities or financial instruments denominated in foreign currency.

(e) 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 the 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.

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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 the 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 counter-cyclical 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-Sized 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 Counter-cyclical 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 a provision of 100% of the portfolio unmoved, which is comprised of 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, the Bank may maintain 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 of registration of the credit as “Loans in Litigation”, a 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.

(f) *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 a 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.

Interest in arrears is earned by the loan portfolio in installments and at fixed terms in case of current or restructured loans and are 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 under memorandum accounts.

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 investment 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.

(g) *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 income from the sale of 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.

(h) Fixed Assets and Depreciation

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

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

	<u>Years</u>
Buildings and facilities (at cost)	40
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.

(i) Other Assets

Deferred expenses are presented at cost and are amortized by the straight-line method in monthly installments beginning in the month following 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.
- Expenses related to the Contribution to the National Fund for Development (FONDEN, S.A.) shall be amortized in a period of two years as of their incorporation to such 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.

(j) *Income Tax and Deferred 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 19).

A deferred income tax asset and/or liability should be recognized based on the tax amount expected to be recovered over temporary differences represented by income or expenses incurred in different periods for tax and accounting purposes.

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 consolidated financial statement closing 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 provided that 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.

(k) *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 2024 and 31 December 2023, 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 Labor 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 each year.

Vacation and vacation bonus

Based on the provisions of the Organic Labor 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.

(l) Financial Income

Financial income is included in the results of operations as earned, with the exception of interest accrued by loans and matured 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.

(m) Financial Expenses

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

(n) Investments in Subsidiaries, Affiliated companies and Branches

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

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

(o) 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.

(p) 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.

(q) 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.

(r) Consolidated Statements of Cash Flows

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

(s) 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, qualitative 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.

(5) Risk Management

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

- **Credit Risk:** The Bank assumes the credit risk exposure as the risk of a counterparty being incapable of paying debts entirely upon maturity. Credit risk exposure is monitored by the Bank by means of a regular analysis of the borrower's payment capability. The Bank structures the credit risk level placing limits in relation to a borrower or group of borrowers.
- **Liquidity Risk:** It is the risk where the Bank may face difficulty to comply with obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Bank reviews daily its resources available in cash, overnight placements, current accounts, loans and guarantees. The Bank's investment strategy aims towards guaranteeing the adequate level of liquidity. A significant part of cash is invested in demand 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 exchange 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 2024 and 31 December 2023, 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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(6) Cash and Cash Equivalents

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

	<u>Notes</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Notes and coins:			
National		431,022,486	364,761,607
Foreign (including US\$124,442,739, €4,973,307 and COP11,838,590; and US\$114,119,863, €5,809,951 and COP11,837,410, respectively)	7 and 25	4,717,906,900	4,324,275,533
Foreign notes and coins acquired in operations as per Free-convertibility Exchange Market System (including US\$10,183,540, €307,772 and COP1,590; and US\$6,144,827, €192,425 and COP1,590)	7	382,209,143	228,053,841
		<u>5,531,138,529</u>	<u>4,917,090,981</u>

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

	<u>Notes</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Legal reserve		3,449,745,743	2,159,429,756
Foreign notes and coins under the custody of the BCV (Including US\$37,094,166 and €30; and US\$56,454,431 and €30, respectively)	7	1,348,563,277	2,024,987,754
Other deposits in the BCV (US\$21,000, for both semesters)	7 and 18	763,457	753,257
Demand deposits		11,823,200	10,575,316
		<u>4,810,895,677</u>	<u>4,195,746,083</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. 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 the semesters ended 30 June 2024 and 31 December 2023. 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 consolidated financial statements follows (in bolivars):

	<u>30 June 2024</u>	<u>31 December 2023</u>
Legal reserve maintained	3,449,745,743	2,159,429,756
Legal reserve required -		
Theoretical	6,086,297,260	4,099,707,960
Deductions in conformity with the provisions of the BCV	<u>(2,636,551,517)</u>	<u>(1,940,278,204)</u>
Legal reserve required, net of deductions	<u>3,449,745,743</u>	<u>2,159,429,756</u>
Surplus (deficit) of the legal reserve	<u>-</u>	<u>-</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 through notices and resolutions follows (in bolivars):

		30 June 2024	31 December 2023
Bank intervention	(a)	1,163,663,586	1,930,478,204
Deficit interest	(b)	660,207,931	-
Hedging securities	(c)	812,680,000	9,800,000
		<u>2,636,551,517</u>	<u>1,940,278,204</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 Notice 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 Notice 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.

Those banking institutions with legal reserve deficit must pay a financial cost daily that will be calculated and received by the BCV.

Interest to the BCV

During the six-month periods ended 30 June 2024 and 31 December 2023, the Bank recorded the amounts of Bs186,564,410 y Bs215,678,259, respectively, in the consolidated statements of income and net income allocation, included in the other financial expenses account, corresponding to the payment of interest on the legal reserve deficit.

Exchange Operations

At 30 June 2024 and 31 December 2023, the Bank maintains Bs2,756,188,867 (including US\$38,666,523 and €19,889,011) and Bs3,669,468,175 (including US\$51,613,347 and €33,410,784), respectively, in Banks and correspondents abroad. Furthermore, it includes the amount of US\$3,818 in both six-month periods, equivalent to Bs138,790 and Bs136,936, respectively, deposited in the BNC International Banking Corporation, corresponding to customers' deposits received from the Bank in accordance with Exchange Agreement N° 20 (see note 25).

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recognized interest income of Bs12,167,734 and Bs4,567,409, respectively, recorded in the financial 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.

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On 5 September 2019, the BCV issued Resolution N° 19-09-03, which establishes that when the BCV deems it pertinent, it may carry out foreign currency sale transactions to financial institutions by debiting the single account held by such financial institutions with the BCV for the amount of bolivars equivalent to the foreign currency sold by the BCV. Likewise, the total foreign currency position sold must be used in foreign currency purchase and sale operations integrated to the Foreign Exchange Market System, to its private sector clients at the official exchange rate in effect on the date of the transaction, except for those that integrate the banking and stock market sectors. The amount in bolivars equivalent to the amount of the exchange intervention will be deducted from the amount of the legal reserve from the date of the transaction until the last day of the following week. Additionally, this Resolution establishes that in the event that the banking institutions do not manage to apply all the foreign currency sold that was liquidated as a result of the foreign exchange intervention, the balance not applied in purchase and sale operations will not be subject to the deduction of the legal reserve fund for the following week. At 30 June 2024 and 31 December 2023, the Bank maintains bills for Bs1,348,563,278 (US\$37,094,166 and €30) and Bs2,024,987,754 (US\$56,454,431), respectively, under custody of the BCV, which are sold to customers through this mechanism, which in turn are part of the customers' deposits included in the current accounts according to the Free Convertibility Exchange Market System. Also, during the semesters ended 30 June 2024 and 31 December 2023, the Bank charged its customers commissions for exchange intervention operations and transfer of banknotes to customers for Bs41,395,478 and Bs51,178,331, respectively, which are included in the other operating income account in the consolidated statements of income and net income allocation (see note 20).

Bills for immediate collection

At 30 June 2024 and 31 December 2023, the account of immediately collectible bills of exchange for Bs455,400 and Bs23,213, respectively, corresponds to clearing house operations in charge of the BCV and other banks.

(7) Foreign Currency Operations

At 30 June 2024 and 31 December 2023, the Bank valued its assets, liabilities and memorandum accounts in foreign currency at the exchange rates in effect at those dates, corresponding to the weighted average of the transactions traded in the Foreign Exchange Market System, in accordance with Exchange Agreement N° 1 dated September 2018, as follows:

	30 June 2024	31 December 2023
Bolivars per US\$1	36.3551	35.8694
Bolivars per €1	38.9428	39.7171
Bolivars per COP1	0.0088	0.0093

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

		Semesters ended	
	Notes	30 June 2024	31 December 2023
Other operating income -			
Gain from exchange difference	3 and 20	<u>201,165,874</u>	<u>1,686,303</u>
Other operating expenses -			
Loss from exchange difference	3 and 21	<u>38,493,690</u>	<u>1,444,106</u>

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

	30 June 2024			31 December 2023		
	US\$	€	COP	US\$	€	COP
Assets -						
Cash and cash equivalents	222,561,065	25,332,298	11,840,180	244,332,265	39,604,569	11,839,000
Investment securities	32,023,786	-	-	18,551,030	-	-
Loan portfolio	28,322,779	-	-	25,016,694	-	-
Provision for loan portfolio	(1,273,180)	-	-	(1,158,406)	-	-
Interest and commissions receivable	4,649,342	-	-	4,322,170	-	-
Provision for returns receivable	(4,529,158)	-	-	(4,194,613)	-	-
Investments in affiliates, subsidiaries and branches	-	97,965	-	-	97,965	-
Fixed assets	9,825	-	-	14,690	-	-
Other assets	2,088,750	3,892,518	-	3,515,811	17,652,364	-
Total long position	283,853,209	29,322,781	11,840,180	290,399,641	57,354,898	11,839,000
Liabilities -						
Customers' deposits	222,264,247	14,976,246	11,837,000	239,761,594	17,428,334	11,837,410
Other financing obtained	51,758	-	-	51,818	-	-
Interest and commissions payable	72,551	-	-	111,826	-	-
Accruals and other liabilities	25,255,565	6,500,520	1,590	26,239,682	18,651,412	1,590
Total short position	247,644,121	21,476,766	11,838,590	266,164,920	36,079,746	11,839,000
Net long position	36,209,088	7,846,015	1,590	24,234,721	21,275,152	-
Memorandum accounts -						
Trust assets	65,647,827	-	-	65,651,719	-	-
Memorandum accounts	83,659,350	-	-	126,720,532	-	-
Total memorandum accounts	149,307,177	-	-	192,372,251	-	-

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

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

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

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

At 30 June 2024 and 31 December 2023, the Bank maintains a net long position of US\$36,209,088 and €7,846,015 and US\$24,234,721 and €21,275,152, respectively.

At 30 June 2024 and 31 December 2023, the Bank maintains a net foreign currency asset position in the memorandum accounts of the trust of US\$65,647,827 and US\$65,651,719, 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 2018. In accordance with the abovementioned 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 2024 and 31 December 2023, the Bank recorded gains mainly originated by the variation in the official exchange rate of the US dollar and the euro for Bs451,509,796 and Bs594,460,240, respectively, which were included in the consolidated statements of changes in equity under the item of gains or losses for exchange variations for net assets and liabilities in foreign currency [see note 24(c)].

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(8) Investment Securities

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

	30 June 2024	31 December 2023
Available for sale	101,007,494	107,818,026
Held to maturity	451,564,671	177,948,282
Of restricted availability	406,288,421	383,563,773
	<u>958,860,586</u>	<u>669,330,081</u>

Available-for-Sale Investment Securities

	<u>Note</u>	<u>cost</u>	<u>income or loss</u>	<u>value</u>
30 June 2024 -				
Investment securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs80, annual return of 26,19% and maturing in August 2025		80	-	80 (a)
Global Bonds, equivalent to US\$2,778,356, with a nominal value of US\$14,670,800, annual return of 0.0001% and 9.25%, and maturing in september 2027	7	<u>53,349,728</u>	<u>47,657,686</u>	<u>101,007,414 (a)</u>
		<u>53,349,808</u>	<u>47,657,686</u>	<u>101,007,494</u>
31 December 2023 -				
Investment securities issued or endorsed by the Nation - Vebonos, with a nominal value of Bs80, annual return of 26.19% and maturing in August 2025		80	-	80 (a)
Global Bonds, equivalent to US\$3,005,848, 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	7	<u>55,256,972</u>	<u>52,560,974</u>	<u>107,817,946 (a)</u>
		<u>55,257,052</u>	<u>52,560,974</u>	<u>107,818,026</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.

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Available for sale investments at 30 June 2024 and 31 December 2023, are under custody and details thereon, follow:

Investment securities	Custodian
Investment securities issued or endorsed by the Nation Global Bonds	Central Bank of Venezuela C.V.V. Caja Venezolana de Valores, S.A. AV. Securities, INC

Through Ruling 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 2024 and 31 December 2023.

At 30 June 2024 and 31 December 2023, the Bank recorded in the consolidated statements of changes in stockholders' equity unrealized net income in investment securities available for sale for Bs47,657,686 and Bs52,560,974, respectively, corresponding to foreign currency securities issued or endorsed by the Nation.

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recognized interest income for Bs1,351 and Bs1,239, 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 maturities (in bolivars), follows:

	Fair market value	
	30 June 2024	31 December 2023
Between 6 months and 5 years	101,007,494	102,958,413
Over 5 years	-	4,859,613
	<u>101,007,494</u>	<u>107,818,026</u>

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Held-to-maturity investment securities

	Note	Acquisition cost	Amortized cost	Fair market value
30 June 2024 -				
Investment securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$4,400,731, with a nominal value of US\$7,225,000, annual return of 9.25% and maturing in September 2027	7	28,323,474	159,989,018	49,743,590 (a)
Sovereign Bonds, equivalent US\$19,500, with a nominal value of US\$60,100, annual return of 8.25% and maturing in October 2024	7	<u>346,347</u>	<u>708,930</u>	<u>357,893 (a)</u>
		<u>28,669,821</u>	<u>160,697,948</u>	<u>50,101,483</u>
Bonds and obligations issued by the Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$713, with a nominal value of US\$900, annual returns between 5.38% and 5.50%, and maturing in April 2027 and 2037	7	16,437	25,923	3,960 (a)
Time deposits in financial institutions abroad - Banco Do Brasil, S.A., equivalent to US\$8,000,000, with a nominal value of US\$8,000,000, with 5.21% return and maturing in July 2024		<u>290,840,800</u>	<u>290,840,800</u>	<u>290,840,800 (b)</u>
		<u>290,857,237</u>	<u>290,866,723</u>	<u>290,844,760</u>
		<u>319,527,058</u>	<u>451,564,671</u>	<u>340,946,243</u>
31 December 2023 -				
Investment securities issued or endorsed by the Nation - Global Bond in foreign currency, equivalent to US\$3,960,204, with a nominal value of US\$7,225,000, annual return of 9.25% and maturing in September 2027	7	27,945,087	142,050,137	50,846,489 (a)
Sovereign Bonds, equivalent to US\$98, with a nominal value of US\$100, with annual return of 8.25% and maturing in October 2024	7	<u>2,754</u>	<u>3,524</u>	<u>549 (a)</u>
		<u>27,947,841</u>	<u>142,053,661</u>	<u>50,847,038</u>
Bonds and obligations issued by the Nation's non-financial institutions - PDVSA Bonds, issued by Petróleos de Venezuela, S.A., equivalent to US\$703, with a nominal value of US\$900, annual returns between 5.38% and 5.50%, and maturing in April 2027 and 2037	7	16,217	25,221	3,507 (a)
Time deposits in financial institutions abroad - Banco Do Brasil, S. A., equivalent to US\$1,000,000, with a nominal value of US\$1,000,000, annual retuns of 5.38% and maturing in January 2024	7	<u>35,869,400</u>	<u>35,869,400</u>	<u>35,869,400 (b)</u>
		<u>35,885,617</u>	<u>35,894,621</u>	<u>35,872,907</u>
		<u>63,833,458</u>	<u>177,948,282</u>	<u>86,719,945</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.

