



Independent Auditors' Report and Financial Statements

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch

December 31, 2022

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Independent Auditors' Report

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To the Shareholders and Board of Directors of
Venezolano de Crédito, S.A. Banco Universal

Our Opinion

We have audited the accompanying balance sheet of Venezolano de Crédito, S.A. Banco Universal, as of December 31, 2022, and the related statements of income, changes in the equity and cash flows for the semester then ended, as well as a summary of relevant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements audited by us present reasonably, in all material respects, the financial position of Venezolano de Crédito, S.A. Banco Universal as of December 31, 2022, and the results of its operations and cash flows for the six-month period ending on that date, in accordance with the accounting guidelines and standards established by the Superintendencia de Instituciones del Sector Bancario (SUDEBAN).

Basis for our Opinion

We have conducted our audit based on the International Standards on Auditing (ISAs) as applicable in Venezuela. Our responsibilities under those standards are further described in our report in the section "Independent Auditor's Responsibilities Related to the Audit of Financial Statements."

In accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and the Code of Ethics to regulate the professional practice of Venezuelan Public Accountants, which are relevant to our audits of the financial statements, we are independent of the Bank, and we have fulfilled our ethical obligations under those codes. It is our opinion that the audit evidence we have obtained is sufficient and appropriate to support our conclusion.

Emphasis Paragraph

The situations described below have no impact on our audit opinion:

As mentioned in Note 2 of the accompanying financial statements, the accounting instructions and standards established by SUDEBAN differ, in certain important respects, from the Generally Accepted Accounting Principles in Venezuela (VEN-NIF).

As mentioned in Note 3 of the accompanying financial statements, pursuant to the Central Bank of Venezuela (BCV) provisions as of June 30, 2022, banks shall maintain a minimum legal reserve requirement on net obligations and investments assigned. Because of this measure, the Bank financial intermediation may be limited.

Responsibilities of management and corporate governance officers about financial statements

Bank management is responsible for the financial statements preparation and fair presentation, in accordance with the accounting guidelines and standards established by SUDEBAN, and for the internal control considered necessary to allow the preparation of financial statements free from material misstatements due to either error or fraud.

Bank management is responsible for assessing the Bank ability to continue as a going concern when preparing financial statements, disclosing, as required, matters relating to the Bank ability to continue as a going concern, and ensuring that the going concern basis is used, unless management intends to liquidate the Bank or cease its operations, or there is no other realistic alternative.

Corporate governance officers are responsible for overseeing the Bank financial reporting process.

Responsibilities of the independent auditor regarding the financial statements audit

Our objectives are to obtain reasonable assurance about whether the financial statements in the aggregate are free from material misstatement due to either fraud or error, and to issue an audit report with our opinion. Reasonable assurance provides a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs applicable in Venezuela will always detect a material misstatement when it exists. Whether they result from fraud or error, misstatements are considered material if, individually or cumulatively, they may reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in compliance with the current ISAs in Venezuela, we use our professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements due to either error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, deliberate omissions, intentional misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate according to the circumstances, for the purpose of expressing an opinion on the effectiveness of the Bank internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank management;
- conclude about the appropriateness of use of the going concern accounting basis by Management based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could raise significant doubts on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained by the date of our audit report. Even so, future events or conditions may cause the Bank to cease to be a going concern;
- evaluate the presentation, structure, and content of the financial statements as a whole, including disclosures, and whether the financial statements represent the underlying transactions and events, so that it achieves a reasonable presentation.

We communicate with those charged with the Bank governance regarding, among other things, the planned scope and the completion period of our audit as well as the significant audit findings, including any substantial deficiencies in internal controls that we identify in the course of our audit.

GÓMEZ, MARQUIS & ASOCIADOS
(A member firm of Grant Thornton International Ltd)



Jorge Gómez C.
CPC – 10951
CP- 824
January 23, 2023

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch
Balance Sheet
December 31 and June 30, 2022 (expressed in bolivars)

	Notes	December 31, 2022	June 30, 2022
Assets			
Cash and due from banks			
Cash	3	95,414,004	28,039,958
Banco Central de Venezuela	3	330,346,103	124,392,710
Domestic banks and other financial institutions		3,385	3,197
Foreign banks and correspondents	9	320,828,748	107,923,860
Clearing house funds		1,147,786	70
		<u>747,740,026</u>	<u>260,359,795</u>
Investment securities			
Placements in Banco Central de Venezuela and interbank transactions		-	7,663,000
Investments in securities available for sale		67,062,133	-
Held-to-maturity investment securities		303,752,638	99,132,067
Restricted cash investments		106,801,020	33,431,400
	4	<u>477,615,791</u>	<u>140,226,467</u>
Loan portfolio			
Current loans		416,094,869	75,227,900
Past-due loans		26,832	221,922
(Allowance for loan portfolio)		(7,300,908)	(1,427,102)
	5	<u>408,820,793</u>	<u>74,022,720</u>
Interests and commissions receivable			
Accrued interest receivable from investment securities		3,593,270	989,088
Accrued interest receivable from loan portfolio		3,535,720	513,439
Commissions receivable		454,951	220,467
(Allowance for accrued interest receivable and other)		(3)	(3)
	7	<u>7,583,938</u>	<u>1,722,991</u>
Premises and equipment	8	<u>4,195,030</u>	<u>2,380,110</u>
Other assets	9	<u>39,110,212</u>	<u>15,552,228</u>
Total assets		<u>1,685,065,790</u>	<u>494,264,311</u>
Memorandum accounts			
Contingent debit accounts		6,860,115	3,627,466
Trust assets		109,180,100	86,504,162
Other trusts		7,050,047	4,803,648
Other debit memorandum accounts		504,041,587	107,343,484
	20	<u>627,131,849</u>	<u>202,278,760</u>

Notes from 1 to 25 are included in the financial statements.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch
Balance Sheet
December 31 and June 30, 2022 (expressed in bolivars)

	Notes	December 31, 2022	June 30, 2022
Liabilities and Shareholders' Equity			
Bank deposits			
Demand deposits			
Non-interest-bearing current accounts		155,770,904	72,498,129
Interest-bearing current accounts		741,479,899	224,686,056
Current accounts under Foreign Exchange Agreement N° 20		4,812,832	1,605,222
Demand deposits and certificates		6,979,291	4,383,643
Current accounts according to the Free Convertibility Exchange Market System		92,262,814	-
		1,001,305,740	303,173,050
Other demand obligations		51,813,750	8,459,068
Savings deposits		13,708,308	5,756,400
Restricted bank deposits		52,961,051	10,176,642
	10	<u>1,119,788,849</u>	<u>327,565,160</u>
Other borrowings			
Obligaciones con instituciones financieras del país hasta un año		90	13
Obligations with foreign financial institutions due in one year or less		1,765,799	6,122
	11	<u>1,765,889</u>	<u>6,135</u>
Interests and commissions payable			
Accrued expenses for bank deposits		142,693	65,183
Gastos por pagar por otros financiamientos obtenidos		391	-
		143,084	65,183
Accruals and other liabilities	12	<u>328,478,011</u>	<u>126,783,857</u>
Total liabilities		<u>1,450,175,833</u>	<u>454,420,335</u>
Shareholders' equity			
Paid-in capital		12,368,918	30
Capital reserves		6,246,307	33
Equity adjustments		155,202,119	12,697,907
Unrealized gain or loss on investments in available-for-sale securities		(1,071,088)	-
Retained earnings		62,143,701	27,146,006
Total shareholders' equity	16	<u>234,889,957</u>	<u>39,843,976</u>
Total liabilities and shareholders' equity		<u>1,685,065,790</u>	<u>494,264,311</u>
Per contra memorandum accounts			
	20	<u>627,131,849</u>	<u>202,278,760</u>

Notes from 1 to 25 are included in the financial statements.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch
Statement of Income
Semesters ending on December 31 and June 30, 2022 (expressed in bolivars)