(b) Market value is equivalent to nominal value. Time deposits in financial institutions abroad denominated in foreign currency are presented at value equivalent to the official exchange rate.

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Held to maturity investment securities at 30 June 2024 and 31 December 2023 are under custody as detailed below:

Investment securities	Custodian
Investment 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
Time deposits in financial institutions abroad	Banco Do Brasil, S. A.

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recognized interest income for Bs17,239,305 y Bs11,851,479, 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 and 31 December 2023, the Bank recorded amortization income from discounts on held-to-maturity investments of Bs20,893,101 y Bs14,613,832, respectively, recorded in the consolidated statements of income and net income allocation, in the other operating income item (see note 20).

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

	30 June 2024		31 December 2023	
	Amortized cost	Fair market value	Amortized cost	Fair market value
Between 1 month and 5 years	451,545,347	340,943,168	177,929,452	86,717,218
Over 10 years	19,324	3,075	18,830	2,727
	<u>451,564,671</u>	<u>340,946,243</u>	<u>177,948,282</u>	<u>86,719,945</u>

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

At 30 June 2024 and 31 December 2023, the Bank holds an account at Euroclear Bank in the name of the BCV, in order to hold foreign currency securities in custody that are held in other financial institutions overseas, in accordance with the provisions contained in Article 51 of the Law of Banking Institutions.

At 30 June 2024 and 31 December 2023, 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.

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Restricted Availability Investments

	Notes	30 June 2024		31 December 2023	
		Amortized cost	Fair market value	Amortized cost	Fair market value
Certificates of deposit:					
Social Fund for Contingencies -					
Banco Exterior, C.A., Banco Universal	24	1,694,971	1,694,971	941,054	941,054 (a)
Collateral Trust -					
Mercantil, C, A., Banco Universal		11,068,180	11,068,180	2,974,615	2,974,615 (a)
PNC Bank, with a nominal value of					
US\$5,752,893 and US\$5,613,298,	7	209,146,992	209,146,992	201,345,635	201,345,635 (a)
respectively					
JP Morgan Chase Bank, with a nominal					
value of US\$4,621,593 and	7	168,018,483	168,018,483	162,161,239	162,161,239 (a)
US\$4,520,880, respectively					
Standard Chartered Bank, with					
a nominal value of US\$450,000,	7	16,359,795	16,359,795	16,141,230	16,141,230 (a)
for both semesters					
		<u>406,288,421</u>	<u>406,288,421</u>	<u>383,563,773</u>	<u>383,563,773</u>

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

At 30 June 2024 and 31 December 2023, the deposit certificates at JP Morgan Chase Bank, PNC Bank and Standard Chartered Bank are used as collateral to guarantee the Bank's operations with VISA, MasterCard and American Express credit cards, respectively.

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recognized interest income for Bs9,082,616 and Bs8,788,471, respectively, recorded in the consolidated statements of income and net income allocation, in the investment securities financial income item, as a result of the return obtained from restricted availability investments.

During the semesters ended 30 June 2024 and 31 December 2023, the Bank paid commissions for Bs93,540,665 and Bs73,446,478, respectively, recorded under other operating expenses, for use of trademarks and rights of use of its technology platform for processing VISA, MasterCard, American Express credit cards, as well as Proyecto Naiguatá for processing debit and credit cards (see note 21).

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

	%	Available for sale	Held to maturity	Of restricted availability	Total
30 June 2024 -					
Central Bank of Venezuela	0.07%	80	708,930	-	709,010
Bolivarian Republic of Venezuela	27.22%	101,007,414	159,989,018	-	260,996,432
Petróleos de Venezuela, S.A.	0.00%	-	25,923	-	25,923
Banco Exterior, C.A. Banco Universal	0.18%	-	-	1,694,971	1,694,971
JP Morgan Chase Bank	17.52%	-	-	168,018,483	168,018,483
PNC Bank	21.81%	-	-	209,146,992	209,146,992
Standard Chartered Bank	1.71%	-	-	16,359,795	16,359,795
Banco Do Brasil, S. A.	30.33%	-	290,840,800	-	290,840,800
Mercantil, C. A., Banco Universal	1.15%	-	-	11,068,180	11,068,180
	<u>100.00%</u>	<u>101,007,494</u>	<u>451,564,671</u>	<u>406,288,421</u>	<u>958,860,586</u>
31 December 2023 -					
Central Bank of Venezuela	0.00%	80	3,524	-	3,604
Bolivarian Republic of Venezuela	37.33%	107,817,946	142,050,137	-	249,868,083
Petróleos de Venezuela, S.A.	0.00%	-	25,221	-	25,221
Banco Exterior, C.A. Banco Universal	0.14%	-	-	941,054	941,054
JP Morgan Chase Bank	24.23%	-	-	162,161,239	162,161,239
PNC Bank	30.08%	-	-	201,345,635	201,345,635
Standard Chartered Bank	2.41%	-	-	16,141,230	16,141,230
Banco Do Brasil, S. A.	5.36%	-	35,869,400	-	35,869,400
Mercantil, C. A., Banco Universal	0.44%	-	-	2,974,615	2,974,615
	<u>100.00%</u>	<u>107,818,026</u>	<u>177,948,282</u>	<u>383,563,773</u>	<u>669,330,081</u>

(9) 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 2024				At 31 December 2023		
	Effective	Restructured	Overdue	Total	Effective	Overdue	Total
Per type of economic activity - Operations in Venezuela							
Manufacturing industry	1,955,534,599	-	7,546,124	1,963,080,723	1,607,061,910	5,845,956	1,612,907,866
Agriculture, fisheries and forestry	1,519,148,575	90,517,212	4,807,100	1,614,472,887	1,160,314,050	6,950,609	1,167,264,659
Wholesale and retail, restaurants and hotels	1,316,353,830	-	18,330,888	1,334,684,718	1,053,713,853	8,577,093	1,062,290,946
Financial institutions, insurance, properties and services	1,241,084,623	5,410,169	25,876,471	1,272,371,263	828,251,903	73,592,346	901,844,249
Communal, social and personal services	524,809,984	-	28,972,088	553,782,072	402,828,721	5,489,304	408,318,025
Exploitation of mines and hydrocarbons	374,158	-	1,476,915	1,851,073	-	2,200,829	2,200,829
Transportation, storage and communications	69,183,250	-	110,623	69,293,873	134,349,819	85,100	134,434,919
Electricity, gas and water	40,004,688	-	-	40,004,688	65,013,360	9,810	65,023,170
Construction	53,519,032	-	-	53,519,032	50,019,308	630,353	50,649,661
	<u>6,720,012,739</u>	<u>95,927,381</u>	<u>87,120,209</u>	<u>6,903,060,329</u>	<u>5,301,552,924</u>	<u>103,381,400</u>	<u>5,404,934,324</u>
Per type of economic activity - Operations in Foreign Branch							
Manufacturing industry, equivalent to US\$10,933,381 and US\$6,964,126, respectively (see note 7)	397,484,150	-	-	397,484,150	249,798,985	-	249,798,985
Agriculture, fisheries and forestry, equivalent to US\$5,309,000 and US\$6,517,000, respectively (see note 7)	193,009,223	-	-	193,009,223	233,760,880	-	233,760,880
Financial institutions, insurance, properties and services, equivalent to US\$1,837,748 and US\$2,095,200, respectively (see note 7)	65,589,142	-	1,222,380	66,811,522	73,819,225	1,334,342	75,153,567
Wholesale and retail, restaurants and hotels, equivalent to US\$4,371,755 and US\$4,025,600, respectively (see note 7)	158,426,625	-	508,971	158,935,596	143,893,685	502,172	144,395,857
Communal, social and personal services, equivalent to US\$3,615,113 and US\$3,472,321, respectively (see note 7)	129,610,037	-	1,817,754	131,427,791	124,550,054	-	124,550,054
Transportation, storage and communications, equivalent to US\$2,075,782 and US\$1,942,448, respectively (see note 7)	64,558,729	-	10,906,531	75,465,260	58,913,624	10,760,820	69,674,444
Construction, equivalent to US\$180,000, at 30 June 2024 (see note 7)	6,543,916	-	-	6,543,916	-	-	-
	<u>1,015,221,822</u>	<u>-</u>	<u>14,455,636</u>	<u>1,029,677,458</u>	<u>884,736,453</u>	<u>12,597,334</u>	<u>897,333,787</u>
	<u>7,735,234,561</u>	<u>95,927,381</u>	<u>101,575,845</u>	<u>7,932,737,787</u>	<u>6,186,289,377</u>	<u>115,978,734</u>	<u>6,302,268,111</u>
Provision for loan portfolio, including US\$1,273,180 and US\$1,158,406, respectively (see note 7)				<u>(253,818,677)</u>			<u>(216,365,626)</u>
				<u>7,678,919,110</u>			<u>6,085,902,485</u>

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	At 30 June 2024				At 31 December 2023		
	Effective	Restructured	Overdue	Total	Effective	Overdue	Total
Per type of guarantee - Operations in Venezuela -							
Bond	3,645,328,276	-	50,039,714	3,695,367,990	2,845,239,228	20,508,873	2,865,748,101
Collateral	995,481,924	-	13,229,891	1,008,711,815	880,921,978	17,060,347	897,982,325
Free	585,627,125	-	8,374,845	594,001,970	756,782,559	48,943,757	805,726,316
Endorsement	566,486,789	5,410,169	12,150,219	584,047,177	411,818,624	10,270,514	422,089,138
Real estate mortgage	860,479,668	90,517,212	3,325,540	954,322,420	405,088,862	6,597,909	411,686,771
Property mortgage	66,608,957	-	-	66,608,957	1,701,673	-	1,701,673
	<u>6,720,012,739</u>	<u>95,927,381</u>	<u>87,120,209</u>	<u>6,903,060,329</u>	<u>5,301,552,924</u>	<u>103,381,400</u>	<u>5,404,934,324</u>
Per type of guarantee - Operations in Foreign Branch -							
Collateral, equivalent to US\$9,094,731 and US\$16,256,406, respectively (see note 7)	330,639,863	-	-	330,639,863	583,107,528	-	583,107,528
Bond, equivalent to US\$7,876,045 and US\$559,375, respectively (see note 7)	286,334,374	-	-	286,334,374	20,064,446	-	20,064,446
Free, equivalent to US\$6,747,863 and US\$5,976,321, respectively (note 7)	232,594,917	-	12,724,283	245,319,200	203,606,211	10,760,820	214,367,031
Endorsement, equivalent to US\$3,679,623 and US\$1,249,200, respectively (note 7)	132,041,737	-	1,731,353	133,773,090	42,971,541	1,836,514	44,808,055
Other guarantees, equivalent to US\$924,517 and US\$975,392, respectively (see note 7)	33,610,931	-	-	33,610,931	34,986,727	-	34,986,727
	<u>1,015,221,822</u>	<u>-</u>	<u>14,455,636</u>	<u>1,029,677,458</u>	<u>884,736,453</u>	<u>12,597,334</u>	<u>897,333,787</u>
	<u>7,735,234,561</u>	<u>95,927,381</u>	<u>101,575,845</u>	<u>7,932,737,787</u>	<u>6,186,289,377</u>	<u>115,978,734</u>	<u>6,302,268,111</u>
Per maturity - Operations in Venezuela -							
Overdue	126,763,574	-	64,194,116	190,957,690	78,087,681	73,991,097	152,078,778
Up to 30 days	565,341,899	-	59,198	565,401,097	505,739,133	856,569	506,595,702
From 31 to 60 days	585,282,114	-	156,706	585,438,820	713,729,386	6,758,019	720,487,405
From 61 to 90 days	379,816,827	-	3,418,762	383,235,589	479,091,528	307	479,091,835
From 91 to 180 days	1,215,118,674	-	2,413,358	1,217,532,032	1,545,699,462	449,705	1,546,149,167
From 181 to 360 days	2,460,917,125	5,410,169	408,838	2,466,736,132	1,588,794,336	15,594	1,588,809,930
Over 360 days	1,386,772,529	90,517,212	16,469,231	1,493,758,969	390,411,398	21,310,109	411,721,507
	<u>6,720,012,739</u>	<u>95,927,381</u>	<u>87,120,209</u>	<u>6,903,060,329</u>	<u>5,301,552,924</u>	<u>103,381,400</u>	<u>5,404,934,324</u>
Per maturity - Operations in Foreign Branch -							
Overdue	3,526,444	-	14,455,636	17,982,080	28,695,520	12,597,334	41,292,854
Up to 30 days	64,424,854	-	-	64,424,854	112,073,940	-	112,073,940
From 31 to 60 days	77,405,653	-	-	77,405,653	44,765,011	-	44,765,011
From 61 to 90 days	183,181,231	-	-	183,181,231	170,047,858	-	170,047,858
From 91 to 180 days	223,587,645	-	-	223,587,645	137,034,560	-	137,034,560
From 181 to 360 days	215,603,984	-	-	215,603,984	195,242,740	-	195,242,740
Over 360 days	247,492,011	-	-	247,492,011	196,876,824	-	196,876,824
	<u>1,015,221,822</u>	<u>-</u>	<u>14,455,636</u>	<u>1,029,677,458</u>	<u>884,736,453</u>	<u>12,597,334</u>	<u>897,333,787</u>
	<u>7,735,234,561</u>	<u>95,927,381</u>	<u>101,575,845</u>	<u>7,932,737,787</u>	<u>6,186,289,377</u>	<u>115,978,734</u>	<u>6,302,268,111</u>
Per type of loans - Operations in Venezuela -							
Commercial credits granted by means of UVC National Sole Productive Loan Portfolio granted through UVC	5,265,584,329	32,314,510	62,374,330	5,360,273,169	4,218,454,093	92,725,308	4,311,179,401
Microcredits granted through UVC	1,207,466,877	58,202,702	-	1,265,669,579	931,714,820	-	931,714,820
Credits to employees	148,640,600	5,410,169	20,126,787	174,177,556	85,649,300	10,243,792	95,893,092
Credit cards	21,431,738	-	187,716	21,619,454	20,556,686	348,840	20,905,526
Checking account loans	37,172,347	-	153,376	37,325,723	9,594,619	35,136	9,629,755
Mortgage loans	2,176,714	-	4,278,000	6,454,714	1,777,505	28,324	1,805,829
	<u>37,540,134</u>	<u>-</u>	<u>-</u>	<u>37,540,134</u>	<u>33,805,901</u>	<u>-</u>	<u>33,805,901</u>
	<u>6,720,012,739</u>	<u>95,927,381</u>	<u>87,120,209</u>	<u>6,903,060,329</u>	<u>5,301,552,924</u>	<u>103,381,400</u>	<u>5,404,934,324</u>
Per type of loans - Operations in Foreign Branch -							
Commercial promissory notes, equivalent to US\$28,281,216 and US\$24,986,673, respectively (see note 7)	1,013,710,815	-	14,455,636	1,028,166,451	883,659,636	12,597,334	896,256,970
Loans to employees, equivalent to US\$41,563 and US\$30,021, respectively (see note 7)	1,511,007	-	-	1,511,007	1,076,817	-	1,076,817
	<u>1,015,221,822</u>	<u>-</u>	<u>14,455,636</u>	<u>1,029,677,458</u>	<u>884,736,453</u>	<u>12,597,334</u>	<u>897,333,787</u>
	<u>7,735,234,561</u>	<u>95,927,381</u>	<u>101,575,845</u>	<u>7,932,737,787</u>	<u>6,186,289,377</u>	<u>115,978,734</u>	<u>6,302,268,111</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 Notice 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.

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At 30 June 2024 and 31 December 2023, 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 maintained	Balance maintained in bolívares	Number of		Calculation bases of gross loan portfolio
				debtors	loans	
30 June 2024 -						
UVC Agri-food loans UVC loans aimed at production industry developed by women and mortgage loans	<u>25%</u>	<u>24%</u>	<u>1,303,209,711</u>	<u>362</u>	<u>383</u>	Gross loan portfolio at 30 March 2024, without the update of UVC commercial loans.
31 December 2023 -						
UVC Agri-food loans UVC loans aimed at production industry developed by women and mortgage loans	<u>25%</u>	<u>25.79%</u>	<u>965,520,721</u>	<u>119</u>	<u>136</u>	Gross loan portfolio at 30 September 2023, without the update of UVC commercial 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 bolívares, percentages, number of debtors and credits, as well as their calculation bases):

Type of loan	Percentage required	Percentage maintained	Balance maintained in bolívares	Number of	
				debtors	credits
30 June 2024 -					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Máx. 40%	17.02%	29,644,839	174	182
Provision of services (maximum 40% of the allocated microcredit portfolio)	Máx. 40%	15.54%	27,073,581	45	47
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	<u>Min. 20%</u>	<u>67.44%</u>	<u>117,459,136</u>	<u>26</u>	<u>29</u>
(a)	<u>Min. 3%</u>	<u>3.23%</u>	<u>174,177,556</u>	<u>245</u>	<u>258</u>
31 December 2023 -					
Microcredits -					
Trading activities (maximum 40% of the allocated microcredit portfolio)	Máx. 40%	68.65%	65,831,764	1,221	1,255
Provision of services (maximum 40% of the allocated microcredit portfolio)	Máx. 40%	23.55%	22,587,491	38	41
Transformation and production of agri-food and traditional industry (minimum 20% of the allocated microcredit portfolio)	<u>Min. 20%</u>	<u>7.79%</u>	<u>7,473,837</u>	<u>16</u>	<u>18</u>
(a)	<u>Min. 3%</u>	<u>2.76%</u>	<u>95,893,092</u>	<u>1,275</u>	<u>1,314</u>

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

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During the six-month periods ended 30 June 2024 and 31 December 2023, 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 2024	31 December 2023
Financial interests		502,739,706	596,098,080
Increase in the investment Index of Loans			
Value unit of loans collected	24	449,018,636	765,610,903
Flat commission		62,755,897	44,328,703
		<u>1,014,514,239</u>	<u>1,406,037,686</u>

During the semesters ended 30 June 2024 and 31 December 2023, 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 Bs72,758,258 and Bs760,019,655, respectively. Additionally, the Bank applied to the results of the semesters ended 30 June 2024 and 31 December 2023, Bs449,018,636 and Bs765,610,903, respectively, of the net benefits previously mentioned, corresponding to the loans granted by means of UVC which are part of the income from loan portfolio [see note 24(c)].

In accordance with Resolution N° 009-1197 dated 28 November 1997, issued by the Superintendency, at 30 June 2024 and 31 December 2023, the Bank maintains a generic provision for loan portfolio contingencies of Bs85,032,978 and Bs66,250,440, respectively; and a Counter-cyclical provision of Bs60,031,397 and Bs47,267,011, respectively.

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

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Balance at the beginning of the semester		216,365,626	101,992,541
Provision carried to expenses for uncollectibility			
of financial assets		45,053,284	111,074,209
Credit write-off		(64,673)	(9,201,444)
Release of provision for loan recovery		(3,595)	(7,259)
Reclassification from (a) provision for returns receivable	10	(8,090,981)	2,023,113
Reclassification from (a) provision for contingent loans	18	338	(2,461)
Adjustment for exchange rate variation		558,678	10,486,927
Balance at semester-end		<u>253,818,677</u>	<u>216,365,626</u>

At 30 June 2024 and 31 December 2023, past due loans on which interest has ceased to accrue interest amount to Bs101,575,845 and Bs115,978,734, respectively. At 30 June 2024 and 31 December 2023, memorandum accounts are included for Bs1,576,106 and Bs1,549,535, respectively, corresponding to interest not recognized as income on loans on which interest has ceased to accrue (see note 23).

During the semesters ended 30 June 2024 and 31 December 2023, the Bank charged commissions to its clients for Bs405,285,967 and Bs258,564,143, 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 20).

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At 30 June 2024 and 31 December 2023, the Bank maintains interest collected from debtors in advance at the time of settling the loan for Bs2,130,644 y Bs10,862,541, respectively, which are part of deferred income in the accruals and other liabilities group (see note 18). Such interest will be recorded as income as accrued.

During the six-month period ended 31 December 2023, the Bank entered into an agreement with Cartera de Inversiones Venezolanas, C.A., for the payment of three commercial promissory notes through a dation in payment with a property owned by the debtor, which establishes a term of 18 months for the dation to be executed. During the semester ended at 30 June 2024, the Bank recorded a property received as payment for Bs74,631,176, corresponding to the payment of three commercial promissory notes owed by Cartera de Inversiones Venezolanas, C.A. (see note 12).

At 30 June 2024 and 31 December 2023, the Bank's loan portfolio maintains risk concentrations in 10 individual customers, which represent 34% and 32% of the gross loan portfolio balance, respectively. Furthermore, the loan portfolio at 30 June 2024 and 31 December 2023, maintains risk concentrations in 10 groups of related companies, which represent 43% and 34% of the gross loan portfolio, respectively.

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 2024 and 31 December 2023, the Bank does not maintain loans in foreign currency, except those granted by the Foreign Branch.

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 customers' deposits in foreign currency, up to a maximum of 10% of such deposits registered in the group of current accounts, according to the Free Convertibility Exchange Market System as of 21 January 2022, which must be offered by the banking institution in the foreign exchange market system, for subsequent settlement in bolivars in the different credit modalities provided for in the Banking Sector Institutions Law and complementary regulations, which must be measured and expressed only through the use of UVC. Furthermore, the banking institutions that intend to enter into such credit operations must submit a contract proposal to the Superintendency for its subsequent approval.

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(10) Interests and Commissions Receivable

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

	Note	30 June 2024	31 December 2023
Investment securities -			
Available for sale, including US\$577 and US\$540, respectively	7	20,972	19,365
Held to maturity, equivalent to US\$4,524,525 and US\$4,193,116, respectively	7	164,489,575	150,404,534
		<u>164,510,547</u>	<u>150,423,899</u>
Loan portfolio -			
Effective loans, including US\$110,813 and US\$115,411, respectively	7	50,679,775	4,579,330
Overdue loans, including US\$13,427 and US\$13,103, respectively	7	7,274,547	508,238
Microcredits and other financial instruments		1,996,290	-
		<u>59,950,612</u>	<u>5,087,568</u>
Commissions receivable -			
Trust fund		934,419	695,544
		<u>225,395,578</u>	<u>156,207,011</u>
Provision for returns receivable and others, including US\$4,529,158 and US\$4,194,613, respectively	7	(173,524,544)	(151,238,011)
		<u>51,871,034</u>	<u>4,969,000</u>

Changes in provisions for returns on capital receivable and others follow (in bolivars):

		Semesters ended	
	Note	30 June 2024	31 December 2023
Balances at the beginning of semester		151,238,011	109,508,669
Provision carried to expenses for uncollectibility of financial assets		12,134,266	13,887,977
Write-off applied		(8,012)	(6,115)
Reclassification of (a) provision for loan portfolio	9	8,090,981	(2,023,113)
Adjustment for exchange rate variation		2,069,298	29,870,593
Balance at semester-end		<u>173,524,544</u>	<u>151,238,011</u>

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(11) Investments in Subsidiaries and Branches

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

	<u>Note</u>	<u>Number of nominal shares held</u>	<u>Equity carrying value of the Bank</u>	<u>Equity percentage</u>	<u>Net income from equity share</u>
30 June 2024 -					
Issuing entity:					
Consortio Credicard, C.A.	25	340	353,164,365	33.33	114,898,855
Proyectos CONEXUS, C.A.	25	1,500	15,619,957	33.33	3,231,353
S.W.I.F.T. SCRL (€97,966)	7	22	3,815,032	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			<u>372,599,354</u>		<u>118,130,208</u>
31 December 2023 -					
Issuing entity:					
Consortio Credicard, C.A.	25	340	303,050,832	33.33	105,259,280
Proyectos CONEXUS, C.A.	25	1,500	12,150,311	33.33	6,588,031
S.W.I.F.T. SCRL (€97,966)	7	22	3,890,886	0.01	-
Corporación Suiche 7B, C.A.		73,600	-	7.15	-
			<u>319,092,029</u>		<u>111,847,311</u>

During the semesters ended at 30 June 2024 and 31 December 2023, the Bank recognized income from equity share for Bs133,720,920 and Bs113,324,214, respectively, included in the consolidated statements of income and net income allocation, in the investment in subsidiaries and affiliates income account (see note 20). Additionally, during the semesters ended at 30 June 2024 and 31 December 2023, the Bank recognized a loss from equity share for Bs10,248,883 and Bs1,476,903, respectively, included in the consolidated statements of income and net income allocation, in the investment in subsidiaries and affiliates expenses account (see note 21).

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 14).

The Superintendency, by means of Ruling SIB-DSB-CJ-OD-02850 dated 8 May 2023, indicated that the referred contract, according to the provisions of Article 245 of the Decree with Rank, Value and Force of the Law of Institutions of the Banking Sector, was approved as an extraordinary transfer mechanism; therefore, it is the responsibility of Banco Nacional de Crédito, C.A., Banco Universal, to make the relevant requests before corporation Proyecto Conexus, C.A., in order to materialize its registration in the stockholders' ledger.

At Extraordinary General Stockholders' Meeting of Proyectos Conexus, C.A., held on 10 August 2023, in accordance with the instructions of the Superintendency, the transfer of 1,500 shares to Banco Nacional de Crédito, C.A., Banco Universal was formalized.

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

Notes to the Consolidated Financial Statements

30 June 2024 and 31 December 2023

During the six-month period ended 30 June 2024, the Bank received cash dividends for Bs71,918,600, corresponding to the equity participation of Consorcio Credicard, C.A., which is included in the surplus to be applied as part of the equity item. Also, the Bank received cash dividends for Bs5,341,830, corresponding to the stock held in Corporación Suiche 7B, C.A., which is recorded under the cost method.

At 30 June 2024 and 31 December 2023, the Bank maintains an investment recorded at acquisition cost of €97,966 (see note 7), equivalent to Bs3,815,031 y Bs3,890,886, respectively, provided by 22 shares, with a nominal value of €125 each, 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.

During the six-month periods ended 30 June 2024 and 31 December 2023, the Bank recognized equity investments of its subsidiaries and affiliates in other operating income from equity investment in subsidiaries and affiliates for Bs133,720,920 and Bs113,324,214, respectively (see note 20).