	Notes	December 31, 2022	June 30, 2022
Financial income			
Cash and due from banks		1,458,546	20,139
Investment securities		12,374,920	3,541,230
Loan portfolio		41,772,711	7,455,732
Other accounts receivable		21,845	21,112
		<u>55,628,022</u>	<u>11,038,213</u>
Financial expenses			
Bank deposits		(1,817,395)	(1,183,917)
Other borrowings		(147,885)	(251,359)
Other		(621,086)	(380,810)
		<u>(2,586,366)</u>	<u>(1,816,086)</u>
Gross financial margin		53,041,656	9,222,127
Income from recovery of financial assets		2	223
Expenses for uncollectible loans and other accounts receivable		<u>(4,773,843)</u>	<u>(630,921)</u>
Net financial margin		48,267,815	8,591,429
Other operating income	18	138,456,272	60,592,197
Other operating expenses	18	<u>(42,984,606)</u>	<u>(25,779,569)</u>
Financial intermediation margin		<u>143,739,481</u>	<u>43,404,057</u>
Operating expenses			
Personnel expenses		(46,283,895)	(18,662,792)
General and administrative expenses	17	(27,339,275)	(13,983,699)
Contributions to Fondo de Protección Social de los Depósitos Bancarios	15	(1,015,460)	(619,726)
Contributions to Superintendencia de las Instituciones del Sector Bancario	15	<u>(984,700)</u>	<u>(530,577)</u>
		<u>(75,623,330)</u>	<u>(33,796,794)</u>
Gross operating margin		68,116,151	9,607,263
Sundry operating income	18	301,007	2,037,402
Sundry operating expenses	18	<u>(7,665,860)</u>	<u>(1,275,210)</u>
Net operating margin		60,751,298	10,369,455
Extraordinary income	19	-	1,228,215
Extraordinary expenses		<u>(6,143)</u>	<u>(3,502)</u>
Income before taxes		60,745,155	11,594,168
Income taxes	13	<u>(7,950,000)</u>	-
Net income		<u>52,795,155</u>	<u>11,594,168</u>
Allocation of income, net			
Legal reserve		6,184,429	-
Other capital reserves		61,845	-
Retained earnings		<u>46,548,881</u>	<u>11,594,168</u>
		<u>52,795,155</u>	<u>11,594,168</u>

Notes from 1 to 25 are included in the financial statements.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch
Statement of Changes in the Shareholders' Equity
Semesters ending on December 31 and June 30, 2022 (expressed in bolivars)

	Notes	Capital stock	Capital reserves	Equity adjustments	Undistributable earnings	Retained earnings		Remeasurement for employee benefit plans	Total retained earnings	Unrealized gain or loss on investments in available-for-sale securities	Total
						Restricted earnings	Undistributed earnings				
BALANCES at December 31, 2021		30	33	16,684,135	5,547,153	8,693,730	5,259,333	-	19,500,216	-	36,184,414
Net income for the six-month period							11,594,169	-	11,594,169	-	11,594,169
Cash dividends declared	16	-	-	-	-	-	(3,146,145)	-	(3,146,145)	-	(3,146,145)
Transfer of available exchange gain to income as authorized by SUDEBAN	16	-	-	(11,471,059)	-	-	-	-	-	-	(11,471,059)
Exchange rate differential adjustment, net	16	-	-	7,221,562	-	-	-	-	-	-	7,221,562
Valuation of loans as established by the BCV		-	-	344,430	-	-	-	-	-	-	344,430
General allowances for UVC loans		-	-	(81,161)	-	-	-	-	-	-	(81,161)
Actuarial gain or loss from labor liabilities		-	-	-	-	-	2,291	-	2,291	-	2,291
Adjustment for remeasurement for employee benefit plans	2s) y 12	-	-	-	-	-	-	(804,525)	(804,525)	-	(804,525)
Reclassification of net income for the six-month period of foreign branch to restricted earnings	16	-	-	-	-	8,635,199	(8,635,199)	-	-	-	-
Reclassification of 50% of net income for the six-month period to restricted earnings, excluding income of foreign branch	16	-	-	-	-	1,479,485	(1,479,485)	-	-	-	-
BALANCES at June 30, 2022		30	33	12,697,907	5,547,153	18,808,414	3,594,964	(804,525)	27,146,006	-	39,843,976
Increase in share capital	16	12,368,888	-	-	-	(8,245,915)	-	-	(8,245,915)	-	4,122,973
Net income for the six-month period		-	-	-	-	-	52,795,155	-	52,795,155	-	52,795,155
Unrealized loss on investment securities	4	-	-	-	-	-	-	-	-	(1,071,088)	(1,071,088)
Exchange rate differential adjustment, net	16	-	-	64,587,175	-	-	-	-	-	-	64,587,175
Transfer of available exchange gain to income as authorized by SUDEBAN	16	-	-	(8,813,808)	-	-	-	-	-	-	(8,813,808)
Valuation of loans as established by the BCV		-	-	87,874,775	-	-	-	-	-	-	87,874,775
General allowances for UVC loans		-	-	(1,143,930)	-	-	-	-	-	-	(1,143,930)
Cash dividends declared		-	-	-	-	-	(3,590,159)	-	(3,590,159)	-	(3,590,159)
Actuarial gain or loss from labor liabilities		-	-	-	-	-	-	284,888	284,888	-	284,888
Legal reserve	16	-	6,184,429	-	-	-	(6,184,429)	-	(6,184,429)	-	-
Reserve for Social Fund for Contingencies	16	-	61,845	-	-	-	(61,845)	-	(61,845)	-	-
Reclassification of net income for the six-month period of foreign branch to restricted earnings	16	-	-	-	-	21,933,792	(21,933,792)	-	-	-	-
Reclassification of 50% of net income for the six-month period to restricted earnings, excluding income of foreign branch	16	-	-	-	-	12,307,545	(12,307,545)	-	-	-	-
BALANCES at December 31, 2022		12,368,918	6,246,307	155,202,119	5,547,153	44,803,836	12,312,349	(519,637)	62,143,701	(1,071,088)	234,889,957

Notes from 1 to 25 are included in the financial statements.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch
Statement of Cash Flows
Semesters ending on December 31 and June 30, 2022 (expressed in bolivars)

	Notes	December 31, 2022	June 30, 2022
Cash flows provided by operating activities:			
Net income for the six-month period		52,795,155	11,594,169
Adjustments to reconcile net income to cash provided by operating activities-			
Provisions and depreciations in income accounts:			
Allowance for uncollectible and impaired financial assets		5,873,806	706,073
Accrual for employee benefits		5,980,100	3,452,400
Depreciation and amortization		751,601	372,822
Unrealized exchange gain from the valuation of foreign currency assets and liabilities with effect on equity, net of transfers to income		55,773,366	(4,249,533)
Financial income from loans adjusted at UVC, net of collections		87,874,775	344,430
General and counter-cyclical allowances for loans adjusted at UVC		(1,143,930)	(81,124)
		207,904,873	12,139,237
Net change in other assets		(23,833,359)	934,961
Net change in interests and commissions receivable		(5,860,947)	(200,302)
Net change in accruals and other liabilities		195,998,942	28,835,240
Net change in interests and commissions payable		77,901	(111,048)
Net cash provided by operating activities		374,287,410	41,598,088
Cash flows provided by financing activities:			
Net change in bank deposits		792,223,689	88,413,740
Increase in share capital		4,122,973	-
Net change in other borrowings		1,759,754	(544,536)
Dividends paid		(3,590,158)	(3,146,145)
Net cash provided by financing activities		794,516,258	84,723,059
Cash flows used in investing activities:			
Loans granted for the period		(1,504,088,172)	(465,137,132)
Loans collected for the period		1,163,416,293	428,643,688
Net change in placements in Banco Central de Venezuela and interbank transactions		7,663,000	(7,663,000)
Net investment variation available for sale		(68,133,221)	-
Net change in held-to-maturity investment securities		(204,620,571)	34,266,436
Net change in restricted cash investments		(73,369,620)	(5,717,728)
Additions to premises and equipment and foreclosed assets, net		(2,291,146)	(707,466)
Net cash used in investing activities		(681,423,437)	(16,315,202)
		487,380,231	110,005,945
CASH AND DUE FROM BANKS, at the beginning of the six-month period		260,359,795	150,353,850
CASH AND DUE FROM BANKS, at the end of the six-month period		747,740,026	260,359,795

Notes from 1 to 25 are included in the financial statements.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch Notes to the Financial Statements
December 31 and June 30, 2022 (expressed in bolivars)

1. Incorporation, Operations, and Legal Framework

a) Incorporation and Operations

Venezolano de Crédito, S.A., Banco Universal (the “Bank”) was incorporated in the Bolivarian Republic of Venezuela, on June 4, 1925 being its fiscal domicile located at Avenida Alameda, Edificio Venezolano de Crédito, piso 3, Urbanización San Bernardino, Caracas.

Venezolano de Crédito, S.A., Banco Universal holds a Category B banking license issued by the Cayman Islands Monetary Authority (the “Branch”). This type of license allows the Bank to conduct banking and fiduciary operations with non-residents and domestic banking business with other licensed entities in the Cayman Islands.

The corporate purpose of the Bank and its foreign Branch is to perform banking operations and business permitted by law, through its main office in Caracas, its network of agencies in Venezuela and its branch in the Cayman Islands.