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

	31 May 2024	30 November 2023
Noncurrent assets -		
Intangible assets	79,081,532	50,122,660
Property, plant and equipment	815,802,095	519,474,412
Other assets	77,301,147	86,750,019
Total noncurrent assets	<u>972,184,774</u>	<u>656,347,091</u>
Current assets -		
Cash and cash equivalents	348,426,854	414,673,838
Trade receivable and other accounts receivable	631,467,458	487,662,250
Inventories	93,955,587	117,072,382
Investments	58,206,002	-
Prepaid expenses	168,382,285	283,877,303
Total noncurrent assets	<u>1,300,438,186</u>	<u>1,303,285,773</u>
Total assets	<u>2,272,622,960</u>	<u>1,959,632,864</u>
Liabilities -		
Current	185,314,892	91,833,238
Noncurrent	1,027,709,012	960,025,506
Total liabilities	<u>1,213,023,904</u>	<u>1,051,858,744</u>
Stockholders' equity	<u>1,059,599,056</u>	<u>907,774,120</u>
Total liabilities and stockholders' equity	<u>2,272,622,960</u>	<u>1,959,632,864</u>

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Notes to the Consolidated Financial Statements

30 June 2024 and 31 December 2023

	Semesters ended	
	31 May 2024	30 November 2023
Income -		
Income from ordinary activities	1,137,472,081	1,893,813,075
Cost of sales	(62,963,119)	(55,028,816)
Operating cost	<u>(125,195,232)</u>	<u>(186,420,575)</u>
Gross income	<u>949,313,730</u>	<u>1,652,363,684</u>
General and administrative expenses	(389,776,254)	(884,669,275)
Financial income (cost), net	<u>(87,425,036)</u>	<u>(140,285,280)</u>
Operating income before income taxes	472,112,440	627,409,129
Income taxes	<u>(134,103,188)</u>	<u>(85,330,930)</u>
Net income for the period	<u><u>338,009,252</u></u>	<u><u>542,078,199</u></u>

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

	31 May 2024	30 November 2023
Assets -		
Cash and cash equivalents	27,577,755	39,419,825
Investment securities	23,687,274	1,978,579
Fixed assets	18,180,857	32,025,743
Other assets	<u>21,303,913</u>	<u>14,923,165</u>
Total assets	<u><u>90,749,799</u></u>	<u><u>88,347,312</u></u>
Liabilities and Stockholders' Equity -		
Liabilities	43,885,241	38,474,108
Stockholders' equity	<u>46,864,558</u>	<u>49,873,204</u>
Total liabilities and stockholders' equity	<u><u>90,749,799</u></u>	<u><u>88,347,312</u></u>

	Semesters ended	
	31 May 2024	30 November 2023
Income -		
Income from ordinary activities	48,294,732	63,681,842
Operating costs	<u>(12,271,631)</u>	<u>(23,739,722)</u>
Gross operating income	<u>36,023,101</u>	<u>39,942,120</u>
Administrative and general expenses	(11,897,416)	(20,481,418)
Financial income, net	<u>(1,445,628)</u>	<u>(2,363,928)</u>
Net income for the period	<u><u>22,680,057</u></u>	<u><u>17,096,774</u></u>

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30 June 2024 and 31 December 2023

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 2024		31 December 2023	
	US\$	Bs	US\$	Bs
Assets				
Cash and cash equivalents	18,846,227	685,156,175	19,648,929	704,795,328
Investment securities	2,146,733	78,044,660	1,143,173	41,004,932
Loan portfolio	27,049,599	983,390,455	23,858,288	855,782,517
Interests and commissions receivable	114,984	4,180,253	127,557	4,575,393
Fixed assets	9,825	357,189	14,690	526,922
Other assets	173,128	6,294,083	144,386	5,179,039
Total assets	48,340,496	1,757,422,815	44,937,023	1,611,864,131
Liabilities and Stockholders' Equity				
Liabilities:				
Customers' deposits	24,671,546	896,936,140	23,915,770	857,844,362
Other financing obtained	7,183,702	261,164,093	5,470,135	196,210,470
Interests and commissions payable	72,551	2,637,596	111,826	4,011,132
Accruals and other liabilities	209,158	7,603,957	460,187	16,506,632
Total liabilities	32,136,957	1,168,341,786	29,957,918	1,074,572,596
Stockholders' equity:				
Capital stock	7,599,462	276,279,083	7,599,462	272,588,156
Capital reserves	2,766,551	100,578,195	2,766,551	99,234,529
Accumulated results	5,837,526	212,223,751	4,613,092	165,468,850
Total stockholders' equity	16,203,539	589,081,029	14,979,105	537,291,535
Total liabilities and stockholders' equity	48,340,496	1,757,422,815	44,937,023	1,611,864,131
Semesters ended				
	30 June 2024		31 December 2023	
	US\$	Bs	US\$	Bs
Financial income	2,138,785	77,755,709	1,697,648	60,893,618
Financial expenses	(136,245)	(4,953,198)	(155,868)	(5,590,892)
Expenses from uncollectibility of loans	(115,097)	(4,184,361)	(15,123)	(542,453)
Other operating income	17,109	621,999	47,021	1,686,615
Other operating expenses	(409,480)	(14,886,680)	(535,813)	(19,219,292)
Transformation expenses	(456,898)	(16,610,565)	(425,854)	(15,275,128)
Miscellaneous operating income	206,174	7,495,473	93	3,336
Miscellaneous operating expenses	(3,872)	(140,767)	(3,618)	(129,775)
Expenses from realizavle assets	(9,096)	(330,686)	(5,692)	(204,169)
Expneses from realizable assets	(6,946)	(252,522)	(8,251)	(295,958)
Net income for the semester	1,224,434	44,514,402	594,543	21,325,902

At 30 June 2024 and 31 December 2023, assets, liabilities, equity and results of the Foreign Branch were translated from U.S. dollars to bolivars at the exchange rate in effect at those dates, corresponding to the Exchange System Market (see note 7) of Bs36.3551 and Bs35.8694 per US\$1, respectively.

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

Notes to the Consolidated Financial Statements

30 June 2024 and 31 December 2023

(12) Realizable Assets

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

	Property
Cost -	
Balance at 30 June 2023	41,618,529
Effect of conversion of Foreign Branch	11,799,527
Balance at 31 December 2023	53,418,056
Property received as payment	74,631,176
Effect of conversion of Foreign Branch	630,099
Withdrawal from the Foreign Branch	(6,884,684)
Balance at 30 June 2024	121,794,647
Accrued amortization -	
Balance at 30 June 2023	(38,597,312)
Amortizacion recognized in expenses	(3,877,781)
Effect of conversion of Foreign Branch	(10,942,963)
Balance at 31 December 2023	(53,418,056)
Amortization recognized in expenses	(4,146,176)
Effect of conversion of Foreign Branch	(630,099)
Withdrawal from Foreign Branch	6,884,684
Balance at 30 June 2024	(51,309,647)
Balance at 31 December 2023	-
Balance at 30 June 2024	70,485,000

During the six-month period ended 30 June 2024 and 31 December 2023, the Bank recorded amortization of realizable assets for Bs4,146,176 and Bs3,877,781, 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 Bs330,676 and Bs204,186, respectively.

During the six-month period ended 30 June 2024 and 31 December 2023, the Bank sold properties to third parties, recording profit on such sale for Bs5,271,490 and Bs37,674,824, respectively, in the account of income from realizable assets, in the consolidated statement of income and net income allocation.

During the semester ended at 30 June 2024, the Bank recorded a property received as payment for Bs74,631,176, corresponding to the payment of three commercial promissory notes from Cartera de Inversiones Venezolanas, C.A. (see note 9).

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Notes to the Consolidated Financial Statements

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(13) Fixed Assets

A detail of fixed assets follows (in bolivars):

	Note	Buildings and facilities	Computer equipment	Furniture and equipment	Transportation equipment	Works in progress	Lands	Other assets	Total
Cost -									
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
Additions		89,422,415	48,000,851	26,033,552	502	77,128,249	1,011,994	-	241,597,563
Effect of conversion of Foreign Branch		-	594,624	294,156	-	-	-	-	888,780
Withdrawals		(36,461,483)	-	(11,038,862)	-	(850,888)	-	-	(48,351,233)
Balances at 31 December 2023		616,206,985	126,914,647	53,359,527	2,226,640	142,908,679	1,011,994	15,053	942,643,525
Additions		32,055,993	28,879,170	8,967,969	-	76,178,676	-	1,942,729	148,024,537
Effect of conversion of Foreign Branch		120,556	44,457	18,034	-	-	-	-	183,047
Withdrawals and/or reclassifications		(27,415,361)	(8,303,634)	(148,720)	(183)	(11,186,410)	-	-	(47,054,308)
Balances at 30 June 2024		620,968,173	147,534,640	62,196,810	2,226,457	207,900,945	1,011,994	1,957,782	1,043,796,801
Accumulated depreciation -									
Balances at 30 June 2023		(13,414,327)	(16,293,083)	(3,092,275)	(140,296)	-	-	-	(32,939,981)
Depreciation recognized in expenses	22	(7,483,409)	(16,219,312)	(3,916,863)	(223,090)	-	-	-	(27,842,674)
Effect of conversion of Foreign Branch		-	(658,847)	(212,468)	-	-	-	-	(871,315)
Withdrawals		87,163	-	-	-	-	-	-	87,163
Balances at 31 December 2023		(20,810,573)	(33,171,242)	(7,221,606)	(363,386)	-	-	-	(61,566,807)
Depreciation recognized in expenses	22	(7,737,898)	(23,381,624)	(5,595,405)	(222,585)	-	-	-	(36,937,512)
Effect of conversion of Foreign Branch		(120,556)	(179,925)	(52,305)	-	-	-	-	(352,786)
Withdrawals and/or reclassifications		1,156,871	568,770	39,176	183	-	-	-	1,765,000
Balances at 30 June 2024		(27,512,156)	(56,164,022)	(12,830,140)	(585,788)	-	-	-	(97,092,106)
Balances at 31 December 2023		595,396,412	93,743,405	46,137,921	1,863,254	142,908,679	1,011,994	15,053	881,076,718
Balances at 30 June 2024		593,456,017	91,370,619	49,366,670	1,640,669	207,900,945	1,011,994	1,957,782	946,704,696

During the semesters ended 30 June 2024 and 31 December 2023, additions to buildings and facilities include Bs32,055,993 and Bs89,422,415, respectively, corresponding to improvements made to the Bank's agencies network.

During the six-month period ended 30 June 2024 and 31 December 2023, the Bank sold property to third parties, recording revenues from such sales for Bs164,499,013 y Bs22,783,838, respectively, in the extraordinary income item in the statement of income and net income allocation. Additionally, at 30 June 2024 and 31 December 2023, the Bank recorded deferred income for Bs7,889,626 and Bs9,712,936 (see note 18). At 30 June 2024 and 31 December 2023, works in progress correspond to construction in progress and remodeling at the Bank's agencies network.

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Notes to the Consolidated Financial Statements

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(14) Other Assets

A detail of other assets follows (in bolivars):

	Notes	30 June 2024	31 December 2023
Deferred expenses		77,513,825	100,523,485
Miscellaneous assets		15,482,863	9,093,990
Deferred income taxes	19(b)	15,083	7,082,022
Items pending application (including US\$55,178 and €3,422,203; and US\$103,287 and €17,419,405, respectively)	7	3,821,047,466	2,567,967,434
Miscellaneous -			
Operations provided by international credit cards (US\$1,739,731 and US\$2,542,564, respectively)	7	63,248,105	91,200,242
Advances to suppliers (includes US\$3,330 and €128,202; and US\$3,330 and €231,748, respectively)	7	219,229,171	132,524,650
Accounts receivable and offsetting of balances for credit cards (including US\$7,079 and US\$4,074, respectively)	7	470,678	350,954
Prepaid taxes		56,794,640	100,867,581
MasterCard Project (Debit Card)		-	15,823,150
Mobile payment operations in foreign currency		-	117,536,187
Advances for purchase option of commercial facilities (including US\$180,475, at 31 December 2023)	7	-	6,473,530
Other prepaid expenses		83,186,555	69,722,605
Sale of foreign currencies to exporters		5,532,820	1,336,208
Insurance (including US\$145,893 and US\$116,369, respectively)	7	5,303,954	4,174,099
Loans granted for free-convertibility agreement		-	648,883,126
Publicity and marketing		25,207,317	426,540
Other miscellaneous accounts receivable (including US\$112,583 and €1,213; and US\$533,097 and €1,200, respectively)	7	44,086,780	76,298,910
Total miscellaneous		<u>503,060,020</u>	<u>1,265,617,782</u>
		4,417,119,257	3,950,284,713
Provision for other assets		<u>(16,507,015)</u>	<u>(104,256)</u>
		<u>4,400,612,242</u>	<u>3,950,180,457</u>

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Changes in the deferred expenses account follow (in bolivars):

Note	Goodwill				Leasehold improvements	Licenses	Operating systems (software)	Expenses from New Monetary Expression	Contribution to National Development Fund (FONDEN, S.A.)	Total
	Consortio Credicard, C.A.	Corporación Suiche 7B, C.A.	Proyectos Conexus, C.A.	American Express						
Cost:										
Balance 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
Additions	-	-	-	-	9,650,707	27,846,979	9,106,365	5,202	-	46,609,253
Withdrawals	-	-	-	-	(7,234)	(2,471,334)	(7,194,915)	-	-	(9,673,483)
Balance at 31 December 2023	34,964,024	3,356,393	436,049	10,987,800	40,976,542	51,617,093	5,528,442	733,792	3,988,633	152,588,768
Additions	-	-	-	-	8,206,658	13,233,901	1,180,946	2,423	-	22,623,928
Withdrawals	-	-	-	-	(9,346,766)	(13,824,206)	(4,400,044)	-	-	(27,571,016)
Balance at 30 June 2024	34,964,024	3,356,393	436,049	10,987,800	39,836,434	51,026,788	2,309,344	736,215	3,988,633	147,641,680
Accrued amortization:										
Balance 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)
Amortization carried to expenses	22 (3,496,402)	(335,639)	(43,605)	(1,098,780)	(3,312,668)	(18,203,580)	(8,074,222)	(122,130)	(997,159)	(35,684,185)
Withdrawals	-	-	-	-	7,234	2,471,334	7,189,712	-	-	9,668,280
Balance at 31 December 2023	(10,489,206)	(1,006,917)	(130,815)	(3,296,340)	(6,966,929)	(22,162,938)	(4,496,299)	(524,364)	(2,991,475)	(52,065,283)
Amortization carried to expenses	22 (3,496,402)	(335,639)	(43,605)	(1,098,780)	(4,650,184)	(24,909,388)	(706,550)	(122,130)	(997,158)	(36,359,836)
Withdrawals	-	-	-	-	75,437	13,824,206	4,400,044	(2,423)	-	18,297,264
Balance at 30 June 2024	(13,985,608)	(1,342,556)	(174,420)	(4,395,120)	(11,541,676)	(33,248,120)	(802,805)	(648,917)	(3,988,633)	(70,127,855)
Net carrying value:										
Balance at 31 December 2023	24,474,818	2,349,476	305,234	7,691,460	34,009,613	29,454,155	1,032,143	209,428	997,158	100,523,485
Balance at 30 June 2024	20,978,416	2,013,837	261,629	6,592,680	28,294,758	17,778,668	1,506,539	87,298	-	77,513,825