The Bank and its Branch are members of Vencred Group and transact business with other members of the Group.

Approval of the Financial Statements for publication

The Bank financial statements for the semester ending on December 31, 2022 were approved for publication and issuance by the Board of Directors, in a meeting held on January 10, 2023.

(June 30, 2022, on July 7, 2022).

b) Rules relating to minimum share capital for the incorporation and operation of banking institutions

In the Official Gazette of the Republic No. 42,412 of July 6, 2022, Resolution No. 014.22, as instructed by SUDEBAN, universal, development, regional, and microfinance institutions and exchange houses shall adapt their share capital to operate up to a minimum of 3% of the total value of their assets expressed in their balance sheets published at the end of December 2021, and shall be subscribed and fully paid up in cash. SUDEBAN grants a period of six months from the publication of the standard to make the corresponding amendments.

The adequacy of the aforementioned share capital may be divided into two (2) equal portions, each of them paid up within each quarter, from the publication of the Resolution. It also indicates that a minimum of 60% of the capital increase to operating shall come from the shareholders' own resources and the remaining 40% shall come from the capitalization of results. Additionally, it establishes that the share capital shall be adjusted henceforth on an annual basis, during the first six (6) months of each year, taking into account the Total Assets reflected in the financial statements related to the end of the financial year ending on December 31 of the immediately preceding year.

c) Legal Framework

The Bank activities are ruled by the Banking Sector Institutions Law, the Law that regulates commercial matters (Commercial Code), the Law that regulates financial matters (National Financial System Organic Law), other laws applicable thereto, the regulations issued by the National Government, and the provisions issued by the Superior Body of the National Financial System (OSFIN) and the BCV, as well as the guidelines and rules issued by SUDEBAN. The OSFIN shall establish regulations for the participation of citizens in the supervision of the financial management and social control of its members, protect the rights of users and promote collaboration with the productive economic sectors, including the popular and communal ones.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch Notes to the Financial Statements
December 31 and June 30, 2022 (expressed in bolivars)

National Financial System Law

The aim of this Law is to regulate and coordinate the National Financial System, which is made up of all public, private and communal financial institutions and any other type of organization operating in the banking, insurance, securities market, and any other institution that, in the opinion of the governing body, should be part of it, as well as to guarantee the use and investment of its resources towards the public interest and social economic development.

This Law prevents the institutions that make up the aforementioned System from forming financial groups either among themselves or with companies from other sectors of the national economy or associated with international financial groups for purposes other than those provided for in the definitions established in this Law.

Banking Sector Institutions Law

Among other aspects, this Law sets banking activity as a public service; defines financial intermediation as the raising of funds and their placement in the portfolio of credits and investments in securities issued or guaranteed by the Nation or by state-owned companies; limits the assets of the institution and the transactions with a single debtor and defines what it is considered as a debtor in relation to the purposes of that limitation; regulates the integration and functions of the Board of Directors; provides for the cases of disqualification for being a Director; regulates the organization of financial groups; establishes the obligation to make a social contribution to finance projects of communal councils and establishes prohibitions, etc.

Cayman Islands Branch

The Bank foreign branch does not have a separate legal personality from that of the Bank and is subject to the supervision and control of the Cayman Islands monetary authority (including but not limited to, prior consultation of certain transactions, quality of assets, and capital and liquidity levels) and SUDEBAN in Venezuela.

Banco Central de Venezuela (BCV)

Lending and saving interest rates in Venezuela are regulated by the BCV, which establishes the maximum and minimum interest rates for deposits and credit operations based on their reference rates.

As of December 31 and June 30, 2022, the maximum annual lending interest rate for credit card operations (TDC) remains at 60%, the minimum annual active interest rate at 17% and the maximum interest rate that may be charged for overdue obligations of cardholders at 3% per year, in addition to the interest rate agreed in the respective operation.

As of December 31 and June 30, 2022, the saving interest rate on savings deposits, including liquid asset accounts, was set at a minimum of 32% yearly, calculated on daily balances; and the saving interest rate for term deposits and for operations through which time deposits are issued, was set at a minimum of 36% per year (Note 9).

As of December 31 and June 30, 2022, the BCV discount, rediscount and advance rate is 19.2%. The BCV regulates the charges for services in savings and checking accounts, leasing and international, credit and debit cards operations that banks may charge their customers. On March 17, 2022, the BCV issued the Resolution No. 22-03-01 in force as of December 31, 2022, which establishes, among other matters, the following:

- Credits within the framework of the Single National Productive Portfolio shall have an annual interest rate of 6% on the resulting balance in Credit Value Unit (UVC).
- The interest rates applied to the commercial portfolio and microcredits shall have an annual interest rate that may not exceed 16% or be less than 8%.
- Active operations related to loans to employees and managers of the entities are excluded from the Resolution.
- The maximum default rate for UVC credits is raised to 0.8%.
- Consumer and commercial credits in installments to natural persons for payroll loans and credit cards lower than 20,400 UVC are excluded from this Resolution.

Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch Notes to the Financial Statements
December 31 and June 30, 2022 (expressed in bolivars)

Single National Productive Portfolio

The Single National Productive Portfolio (the "CPUN") was created under the Constituent Decree published on the Extraordinary Official Gazette N° 6,507 dated January 29, 2020, which shall be complied by the domestic financial institutions and shall be equivalent to a mandatory minimum percentage of 10% and a maximum of 25% of the gross portfolio and in accordance with the banks accounting closings, as established monthly by the Governing Committee of the Single National Portfolio, under the guidelines of the National Government. In determining the balance of the gross credit portfolio, the increase derived from the principal restatement generated on commercial loans due to the Investment Index (IDI) fluctuation shall be excluded. This decree also creates the Governing Committee of the Single National Productive Portfolio duties, which are determined by the National Government, and it has the responsibility to approve the policy, address, regulate and evaluate the resources available for financing that portfolio. The debtors and the amounts of CPUN credits are assigned by the National Government to banks, via the Governing Committee.

In circular No. SIB-II-GGR-GNP-CCD-05550, dated August 11, 2022, SUDEBAN modified the criteria established on Extraordinary Official Gazette No. 6,507, dated January 29, 2020, determining that the amount of this portfolio would range between 10% and 25% of the gross portfolio as a maximum limit. In the new circular, it was ordered that banking institutions should allocate for the Single National Productive Portfolio a mandatory monthly minimum percentage of 25% on the balance of the gross credit portfolio at the end of the immediately preceding quarter, discounting the increase for capital update, resulting from the application of the UVC generated on the credits. In measuring the Single National Productive Portfolio, the maintained balances of credits granted to the agri-food, manufacturing, tourism and mortgage sectors shall be taken into consideration. Likewise, it is established that for the fulfillment of the Single National Productive Portfolio, the balance of the gross credit portfolio as of June 30, 2022 shall be used as the basis for the month calculation of August 2022.

Balance of the credit portfolio is updated daily by taking into account the variation of the Investment Index (IDI) published by BCV from the granting until its settlement, the increases or decreases that originate in the capital of the credits by the variation of the Investment Index (IDI) are recorded in the Equity Adjustments Account 358. Once the credit is collected, these amounts previously recorded in the Equity Adjustments Account 358 are reclassified in results of the year, in the Credit Portfolio Income 513 account.

Resolution N° 22-03-01 also establishes that those credits granted pursuant to the Single National Productive Portfolio (CPUN) and considering the one single payment modality upon maturity shall have an additional special charge of 20% at the time of the loan settlement, which shall also be expressed in UVC, and shall be deducted from the debit balance of the loan at the time of its settlement increasing from 2% to 6% the annual interest rates on productive loans granted by banks and indexed at UVC.

Income Tax Law

The Income Tax Law in Venezuela establishes, among other aspects, a proportional tax of 40% on income for institutions engaged in banking, financial, insurance and reinsurance activities. These institutions and special taxpayers are excluded from the tax inflation adjustment system, as provided by such Law. The Law establishes that net operating losses may be carried forward during the following 3 years and offset only up to a maximum of 25% of the annual income (Note 13).

Law for Tax on Large Financial Transactions

In December 2015, the Tax on Large Financial Transactions was enacted which applies to legal persons and economic entities without legal personality and classified as special taxpayers by the Tax Administration. Similarly, banks and other financial institutions in the country are taxpayers for the generating events provided in the Law.

On August 21, 2018, a Constituent Decree was published in the Extraordinary Official Gazette that reforms the Decree with the Status, Value and Force of Law for Tax on Large Financial Transactions; This Decree establishes that the rate of this tax may be modified by the National Government and may be fixed up to a limit of 2%. The National Government has set the rate of this tax at 2% as of November 2018.