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The Superintendency in Notice 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 Notice 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):

	Note	30 June 2024	31 December 2023
Foreign exchange office transactions (including US\$50,571 and €3,641,749; and US\$98,715 and €15,853,307, respectively)	7	176,164,711	634,740,007
Interbank mobile payment transactions receivable (including US\$1,036; and US\$1,904 and €30, respectively)	7	1,717,279,491	639,211,371
Transactions in transit points of sale		1,375,909,369	883,339,987
Immediate credit transactions		544,315,748	337,658,579
Retail operations (including US\$1.001 and €145.558; and US\$1,005 and €1,566,067, respectively)	7	6,682,467	67,760,496
Other items applicable (including US\$243 at 31 December 2023)	7	359,723	5,194,825
Cash shortage (US\$2.570 and US\$1.420, respectively)	7	335,957	62,169
		<u>3,821,047,466</u>	<u>2,567,967,434</u>

At 30 June 2024 and 31 December 2023, 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 2024, respectively. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded income from commissions collected for this concept for Bs36,139,505 and Bs31,788,645, respectively, under other operating income, in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2024 and 31 December 2023, 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 2024. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded income from commissions charged to its customers for Bs132,823,493 y Bs91,022,854, respectively, for transactions carried out through said application in other operating income in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2024 and 31 December 2023, 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 2024, respectively. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded income from commissions on point-of-sale transactions for Bs207,305,319 and Bs191,575,476, respectively (see note 20). Also, during the six-month periods ended 30 June 2024 and 31 December 2023, the Bank recorded income from commissions collected for Bs39,728,212 y Bs36,371,474, 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 20).

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At 30 June 2024 and 31 December 2023, 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 2024. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded income for this concept for Bs199,803,028 y Bs142,975,091, respectively, in other operating income in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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):

	30 June 2024	31 December 2023
Insurance	54,767,743	26,519,428
LOCTI contribution	13,453,493	24,870,039
SUDEBAN contribution	-	8,054,983
Licenses	11,659,433	6,740,704
Marketing	2,676,862	2,250,418
Other	-	468,725
Improvements to agencies	459,290	354,607
Bloomberg services	-	457,758
Insurance premiums	164,792	-
Traveling expenses paid to employees	4,942	5,943
	<u>83,186,555</u>	<u>69,722,605</u>

At 31 December 2023, liquidated funds from customers' deposits in foreign currency amounting to Bs648,883,126 correspond to freely convertible funds from collections made in bolivars for loans granted in accordance with Notice SIB-DSB-CJ-OD-00712 dated 11 February 2022, which establishes that banking institutions may grant loans in local currency with the proceeds from a portion of the customers' deposits in foreign currency up to a maximum equivalent to 10% of such funds.

The Superintendency in Notice SIB-II-GGR-GNP-00335 dated 18 January 2023, informs banking institutions that they may grant loans in local currency to clients with the proceeds from customers' deposits in foreign currency, up to a maximum of resources equivalent to 30% of such deposits, which will be determined considering the balance of the customers' deposits in foreign currency recorded in the sub-account "Current accounts under the Free Convertibility Exchange Market System". Furthermore, loans granted in accordance with the provisions of this Notice must be settled exclusively in local currency.

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

		Semesters ended	
		30 June 2024	31 December 2023
Balance at the beginning of the semester		104,256	12,559,877
Provision carried to miscellaneous operating expenses	21	16,402,759	-
Adjustments to nominal value of matured investment securities		-	(12,455,621)
Balance at semester-end		<u>16,507,015</u>	<u>104,256</u>

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(15) Customers' Deposits

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

	Notes	30 June 2024	31 December 2023
Checking account deposits and sight certificates -			
Non-interest bearing checking accounts		6,194,413,826	3,840,041,863
Checking accounts as per the Exchange Market System of Free Convertibility (US\$184,437,868, €14,882,220 and COP11,837,000; y US\$200,582,505, €17,306,580 y COP11,837,410, respectively)	7	7,216,296,524	7,862,748,132
Interest bearing chicking accounts		676,031,611	257,656,637
Checking accounts as per Exchange Agreement N° 20 (including US\$14,872,503 and €1,500; and US\$15,667,387 and €1,500, respectively)	7	540,749,731	562,039,345
Non-negotiable sight deposits and certificates bearing annual interests of 3% and 100%		617,607,087	876,470,650
Public, state and municipal administration levels		535,017,189	232,891,673
Special funds in trust (US\$268,920 and US\$272,812, respectively)	7	9,776,617	9,785,594
		<u>15,789,892,585</u>	<u>13,641,633,894</u>
Other sight obligations -			
Cashier's checks issued		2,456,485	2,041,750
Trust obligations		6,268,503	5,925,586
Advance collections to customers for credit cards		427,898	632,108
Obligations Mandatory Savings Fund for Housing	23(b)	68,005	8,609
Previous deposits for credit bills		33	33
		<u>9,220,924</u>	<u>8,608,086</u>
Savings deposits, with annual interests of 32% in individual accounts and 0.06% for customer deposits in foreign currency (including US\$16,899,952 and €92,526; and US\$16,609,854 and €120,254, respectively)	7	1,711,815,222	1,326,796,991
Time deposits, bearing annual interests of 36% for customer deposits in foreign currency and between 0.10% and 7% for customer deposits in foreign currency (including US\$13,672,500 and US\$7,172,765, respectively), with the following maturities:	7		
Up to 30 days		24,588,132	243,912
From 31 to 60 days		13,487,736	5,179,022
From 61 to 90 days		59,985,889	-
From 91 to 180 days		92,487,455	252,375,843
From 181 to 360 days		89,687,993	40,000
		<u>280,237,205</u>	<u>257,838,777</u>
		<u>17,791,165,936</u>	<u>15,234,877,748</u>

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At 30 June 2024 and 31 December 2023, 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 7). Additionally, during the semesters ended 30 June 2024 and 31 December 2023, 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 Bs398,353,358 and Bs493,931,952, respectively, which are included in other operating income in the consolidated statements of income and net income allocation (see note 20).

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded income from commissions related to transfers to foreign banks for Bs11,373,214 (US\$312,837) and Bs9,537,098 (US\$265,884), respectively, which are included in income from other accounts receivable in the consolidated statements of income and net income allocation. Also, during the six-month periods ended 30 June 2024 and 31 December 2023, the Bank paid commissions for bank transfers through correspondent banks abroad of Bs13,299,941 (US\$365,835) y Bs13,897,420 (US\$387,445), respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 21).

At 30 June 2024 and 31 December 2023, the Bank maintains customers' deposits from official entities for Bs1,529,980,814 and Bs537,398,173, respectively.

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

	30 June 2024		31 December 2023	
	Rate (%)			
	mimumum	maximum	minimum	maximum
Operations in Venezuela, per type of obligation -				
Interest-bearing checking accounts	0.25	0.25	0.25	0.25
Deposits and sight deposits	36	36	36	36
Saving deposits	32	32	32	32
Term deposits	36	36	36	36
Operations in Foreign Branch, per type of obligation -				
Savings deposits	0.06	0.06	0.06	0.06
Term deposits	0.27	3	0.27	3

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Notes to the Consolidated Financial Statements

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(16) Other Financing Obtained

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

	<u>Notes</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Obligations with national financial institutions			
for up to a year -			
Financing from other national financial institutions under the overnight method, with annual returns between 1% and 32%, and 13% and 15%; and maturing in July and January 2024, respectively		38,000,000	620,560,997
Sight deposits from local financial institutions:			
Banco de Venezuela, S.A. Banco Universal, with annual returns of 45%; and 50%, and maturing in July and January 2024, respectively		504,473,668	370,353,297
Banco del Tesoro, C.A. Banco Universal, with annual returns between 30% and 35%; and 85%, and maturing in July and January 2024, respectively		250,340,070	171,905,512
Banco de Desarrollo Económico y Social de Venezuela (BANDES), with annual return between 30% and 45%; and 60%, and maturing in July and January 2024, respectively		380,000,000	77,000,000
Banco Bicentenario, Banco Universal, C.A., with annual returns between 35% and 50%; and 75%, and maturing in July and January 2024, respectively		171,000,000	81,000,000
Banplus Banco Universal, C.A., con rendimiento anual de 30%, y vencimientos en enero de 2023			
Banco de la Fuerza Armada Nacional Bolivariana with annual returns of 38%; and 50%, and maturing in July and January 2024, respectively		183,421,437	35,000,000
		<u>1,527,235,175</u>	<u>1,355,819,806</u>
Sight deposits in non-interest bearing checking accounts		<u>6,408</u>	<u>12,862</u>
		<u>1,527,241,583</u>	<u>1,355,832,668</u>
Obligations with financial institutions abroad up to a year -			
Sight deposits of financial institutions abroad:			
BNC International Banking Corporation (US\$51,758 y US\$51,817, respectively)	7 y 25	2,427,006	1,930,408
Arca Internacional Bank, Inc.		<u>1</u>	<u>1</u>
		<u>2,427,007</u>	<u>1,930,409</u>
		<u>1,529,668,590</u>	<u>1,357,763,077</u>

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

	Semesters ended	
	30 June 2024	31 December 2023
Obligations with local financial institutions for up to a year -		
Overnight operations	13,151,217	52,792,214
Sight deposits	<u>398,846,421</u>	<u>235,681,190</u>
	<u><u>411,997,638</u></u>	<u><u>288,473,404</u></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 2024 and 31 December 2023, the Bank is in full compliance with the requirements of this Resolution.

(17) Interests and Commissions Payable

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

	Note	30 June 2024	31 December 2023
Expenses payable for customers' deposits -			
Non-negotiable certificates of sight deposits		13,854,692	14,283,692
Time deposits (including US\$72,551; US\$111,826, respectively)	7	<u>2,664,872</u>	<u>4,024,920</u>
		<u>16,519,564</u>	<u>18,308,612</u>
Expenses payable for other financing obtained -			
Expenses payable for obligations with local financial institutions for up to a year		<u>15,742,199</u>	<u>16,608,808</u>
		<u><u>32,261,763</u></u>	<u><u>34,917,420</u></u>

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(18) Accruals and Other Liabilities

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

	Notes	30 June 2024	31 December 2023
Items pending application (including US\$989,709, €5,186,007 and COP1,590; US\$511,632, €17,455,623 and COP1,590, respectively)	7	1,675,170,914	1,482,633,882
Capital and interests payable to BOD clients (US\$9,822,484 and US\$10,046,989, respectively)	7 and 1(c)	357,097,382	360,379,455
Dividends payable		1,478,424	1,175,604
Accounts payable in foreign currency (including US\$12,252,016 and €28,236; US\$12,083,926 and €250,412, respectively)	7	446,190,455	479,524,688
Deferred income (including US\$410,711 and €13,283; US\$44,378 and €13,283, respectively)	7	23,674,468	44,189,771
Accruals for labor indemnities		21,950,824	25,043,627
Withheld taxes (including US\$93,714 and US\$10,097, respectively)	7	48,311,550	45,219,985
Transactions with international credit cards (including US\$1,406,371 and US\$2,233,169, respectively)	7	51,128,745	80,102,449
Provision for income taxes (including US\$18,369 and US\$20,135, respectively)	7 and 19(a)	889,617	213,498,487
Services payable		9,686,211	11,258,757
MasterCard Project (Debit Card)		-	53,873,184
Vacation and vacation bonus payable (including US\$54,794 and US\$46,692, respectively)	7	11,344,981	11,365,571
Deferred income taxes	19(b)	41,891	20,624,499
Sale of foreign currency to exporters (US\$152,188 and US\$37,252, respectively)	7	5,532,820	1,336,208
Bank insurance policies (including €932,095, for both semesters)	7	36,298,374	37,020,094
Provision for net worth tax		13,900,601	601
Special contribution for the protection of pension holders		4,190,660	-
Provision for Science, Technology and Innovation		17,162,450	28,036,034
Tax on economic activities and other taxes payable	19	5,690,356	6,000,908
Fees payable (including US\$17,032 and US\$12,803, respectively)	7	13,674,324	459,269
Profit-sharing payable (including US\$2,011 at 30 June 2024)	7	2,813,376	-
Suppliers and other miscellaneous accounts payable (including US\$10,878 and US\$12,432, respectively)	7	1,915,460	2,253,918
Leases payable		14,382,094	14,320,843
Comprehensive prevention against money laundering and financing of terrorism		3,442,189	12,560,604
Credit cards (including US\$106,395 at 31 December 2023)	7	-	3,816,317
Organic Law on Sport, Physical Activity and Physical Education		1,969,567	10,526,649
Contributions and labor withholdings payable		886,721	865,570
Provision for contingent credits		4,388,248	7,038
Credit and debit card surcharges (including US\$240 and US\$475, respectively)	7	8,735	17,032
Other provisions		1,808,528	144,340
		<u>2,775,029,965</u>	<u>2,946,255,384</u>

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

	Notes	30 June 2024	31 December 2023
Exchange desk transactions (including US\$802,849 and €3,798,382; and US\$139,340 and €15,855,688, respectively)	7	176,164,711	634,740,006
Electronic transfer for offsetting		672,266,052	510,037,611
Mobile payment operations payable (including US\$23,922 and €361; and US\$49,754 and €293, respectively)	7	689,082,489	4,244,642
Collection of local and municipal funds		54,650,427	50,744,755
Item applicable to correspondent bank (€1,600,000 at 30 June 2024)	7	62,308,480	-
Retail operations (including US\$20,693 and €152,279; and US\$117,980 and €1,599,528, respectively)	7	6,682,466	222,264,274
Client operations (including US\$67,633 and €89; and US\$66,837 and €5, respectively)	7	2,462,235	2,397,569
Other items applicable (including US\$50,813 and COP1,590; and US\$114,909 and €110, respectively)	7	10,790,596	57,451,768
Operations conducted through SICAD (US\$21,000, for both semesters)	6 and 7	763,458	753,257
		<u>1,675,170,914</u>	<u>1,482,633,882</u>

At 30 June 2024 and 31 December 2023, the exchange desk transactions correspond to foreign currency transactions made by the Bank's customers on the last days of June 2024 and December 2023, respectively, which were made effective on the first days of July and January 2024, respectively.