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In the Official Gazette of the Bolivarian Republic of Venezuela No. 6,687 Extraordinary dated February 25, 2022, a new Partial Reform of the Decree with the Status, Value and Force of Law for Tax on Large Financial Transactions (IGTF) was published, implementing a 3% tax on operations in currencies or cryptocurrencies other than the bolivar and the petro, carried out by natural and legal persons, being on March 28, 2022 when the aforementioned reform began to be applied. Additionally, on March 17, SENIAT issued an administrative order to designate special taxpayers as "collection agents," responsible for collecting, declaring and transferring the tax received to the National Treasury.

During the semester ending on December 31, 2022, the Bank recognized tax expenses on large financial transactions of Bs. 982,687 (Bs. 459,585, during the semester ending on June 30, 2022), which is shown under the heading "General and Administrative Expenses" in the accompanying income statement. The liability arising from its performance as a withholding agent is presented under "Accruals and Other Liabilities" (Note 12). Additionally, the Bank in its capacity of withholding agent has collected and paid to the National Treasury the amount of Bs. 36,763,029 (Bs. 15,703,944 during the first half of 2022).

Value-added tax

The Value Added Tax (VAT) Law levies the disposal of assets and the import of goods and service, as well as the provision of services through the application of a tax rate that stands at 16% as of December and June 2022. The services of financial institutions only cause VAT for financial leasing. The VAT collected and paid in each month is offset and the resulting tax debits or credits are paid to the Tax Administration or deferred to be offset in the future, as the case may be. As the Bank main operations do not generate tax debit, tax credits are charged to the cost of the good or service purchased.

The taxpayers classified as special by the SENIAT shall act as VAT withholding agents, when they buy movable property or receive services from suppliers who are ordinary taxpayers of such tax. The amount to be withheld shall be 75% of the tax caused, and may reach 100% in certain circumstances. For the tax withheld by customers (assets) not offset in a period exceeding 3 months, it is possible to request the SENIAT the recovery of the total or partial accumulated balance. The tax withheld from suppliers (liabilities) is paid up bi-weekly, according to the schedule established for special taxpayers.

Constitutional Law for Wealth Tax (LIGP)

In Official Gazette No. 41,696 of August 16, 2019, the reprint of the Constitutional Law for Wealth Tax (LIGP) was published, the most important aspects of which are the following:

- it is applicable to natural and legal persons qualified as special taxpayers;
- the tax rate is 0.25% of the net equity subject to the tax;
- the first year of its application shall be the existing net equity as of September 30, 2019;
- for natural persons, the tax is applicable when their net equity exceeds 36 million UT, which is currently equivalent to Bs. 720,000. For legal entities, it is applicable when their net equity exceeds 100 million UT, which is currently equivalent to Bs. 2,000,000. The tax shall be determined on the portion exceeding these amounts;
- a PGI return must be submitted when having or owning assets equal to or greater than 150 million UT; and
- this tax is not deductible from Income Tax (ISLR)

During the semester ending on December 31, 2022, the Bank recognized a large wealth tax expense (LIGP) of Bs.158,931 (Bs.130,751, in the semester ending on June 30, 2022), which are shown in the "General and Administrative Expenses" account under the heading "Transformation Expenses".

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Law on Science, Technology and Innovation

The Organic Law on Science, Technology and Innovation promulgated on December 16, 2010 -and subsequently reformed, being its last reform on April 1, 2022- and its regulations establish that companies with gross revenues exceeding 100,000 UT have the obligation to make a contribution to the competent body attached to the Ministry of Science and Technology, in order to contribute to technological and scientific activities of social development referred therein. The aforementioned contribution is the equivalent of 0.5% of the total gross income obtained in the country in the previous year.