At 30 June 2024 and 31 December 2023, electronic transfers for offsetting correspond to transfers made by the Bank's customers to other banking institutions during the last days of June 2024 and December 2023, respectively, which became effective the first days of July and January 2024, respectively.

Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank collected commissions for interbank electronic transfers for Bs79,716,478 and Bs54,943,362, respectively, under other operating expenses in the consolidated statements of income and net income allocation (see note 20).

At 30 June 2024 and 31 December 2023, mobile payment transactions payable correspond to bank transfers from customers' accounts to other banking institutions by means of the mobile application, which were automatically regularized on the first days of July and January 2024. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded expenses for commissions paid to its customers for Bs50,578,170 y Bs25,979,894, respectively, for transactions made through said application in other operating expenses in the consolidated statements of income and net income allocation (see note 21).

At 30 June 2024 and 31 December 2023, 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 2024. During the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded expenses for commissions charged to merchants for the use of points of sale for Bs78,898,671 and Bs53,058,177, respectively, which are included in other operating expenses in the consolidated statements of income and net income allocation (see note 21).

At 30 June 2024, the Bank maintains items applicable to correspondent banks for Bs62,308,480, corresponding to items in transit at Banco Sabadell. These items were adjusted during July 2024.

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At 30 June 2024 and 31 December 2023, accounts payable in foreign currency mainly include interest payable on customer securities held in custody by the Bank, which to date have not been claimed. The Bank's management is taking the necessary measures to settle these liabilities with their respective beneficiaries.

A detail of deferred income follows (in bolivars):

	Notes	30 June 2024	31 December 2023
Options to purchase property (including US\$366,333 and US\$639,600, respectively)		13,318,085	22,942,068
Deferred income from sale of property	13	7,889,626	9,712,936
Interests charged in advance for loan portfolio (including US\$44,378 and €13,283; and US\$44,378 and €13,283, respectively)	9	2,130,644	10,862,541
Data center leasing		336,113	672,226
		<u>23,674,468</u>	<u>44,189,771</u>

A detail of taxes withheld follows (in bolivars):

	30 June 2024	31 December 2023
Value added tax	9,409,732	6,100,987
Income tax	20,530,211	19,342,789
Tax on large financial transactions (including US\$85,009, at 30 June 2024)	17,657,020	17,873,483
Revenue stamps	642,952	1,887,604
Municipal taxes	71,635	15,122
	<u>48,311,550</u>	<u>45,219,985</u>

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

		Semesters ended	
	Note	30 June 2024	31 December 2023
Balance at the beginning of the semester		7,038	4,577
Reclassification (a) of provision for loan portfolio	9	(338)	2,461
Creation of provision for contingent loans		4,381,548	-
Balance at semester-end		<u>4,388,248</u>	<u>7,038</u>

(19) 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.

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

A detail of reconciliations between financial income and net tax income of the Bank, regarding operations in Venezuela, for the tax period ended 31 December 2023 follows (in bolivars):

Tax fee as per Income Tax Law (%)	40
Financial income for the year before income taxes	1,351,677,610
Difference between accounting income and tax income	
Unpaid taxes	8,164,223
Loan portfolio, net	154,813,474
Incidental cost	(59,750,661)
Exempted income, net of related expenses	(43,575,646)
Non-deductible items	99,485,029
Non-taxable items	(978,873,428)
Tax income for the year in Venezuela	<u>531,940,601</u>
Losses from previous years used	<u>-</u>
Taxable net world income	<u>531,940,601</u>
Provision for current income tax in Venezuela	<u>212,776,240</u>

During the semesters ended 30 June 2024 and 31 December 2023, the Foreign Branch recorded an estimated income tax expense of US\$6,946 (equivalent to Bs252,507) and US\$8,251 (equivalent to Bs295,955), 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 associated with 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 2024 and 31 December 2023, the Bank maintains an income tax provision of Bs889,617 and Bs213,498,487, which include US\$6,946 (Bs252,507) and US\$8,251 (Bs295,955), respectively, corresponding to the Foreign Branch (see note 18). Furthermore, at 30 June 2024 and 31 December 2023, the Bank maintains prepaid income tax of Bs56,794,640 and Bs100,867,581, 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):

	30 June 2024	31 December 2023
Income tax -		
Current income tax for operations in Venezuela	100,000	67,100,000
Current income tax for operations in foreign branch	252,507	295,955
Deferred (income) expenses	<u>(13,515,669)</u>	<u>3,038,366</u>
	<u>(13,163,162)</u>	<u>70,434,321</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 2024 and 31 December 2023, that give way to it correspond to prepaid expenses, other provisions and accruals. At 30 June 2024 and 31 December 2023, the Bank maintains net deferred tax liabilities for Bs26,808 and Bs13,542,477, respectively.

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

	<u>Notes</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Assets -			
Other assets	14	<u>15,083</u>	<u>7,082,022</u>
Liabilities -			
Accruals and other liabilities	18	<u>(41,891)</u>	<u>(20,624,499)</u>
Net, deferred income tax assets (liabilities) net		<u><u>(26,808)</u></u>	<u><u>(13,542,477)</u></u>

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A detail of changes in the accounts of deferred income tax assets for the semesters ended 30 June 2024 and 31 December 2023 follows (in bolivars):

	Other assets	Accruals and other liabilities	Deferred income tax (liability) asset
Balances at 30 June 2023	6,893,387	(17,397,498)	(10,504,111)
Charges (credits) in income	<u>188,635</u>	<u>(3,227,001)</u>	<u>(3,038,366)</u>
Balance at 31 December 2023	7,082,022	(20,624,499)	(13,542,477)
Charges (credits) in income	<u>(7,066,939)</u>	<u>20,582,608</u>	<u>13,515,669</u>
Balance at 30 June 2024	<u><u>15,083</u></u>	<u><u>(41,891)</u></u>	<u><u>(26,808)</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 30 June 2024 with no impact on the taxable income. At 31 December 2023, the Bank filed the informative declaration of transactions with related parties abroad, form PT-99, for the fiscal year ended 30 June 2023.

(d) Tax on Economic Activities

The Constitution of the Republic and the Organic Law of the Municipal Public Power appoint the Municipalities with the power to establish taxes 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 2024 and 31 December 2023 for Bs78,034,773 and Bs67,263,147, respectively, which are presented in the general and administrative expenses element (see note 22), corresponding to the economic activities carried out in its offices throughout the national territory. At 30 June 2024 and 31 December 2023, the outstanding balance payable for this concept amounts to Bs5,690,356 and Bs6,000,908, 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 18).

(e) Law of Taxes on Large Financial Transactions

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

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

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

During the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded expenses for this concept for Bs38,234,120 and Bs35,411,081, respectively, which is presented under the caption of general and administrative expenses (see note 22).

(f) **Net Worth Tax**

Official Gazette of the Republic N° 41.696 dated 16 August 2019, published the Official Ruling 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 at 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 2024 and 31 December 2023, the Bank recorded expenses for this concept for Bs13,900,000 y Bs3,026,984, respectively, in the consolidated statements of income and net income allocation.

(20) **Other Operating Income**

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

		Semesters ended	
	Notes	30 June 2024	31 December 2023
Commissions for services		1,727,446,469	1,506,974,044
Income from investments in affiliates	11 and 25	133,720,920	113,324,214
Income from amortization of discount in investments held to maturity	8	20,893,101	14,613,832
Income from exchange difference	7	201,165,874	1,686,303
		<u>2,083,226,364</u>	<u>1,636,598,393</u>

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

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Cash withdrawals in foreign currency	15	398,353,358	493,931,952
Documentation of credits granted in UVC	9	405,285,967	258,564,143
Point of sale transactions	14	207,305,319	191,575,476
Interbank mobile payment	14	132,823,493	91,022,854
Immediate credit transactions	14	199,803,028	142,975,091
Exchange intervention transactions	6	41,395,478	51,178,331
Commission for use of point of sale		56,257,020	56,001,205
Interbank electronic transactions	18	79,716,478	54,943,362
Exchange office transactions	14	36,139,505	31,788,645
Services provided to Social Security pension holders		6,763,439	9,069,505
Reimbursement of operating costs of point of sale terminals to commercial establishments	14	39,728,212	36,371,474
Transportation of securities		1,566,807	877,026
Suiche 7B P2P services		43,095,352	33,836,038
Phone credit recharge		9,655,373	7,925,725
Credit card commissions		23,172,633	13,454,021
Domiciliation services		4,351,350	4,165,070
Custody of securities		3,652,962	2,925,054
Affiliation of payroll account		3,959,219	3,849,108
Retail operations		10,769,453	9,978,784
Transactions with debit cards in USD		1,205,256	1,305,599
Minimum balances of customer's deposits		579,038	501,736
Trust funds		4,756,748	2,868,537
Other non-financial commissions		674,637	559,234
Others		16,436,344	7,306,074
		1,727,446,469	1,506,974,044

(21) Other Operating Expenses and Miscellaneous Operating Expenses

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

	Note	Semesters ended	
		30 June 2024	31 December 2023
Commissions from services rendered		244,384,786	172,387,400
Loss from exchange difference	7	38,493,690	1,444,106
Expenses from investments in affiliates and subsidiaries	11	10,248,883	1,476,903
Loss from investment securities		2,492,528	159
		295,619,887	175,308,568

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

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Commissions to suppliers			
processing credit cards	8	93,540,665	73,446,478
Transactions with points of sale	18	78,898,671	53,058,177
Bank transfers by means of			
correspondent banks	15	13,299,941	13,897,420
Interbank mobile payment	18	50,578,170	25,979,894
Suiche 7B ATM s		2,373,296	1,792,286
Other expenses from service commissions		5,694,043	4,213,145
		<u>244,384,786</u>	<u>172,387,400</u>

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

	Note	Semesters ended	
		30 June 2024	31 December 2023
Contribution to Organic Law on Drugs		270,000	4,069,000
Contribution to Organix Law on Sport, Physical Activity and Physical Education		2,820,000	3,548,000
Contribution to the National Fund for Municipal Councils		21,414,936	46,200,349
Contribution to Organic Law on Science, Technology and Innovation		17,162,200	15,718,365
Provision for other assets	14	16,402,759	-
Provisions for other services		2,084	426,097
Task related to ML/TF/FPWMD activities		3,950,630	92,620
Others		324,750	134,987
		<u>62,347,359</u>	<u>70,189,418</u>

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(22) Administrative and General Expenses

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

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Maintenance and repairs of fixed assets		232,919,180	209,798,428
Expenses for transportation and communications		161,216,445	124,501,400
Advisory and external audit		250,508,401	95,691,492
Transportation of securities and overall surveillance		107,873,782	105,956,962
Tax on economic activities	19(d)	78,034,773	67,263,147
Expenses for leases		74,687,252	74,336,355
Expenses for external services		83,412,845	68,242,376
Advertisement and publicity expenses		41,491,769	42,924,977
Miscellaneous general expenses		20,405,867	45,315,423
Tax on large financial transactions	19(e)	38,234,120	35,411,081
Amortization of deferred expenses	14	36,359,836	35,684,185
Depreciation and downgrading of fixed assets	13	36,937,512	27,842,674
Water, electricity and gas services		20,336,924	19,762,703
Insurance expenses		26,880,664	19,546,457
Other taxes and contributions		19,458,357	7,514,492
Legal advisory		8,551,155	5,338,699
Stationery and office supplies		8,292,111	4,791,430
Others		2,165,193	1,767,254
Public Relations		1,691,808	2,531,747
Legal expenses		7,255,581	2,062,033
		<u>1,256,713,575</u>	<u>996,283,315</u>

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(23) Memorandum Accounts

A detail of memorandum accounts follows (in bolivars):

	Notes	30 June 2024	31 December 2023
Debtor contingent accounts -			
Guarantees granted		438,824,838	703,819
Credit lines for credit cards		86,211,755	12,168,844
Credit lines for discounts and purchase of invoices		204	3
		<u>525,036,797</u>	<u>12,872,666</u>
Trust assets		<u>654,596,738</u>	<u>555,339,278</u>
Debtor accounts for other trustworthy assignments (Housing and Habitat Loan Regime)		<u>337,057</u>	<u>149,114</u>
Other debtor memorandum accounts -			
Guarantees received (including US\$17,413,634 and US\$16,314,551, respectively)	7	10,933,937,937	9,435,433,992
Custody received (including US\$51,786,696 and US\$51,493,441, respectively)	7	2,437,857,557	1,956,992,230
BOD Operation (including US\$10,879,200, for both semesters)	7	395,514,769	393,027,416
Securities under custody in other financial institutions		750,104,781	767,558,207
Non-negotiable credit lines pending granting		1,653,252,131	1,577,645,623
Bad debts written off		59,096,863	80,188,979
Collections in foreign currency (equivalent to US\$1,664,007, for both semesters)	7	60,495,140	59,686,932
Financial instruments written off (equivalent to US\$1,882,314, for both semesters)	7	68,431,704	67,517,464
Reconciling items written off		30,100,572	26,783,278
Returns receivable deferred on overdue loan portfolio	9	1,576,106	1,549,535
Foreign currency granted through SICAD (equivalent to US\$21,000, for both semesters)	7	763,457	753,257
Others (including US\$12,500, for both semesters)	7	454,439	448,368
		<u>16,391,585,456</u>	<u>14,367,585,282</u>
		<u>17,571,556,048</u>	<u>14,935,946,340</u>

At 30 June 2024 and 31 December 2023, the custody of securities of other financial institutions are held in the custody of Euroclear Bank, Pershing LLC and Morgan Stanley Smith Barney.

(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.

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

	30 June 2024	31 December 2023
Assets -		
Cash and cash equivalents	16,440,234	16,101,015
Investment securities	107,358,527	78,566,180
Loan portfolio	147,328,482	93,472,452
Interests and commissions receivable	2,285,258	4,518,687
Other assets	381,184,237	362,680,944
Total assets	<u>654,596,738</u>	<u>555,339,278</u>
Liabilities -		
Other accounts payable	934,419	695,544
Other liabilities	15,816	137,109
Total liabilities	<u>950,235</u>	<u>832,653</u>
Trust fund equity -		
Equity appointed to trust funds	636,052,293	534,500,001
Adjustments to equity	2,385,771	2,247,653
Accrued income	15,208,439	17,758,971
Total stockholders' equity	<u>653,646,503</u>	<u>554,506,625</u>
Total liabilities and stockholders' equity	<u>654,596,738</u>	<u>555,339,278</u>

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

	30 June 2024	31 December 2023
Trust equity -		
Guarantee	362,474,138	362,474,138
Labor indemnities	261,361,378	154,992,152
Management	29,020,825	36,506,692
Investment	790,162	533,643
	<u>653,646,503</u>	<u>554,506,625</u>

At 30 June 2024 and 31 December 2023, cash and cash equivalents include Bs16,440,234 and Bs16,101,015, respectively, include concentrating accounts of the Trust's liquid funds held at the Bank, which accrue interest at a rate of 6% for both semesters.

The Superintendency, through Notice SIB-II-GGR-GNP-03636 issued on 5 June 2023, established that the gain and/or loss of account group 700 Trusts and Trusteeships generated after the closing of June 2023, will be recorded in account 733.00 Adjustments to equity and, when such gain and/or loss is realized, as a result of the transactions carried out with the assets and/or liabilities that originated it or when the settlement of the trust fund to which it corresponds is formalized, it may be reclassified to account 731.00 Appointed equity of trusts.

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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 rates (%)
30 June 2024 -						
Investments in local financial institutions:						
Time deposits -						
Banco Exterior, C. A., Banco Universal	40,000,000	40,000,000	40,000,000	40,000,000	01-07-2024 al 26-07-2024	25,00 al 30,00
Banco Caroni, C. A., Banco Universal	33,200,000	33,200,000	33,200,000	33,200,000	11-07-2024 al 26-07-2024	25.00
	<u>73,200,000</u>	<u>73,200,000</u>	<u>73,200,000</u>	<u>73,200,000</u>		
Bonds and national public debt obligations -						
Vebonos	14	14	9	14	07-08-2025 al 30-11-2028	13,19 al 23,19
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.	2,908,408	2,908,408	2,908,408	2,908,408	11-12-2024	13.00
Mercantil Servicios Financieros, C. A.	5,634,000	5,634,000	5,634,000	5,634,000	20-07-2024 al 10-08-2024	43,00 al 55,00
Procesadora Marsoca, C. A.	9,088,776	9,088,776	9,088,776	9,088,776	05-09-2024 al 02-10-2024	13.00
Productos Químicos L.M.V., C. A.	6,500,000	6,500,000	6,500,000	6,500,000	22-10-2024	45.00
Steritex, C. A.	6,391,800	6,391,800	6,391,800	6,391,800	09-08-2024	55.00
Alimentos Botalón, C. A.	1,817,755	1,817,755	1,817,755	1,817,755	15-11-2024	12.00
Agropecuaria San Marino, C. A.	1,817,755	1,817,755	1,817,755	1,817,755	05-09-2024	14.00
	<u>34,158,494</u>	<u>34,158,494</u>	<u>34,158,494</u>	<u>34,158,494</u>		
	<u>107,358,527</u>	<u>107,358,527</u>	<u>107,358,503</u>	<u>107,358,527</u>		
31 December 2023 -						
Investments in local financial institutions:						
Time deposits -						
Banco Exterior, C. A., Banco Universal	27,100,000	27,100,000	27,100,000	27,100,000	05-01-2024 al 12-01-2024	55,00 al 70,00
Bonds and national public debt obligations -						
Vebonos	14	14	9	14	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.	6,384,753	6,384,753	6,384,753	6,384,753	10-01-2024	12.00
Marsoca, C. A. Procesadora	7,102,141	7,102,141	7,102,141	7,102,141	04-03-2024 al 30-04-2024	13.00
Calox International, C.A.	3,000,000	3,000,000	3,000,000	3,000,000	01-01-2024 al 06-02-2024	70,00 al 80,00
Steritex, C. A.	5,326,500	5,326,500	5,326,500	5,326,500	04-04-2024	75.00
Alice Neumáticos de Venezuela, C. A.	2,920,000	2,920,000	2,920,000	2,920,000	26-01-2024	70.00
Compañía Venezolana de Cerámica, C. A.	2,380,000	2,380,000	2,380,000	2,380,000	27-03-24 al 20-04-2024	60.00
Montaña Gráfica, C. A.	1,580,000	1,580,000	1,580,000	1,580,000	06-02-2024	70.00
Laboratorio Vicenti, C. A.	3,740,000	3,740,000	3,740,000	3,740,000	14-02-2024	50.00
Industrias Iberia, C. A.	1,700,000	1,700,000	1,700,000	1,700,000	29-01-2024	70.00
Corporación Telemic, C. A.	3,600,000	3,600,000	3,600,000	3,600,000	27-01-2024 al 19-02-2024	70.00
Mercantil Servicios Financieros, C.A.	7,000,000	6,993,649	7,000,000	7,000,000	22-02-2024 al 16-04-2024	65,00 al 70,00
Grupo Nueve Once, C. A.	2,152,164	2,152,164	2,152,164	2,152,164	14-03-2024	13.00
Alimentos FM, C.A.	1,000,000	1,000,000	1,000,000	1,000,000	17-03-2024	60.00
Lucky Trade, C. A.	1,793,470	1,793,470	1,793,470	1,793,470	17-01-2024	12.00
Procafé Lara, C.A.	1,793,470	1,793,470	1,793,470	1,793,470	07-02-2024	11.00
	<u>51,472,498</u>	<u>51,466,147</u>	<u>51,472,498</u>	<u>51,472,498</u>		
	<u>78,572,531</u>	<u>78,566,180</u>	<u>78,572,507</u>	<u>78,572,531</u>		

The Trust had no permanent downgrading in investment securities at 30 June 2024 or at 31 December 2023.

Investment securities are in custody according to the details that follow:

Investment security	Custodian
Investments in local financial institutions	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):

	30 June 2024		31 December 2023	
	Carrying value/amortized cost	Fair market value	Carrying value/amortized cost	Fair market value
Up to six months	107,358,494	107,358,494	78,566,147	78,572,498
From one to five years	14	9	9	9
From five to ten years	-	-	5	-
Over ten years	19	-	19	-
	<u>107,358,527</u>	<u>107,358,503</u>	<u>78,566,180</u>	<u>78,572,507</u>

During the semesters ended 30 June 2024 and 31 December 2023, the trust fund purchased investments for Bs41,538,788 y Bs46,472,898, respectively.

Details of income from investment securities follow (in bolivars):

	Semesters ended	
	30 June 2024	31 December 2023
Income from obligations issued by non-financial private companies	7,519,985	10,187,318
Income from time deposits	10,462,181	1,518,931
Income from public national debt bonds and obligations	1	1
	<u>17,982,167</u>	<u>11,706,250</u>

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Investments securities are concentrated in the issuers as follows (in bolivars):

	%	Time deposits	Public national debt bonds and obligations	Other investment securities	Obligations issued by non-financial private companies	Total
30 June 2024 -						
Banco Exterior, C. A., Banco Universal	37.26%	40,000,000	-	-	-	40,000,000
Banco Caroni, C. A, Banco Universal	30.92%	33,200,000	-	-	-	33,200,000
República Bolivariana de Venezuela	0.00%	-	14	-	-	14
Banco Occidental de Descuento						
Banco Universal, C. A.,	0.00%	-	-	19	-	19
Genia Care, C.A.	2.71%	-	-	-	2,908,408	2,908,408
Mercantil Servicios Financieros, C. A.	5.25%	-	-	-	5,634,000	5,634,000
Procesadora Marsoca, C. A.	8.47%	-	-	-	9,088,776	9,088,776
Productos Químicos L.M.V., C. A.	6.05%	-	-	-	6,500,000	6,500,000
Steritex, C. A.	5.95%	-	-	-	6,391,800	6,391,800
Alimentos Botalón, C. A.	1.69%	-	-	-	1,817,755	1,817,755
Agropecuaria San Marino, C. A.	1.69%	-	-	-	1,817,755	1,817,755
	<u>100.00%</u>	<u>73,200,000</u>	<u>14</u>	<u>19</u>	<u>34,158,494</u>	<u>107,358,527</u>
31 December 2023 -						
Banco Exterior, C. A., Banco Universal	34.49%	27,100,000	-	-	-	27,100,000
República Bolivariana de Venezuela	0.00%	-	14	-	-	14
Banco Occidental de Descuento						
Banco Universal, C. A.,	0.00%	-	-	19	-	19
Genia Care, C. A.	8.13%	-	-	-	6,384,753	6,384,753
Marsoca, C. A. Procesadora	9.04%	-	-	-	7,102,141	7,102,141
Calox International, C.A.	3.82%	-	-	-	3,000,000	3,000,000
Steritex, C. A.	6.78%	-	-	-	5,326,500	5,326,500
Alice Neumáticos de Venezuela, C. A.	3.72%	-	-	-	2,920,000	2,920,000
Compañía Venezolana de Cerámica, C. A.	3.03%	-	-	-	2,380,000	2,380,000
Montana Gráfica, C. A.	2.01%	-	-	-	1,580,000	1,580,000
Laboratorio Vicenti, C. A.	4.76%	-	-	-	3,740,000	3,740,000
Industrias Iberia, C. A.	2.16%	-	-	-	1,700,000	1,700,000
Corporación Telemic, C. A.	4.58%	-	-	-	3,600,000	3,600,000
Mercantil Servicios Financieros, C.A.	8.90%	-	-	-	6,993,649	6,993,649
Grupo Nueve Once, C. A.	2.74%	-	-	-	2,152,164	2,152,164
Alimentos FM, C.A.	1.27%	-	-	-	1,000,000	1,000,000
Lucky Trade, C. A.	2.28%	-	-	-	1,793,470	1,793,470
Procafé Lara, C.A.	2.28%	-	-	-	1,793,470	1,793,470
	<u>100.00%</u>	<u>27,100,000</u>	<u>14</u>	<u>19</u>	<u>51,466,147</u>	<u>78,566,180</u>

At 30 June 2024 and 31 December 2023, the loan portfolio includes loans and advances of social benefits to Bank employees for Bs3,321,254 and Bs1,978,778, respectively. Furthermore, it includes Bs129,310,222 and Bs82,630,142, respectively, corresponding to loans and advances of social benefits from private entities; and Bs14,697,006 and Bs8,863,532, respectively, from public entities.

At 30 June 2024 and 31 December 2023, there are labor indemnity trusts in favor of the Bank's employees for Bs10,809,150 y Bs7,874,256, respectively.

On 22 May 2013, Official Gazette of the Republic N° 40.172 published Administrative 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 2024 and 31 December 2023, 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 in accordance with the provisions contained in such Ruling.

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

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

	<u>Note</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Assets -			
Cash and cash equivalents	15	68,005	8,609
Investment securities		<u>269,052</u>	<u>140,505</u>
Total assets		<u>337,057</u>	<u>149,114</u>
Liabilities -			
Contributions for saving funds for housing		<u>337,057</u>	<u>149,114</u>
Total liabilities		<u>337,057</u>	<u>149,114</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 2024 and 31 December 2023, the investment trust is maintained in the BANAVIH for Bs269,052 and Bs140,505, 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.

(24) Equity Accounts and Reserves

(a) Capital Stock and Authorized Capital

At 30 June 2024 and 31 December 2023, the Bank's paid-in capital stock is Bs128,959,650, for both semesters, represented by 128,959,650,000 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 22 March 2023, a dividend distribution of Bs113,121,050 was approved, to be paid in 40%, through the issue 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 the accruals and other liabilities as dividends payable. 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 Bank is awaiting approval from the Superintendency for the registration of the capital increase.

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At the Extraordinary General Stockholders' Meeting held on 22 March 2023, the Stockholders approved the Equity Restructuring and Capitalization Plan, the capital increase and the increase in the nominal value per share by Bs1, and consequently, the amendment of Article 4 of the Bank's Bylaws. This plan is in the process of being approved by the Superintendency.

The Superintendency, in Ruling SIB-II-GGIBPV-GIBPV4-04666 dated 19 July 2023, based on the provisions of Notice SIB-II-GGR-GNP-03636, authorizes the Bank to offset the accumulated loss of Bs1,180,805 against the Adjustments to Stockholders' Equity account. The Superintendency, in Official Letter SIB-II-GGIBPV-08607 dated 28 December 2023, indicates that, once the accounting vouchers have been reviewed, as well as the figures reflected in the accounting AT03, transmitted through the Integral Financial Information System (SIF), it authorizes the replacement of the loss.

At the General Ordinary Stockholders' Meeting held on 20 September 2023, a dividend distribution of Bs386,878,950 was approved, to be paid 40% through the issue of 154,751,580,000 shares with a par value of Bs0.001 and 60% equivalent to Bs232,127,370 payable in cash, with a charge to the account of Surplus to be applied. The Bank is awaiting approval from the Superintendency for the registration of the capital increase.

At the General Ordinary Stockholders' Meeting held on 20 March 2024, a dividend distribution of Bs128,959,650 was approved, to be paid 40% through the issuance of 51,583,860,000 shares with a par value of Bs0.001 and 60% equivalent to Bs77,375,790 payable in cash, with a charge to the account of Surplus to be applied. At 30 June 2024, the Bank is awaiting approval from the Superintendency for the registration of the capital increase corresponding to the 40% decreed through the issuance of shares.

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

	30 June 2024		31 December 2023	
	Number of shares	Share (%)	Number of shares	Share (%)
Stockholders -				
Nogueroles García, Jorge Luis	13,958,729,600	10.82	13,958,729,600	10.82
Sociedad Financiera Intercontinental, Ltd.	11,341,047,100	8.79	11,276,414,000	8.74
Valores Torre Casa, C.A.	9,885,635,000	7.67	9,885,635,000	7.67
Halabi Harb, Anuar	8,529,759,100	6.61	8,512,946,000	6.60
Pivca Promotora de Inversiones y Valores, C.A.	7,225,399,500	5.60	5,196,736,000	4.03
Alintio International, S.L.	6,449,227,930	5.00	6,449,227,930	5.00
Curbelo Pérez, Juan Ramón	5,091,895,010	3.95	5,091,895,010	3.95
Starlight Investments, S.L.	5,063,484,845	3.93	5,063,484,845	3.93
Inversiones Clatal, C.A.	3,964,626,210	3.07	3,964,626,210	3.07
Corporación Friport, C.A.	3,592,702,743	2.79	3,592,702,743	2.79
Osio Montiel, Carmen Inés	3,328,679,480	2.58	3,328,679,480	2.58
Kozma Solymosy, Nicolás A.	2,762,433,250	2.14	2,762,433,250	2.14
Arocha Moreno, Gregorio José	2,579,193,000	2.00	1,289,596,500	1.00
Inversiones Grial, C.A.	-	-	2,971,729,000	2.30
Pembrokepines Investments LLC				
Sucursal Venezuela	2,541,732,046	1.97	2,541,732,046	1.97
García Arroyo, Sagrario	2,397,886,000	1.86	2,397,886,000	1.86
Inversiones Tosuman, C.A.	2,346,801,810	1.82	2,346,801,810	1.82
Tamayo Degwitz, Carlos Enrique	2,326,342,600	1.81	2,335,342,800	1.81
Somoza Mosquera, David	2,278,118,165	1.77	2,278,118,165	1.77
Fernandez Rangel, Ely Jose	1,934,395,000	1.50	1,934,395,000	1.50
Consorcio Toyomarca, S.A.	1,919,428,623	1.49	1,919,428,623	1.49
Da Silva Frade, Silverio Junior	1,712,639,140	1.33	1,712,639,140	1.33
Kozma Ingenuo, Alejandro Nicola	1,632,999,220	1.30	1,632,999,220	1.27
Kozma Ingenuo, Carolina Maria	1,632,999,220	1.27	1,632,999,220	1.27
Chaar Chaar, Mouada	1,466,882,850	1.14	1,466,882,850	1.14
Fospuca Baruta, C.A.	1,289,596,500	1.00	1,289,596,500	1.00
Valores Agropecuarios La Florida, C.A.	1,195,267,855	0.93	1,195,267,855	0.93
Tracto Agro Valencia, C.A.	1,184,154,000	0.92	1,184,154,000	0.92
Zasuma Inversiones, C.A.	1,112,284,430	0.86	1,112,284,430	0.86
Benacerraf Herrera, Mercedes Cecilia	1,092,144,000	0.85	1,092,144,000	0.85
Mota Sanchez y Cia, S.A.	908,633,013	0.70	908,633,013	0.70
Nogueroles Benacerraf, Rodrigo José	846,281,000	0.66	846,281,000	0.66
Others	15,368,251,760	11.87	15,787,228,760	12.23
	<u>128,959,650,000</u>	<u>100.00</u>	<u>128,959,650,000</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 2024 and 31 December 2023, 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 the Superintendency for consideration and are awaiting a response from the latter.

(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 a provision for legal reserve, 10% of its bi-yearly net income until it reaches 100% of the capital stock. At 30 June 2024 and 31 December 2023, capital reserves include Bs128,959,650, for both semesters, 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 8), 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 8) and crediting cash held at the BCV.

At 30 June 2024 and 31 December 2023, the capital reserves account includes Bs2,079,656 y Bs1,434,858, 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 Notice 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 abovementioned 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 Notice SIB-II-GGR-GNP-03636 establishes the rules related to the application of the net profits originated at 30 June 2023 by the effect of the valuation of assets and liabilities in foreign currency 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 in account 35.00 "Income or losses from exchange rate variations from holding assets and liabilities in foreign currency" at 30 June 2023 and at 31 December 2023, 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.
 - Constitution or coverage of deficit balances in provisions for asset contingencies, adjustments or losses, directly related to the assets denominated in foreign currencies that generate such effect.

When the banking institution, by virtue of its financial situation, does not merit applying the balance recorded in the abovementioned 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 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.

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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.

In addition, Notices 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.

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

	Notes	Semesters ended	
		30 June 2024	31 December 2023
Balance at the beginning of the semester		3,678,219,978	3,090,531,791
Income from net exchange variation	7	451,509,796	594,460,240
Reclassification to accrued losses		-	(1,180,805)
Increase provided by the variation of capital loans granted through UVC	9	72,758,258	760,019,655
Allocation charged to income of the benefits yielded by increases in the variation of loans collected and granted through UVC	9	(449,018,636)	(765,610,903)
Balance at semester-end		<u>3,753,469,396</u>	<u>3,678,219,978</u>

(d) **Accrued Income**

Undistributed surplus

The Superintendency, through Ruling 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.

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Restricted surplus

At 30 June 2024 and 31 December 2023, restricted surplus amounts to Bs771,693,527 and Bs664,565,583, respectively.

On 3 February 2015, in Notice 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 issue of this Notice, in accordance with the provisions of current legislation.

Banking institutions must request authorization from the Superintendency for the application of the restricted surplus within the abovementioned 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, by means of Notice 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 make capital stock increases, upon request for authorization and approval by 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 2024		31 December 2023	
	Required (%)	Maintained (%)	Required (%)	Maintained (%)
Equity/Assets and contingent weighted operations based on risks	12	39.16%	12	44.36%
Accounting equity/Total assets	9	23.90%	9	23.89%

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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 Notices 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, cash and due from banks of the banking institution in the BCV (including legal reserve).
- Include in the accounting equity the amount corresponding to the generic and counter-cyclical provision for the loan and micro-credit portfolio; and in the primary equity (level I), the amount corresponding to the generic and counter-cyclical provision.

(f) **Earnings per Share**

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

	Semesters ended	
	30 June 2024	31 December 2023
Circulating common shares	128,959,650,000	128,959,650,000
Liquidation earning per share	0.0022	0.0028

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(25) Transactions and Balances with Related Entities

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

	<u>Notes</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Assets -			
Cash and cash equivalents:			
Transvalor Orinoco, C,A, -			
Foreign notes and coins (including			
US\$18,816,939 and €1,282,978; and			
US\$1,147,211 and €1,389,102, respectively)	6	734,054,433	96,320,875
BNC International Banking Corporation -			
Banks and correspondents abroad			
(including US\$2,901,080 and US\$15,269,123,			
respectively)		105,469,058	419,647,689
Exchange Agreement N° 20 (including			
US\$3,818 in both semesters)	6	138,790	136,936
Investments in affiliates and subsidiaries -			
Consortio Credicard, C,A,	11	353,164,365	303,050,832
Proyectos Conexus, C,A,	11	15,619,957	12,150,311
Total assets		<u>1,208,446,603</u>	<u>831,306,643</u>
Liabilities -			
Customer's deposits:			
BNC International Banking Corporation			
(equivalent to US\$7,020, for both semesters)		255,219	251,809
Latin American Holdings Inc, C,A, (including			
US\$489,286 and US\$14,670, respectively)		18,032,772	1,648,752
Servicios Latin Pagos 2021, C,A, (including			
US\$472,262 and US\$134,431, respectively)		26,913,818	5,322,861
Transvalor Orinoco, C,A, (including US\$40,648 and			
€10; and US\$27,908 and €10, respectively)		2,997,098	1,298,567
Other financing obtained in BNC			
International Banking Corporation -			
Non-interest bearing sight deposits			
(including US\$51,758 and US\$51,818,			
respectively)	16	2,427,006	1,930,408
Total liabilities		<u>50,625,913</u>	<u>10,452,397</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. In addition, during the six-month periods ended 30 June 2024 and 31 December 2023, the Bank has recorded expenses from these services for Bs38,780,549 and Bs50,511,913, respectively, included under administrative and general expenses in the consolidated statements of income and net income allocation.

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, foreign notes and coins are in the custody of Transvalor Orinoco, C.A. Additionally, during the semesters ended 30 June 2024 and 31 December 2023, the Bank has recorded expenses for these services, transportation and custody of securities for Bs52,923,025 and Bs61,715,130, included in general and administrative expenses in the consolidated statements of income and net income allocation.

(26) 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 2024 and 31 December 2023, the Bank recorded Bs39,646,963 y Bs17,789,445, 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.

(27) Contributions to the Superintendency of Institutions of the Banking Sector

The Law of Institutions of the Banking Sector establishes a special contribution that must be paid by Venezuelan banking institutions governed by said law, in support of the operations carried out by the Superintendency. Furthermore, the Superintendency informs through Official Notices SIB-II-GGR-GNP-2764 and SIB-II-GGR-GNP-15889 dated 14 March 2019 and 21 September 2018, that the Ministry of the People's Power for Economy and Finance, by means of items N° 001 and N° 052 on that same date, approved an authorization for the implementation of a calculation methodology different from the one stipulated in the aforementioned law.

At 30 June 2024 and 31 December 2023, the amount corresponding to the contribution paid in both semesters is based on 0.8 per thousand of the assets average of the two months prior to the two-month period when payment thereof must take place. During the semesters ended 30 June 2024 and 31 December 2023, the Bank recorded Bs64,831,760 and Bs34,582,201, respectively, in the consolidated statements of income and net income allocation.

(28) Contingencies

At 30 June 2024 and 31 December 2023, there are lawsuits on labor, civil, mercantile, criminal law and other nature 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.

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

Notes to the Consolidated Financial Statements

30 June 2024 and 31 December 2023

(29) Maturities of Assets and Liabilities

A detail of maturities of monetary assets and liabilities at 30 June 2024 and 31 December 2023 follows (in bolivars):

	31 December 2024	30 June 2025	31 December 2025	30 June 2026	31 December 2026 or beyond	30 June 2027 or beyond	Total
Assets:							
Cash and cash equivalents	13,206,492,467	-	-	-	-	-	13,206,492,467
Investment securities	697,838,151	-	80	-	-	261,022,355	958,860,586
Loan portfolio	3,904,647,298	2,388,429,240	430,573,978	424,710,866	169,147,146	361,410,582	7,678,919,110
Interests and commissions receivable	51,871,034	-	-	-	-	-	51,871,034
Other assets	4,400,612,242	-	-	-	-	-	4,400,612,242
	<u>22,261,461,192</u>	<u>2,388,429,240</u>	<u>430,574,058</u>	<u>424,710,866</u>	<u>169,147,146</u>	<u>622,432,937</u>	<u>26,296,755,439</u>
Liabilities:							
Customer's deposits	17,791,165,936	-	-	-	-	-	17,791,165,936
Other financing obtained	1,529,668,590	-	-	-	-	-	1,529,668,590
Interests and commissions payable	32,261,763	-	-	-	-	-	32,261,763
Accruals and other liabilities	2,775,029,965	-	-	-	-	-	2,775,029,965
	<u>22,128,126,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,128,126,254</u>

(30) 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 2024		31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Assets -				
Cash and cash equivalents	13,206,492,467	13,206,492,467	12,872,199,443	12,872,199,443
Investment securities	958,860,586	848,242,158	669,330,081	578,101,744
Loan portfolio	7,678,919,110	7,763,952,088	6,085,902,485	6,152,152,925
Interests and commissions receivable	51,871,034	51,871,034	4,969,000	4,969,000
Total assets	<u>21,896,143,197</u>	<u>21,870,557,747</u>	<u>19,632,401,009</u>	<u>19,607,423,112</u>
Liabilities -				
Customer's deposits	17,791,165,936	17,791,165,936	15,234,877,748	15,234,877,748
Other financing obtained	1,529,668,590	1,529,668,590	1,357,763,077	1,357,763,077
Interest and commissions payable	32,261,763	32,261,763	34,917,420	34,917,420
Total liabilities	<u>19,353,096,289</u>	<u>19,353,096,289</u>	<u>16,627,558,245</u>	<u>16,627,558,245</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".

(31) Subsequent Events

(a) Exchange Rate Variation

In accordance with Exchange Agreement N°1 (see note 7), the exchange rates at 15 August 2024 are [Bs36,59 per US\$1, Bs40,19 per €1 and Bs0,0091 per COP1], which is higher than that existing at 30 June 2024. 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 2024, causes an effect on the consolidated financial statements of the subsequent reporting period.

(b) Contract for the Transfer of Rights and Obligations entered into with Banco Occidental de Descuento, Banco Universal, C. A.

The Superintendency, through Official Notice SIB-DSB-CJ-OD-05140 dated 9 August 2024, establishes that upon verifying the list of property subject to the Contract for the Transfer of Rights and Obligations entered into with Banco Occidental de Descuento, Banco Universal, C. A., it will authorize the exclusive alienation or transfer to Banco Nacional de Crédito, C. A., Banco Universal of the real property identified in annex 3 of said contract.

In addition, it establishes that the Bank must ensure compliance of the obligation originated from the precautionary measure whereby funds cannot be moved from the bank accounts pertaining to Constructora Norberto Odebrecht, S. A., recorded in Customer's Deposits – Agreement 20, as per the provisions contained in the Transfer Agreement, section 1, number 1.7, letter g).