During the semester ending on December 31, 2022, the Bank recognized an expenses for Bs. 694,314 (Bs. 319,833, in the semester ending on June 30, 2022), which are presented in the "General and Administrative Expenses" account under the heading "Transformation Expenses". In the semester ending on June 30, 2022, the Bank paid the contribution for year 2021 for Bs. 639,666, and amortized 50% of the amount paid, leaving the remaining balance as tax paid in advance for B.s 319,833 that is shown in the heading "Other Assets" and was amortized in the second semester. During the semester ending on December 31, 2022, the Bank created a provision for Bs. 374,481 that is included in the Accruals and other Liabilities account for this concept (Note 12)

Law on Drugs

The Organic Law on Drugs (LOD) published in Official Gazette No. 39,510 on September 15, 2010 imposes obligations on financial institutions as entities that can be used in the laundering of capital derived from illicit activities and establishes the obligation for legal persons that employ more than 50 workers to allocate 1% of the year profit in operations to the National Anti-Drug Fund (FONA). This Fund shall allocate this contribution for the financing of comprehensive preventive plans, projects and programs and prevention of illicit drug trafficking. The entities shall return and pay on an annual basis the aforementioned contribution to the FONA within 60 continuous days from the end of the respective fiscal year.

During the semesters ending on December 31 and June 30, 2022, the Bank created a provision for the payment of this contribution for Bs. 607,513 and Bs. 103,695 respectively, which makes a total of Bs. 711,208 being shown in the "Accruals and Other Liabilities" account (Note 12) and which shall be paid on the first half of year 2023. Such amounts were charged in the results of each corresponding semester under the account "Other Miscellaneous Operating Expenses" (Note 18).

Law on Sports and Physical Activity

The Organic Law on Sport and Physical Activity enacted on August 23, 2011 and its regulations dated February 28, 2012, establish that companies or other public and private for-profit organizations, with an annual net profit exceeding 20,000 UT shall make a contribution of 1% of such annual net profit to Fondo Nacional para el Desarrollo del Deporte, la Actividad Física y la Educación Física, and provide guidelines for the execution of projects, returns and payments in portions, among other things.

The taxpayer may allocate up to 50% of the aforementioned contribution to the execution of its own projects, in accordance with the guidelines issued in this regard by the Instituto Nacional de Deportes (IND). Likewise, the entities may provide commercial sponsorship to the social organizations promoting sports in the country duly registered before the Registro Nacional de Deportes, and shall notify their agreements to IND within the 15 days following the signing of the related contract.

During the semesters ending on December 31 and June 30, 2022, the Bank created a provision for the payment of this contribution for Bs. 527,952 and Bs. 115,942, respectively, which makes a total of Bs. 643,894 and are shown under the "Accruals and Other Liabilities" account (Note 12), which shall be paid up in the first half of 2023. These amounts were charged in the results of each corresponding semester in the account "Other Miscellaneous Operating Expenses" (Note 18).

Labor Law (LOTTT)

The most relevant aspects of this Law include employee benefits such as vacations, vacation bonuses, profit shares, maternity leave, guarantees, and retroactivity of social benefits. In addition, some legal benefits such as working hours, holidays, and rest days are regulated, and concepts related to job stability due to maternity are introduced.

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2. Basis for Preparation

The accompanying financial statements have been prepared in accordance with the accounting framework required and/or permitted by SUDEBAN, which differs significantly from the generally accepted accounting principles in Venezuela (VEN-NIF), commonly applied in the preparation of financial statements for industries of other kinds. The VEN-IFRS are largely based on International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), except for some criteria related to adjustments due to inflation, valuation of foreign currency assets and liabilities, and recognition of deferred income taxes liabilities, among others.

In recent semesters, SUDEBAN has sent a circular to all financial institutions regarding the deferral of the presentation of financial statements prepared under the current generally accepted accounting principles (PCGA-VEN)), as well as the presentation of financial statements adjusted due to inflation for public issue. However, for the semester ending on December 31, 2022, such circular has not been sent, thus, on January 19, 2023, the Venezuelan Banking Association has sent a communication to SUDEBAN requesting the definitive deferral of the financial statements presentation, in accordance with VEN-NIF, and the temporary deferral of the presentation of financial statements adjusted due to inflation for public issue. As of the date of this report, no reply to such request has been received.

SUDEBAN, by Circular SIB-II-GGR-GNP-04002 of June 18, 2022, has deferred the presentation of the complementary financial statements for June 30, 2022, prepared under the generally accepted accounting principles in force as of December 31, 2007 (PCGA-VEN), as well as the presentation of financial statements adjusted due to inflation for public issue. In this regard, such additional information shall be submitted for comparison purposes on the end of the second half of 2022

As of December 31 and June 30, 2022, the main differences applicable to the Bank and identified by the Bank management between the accounting guidelines and standards established by SUDEBAN and the VEN-NIF include:

1) Functional Currency and Presentation

SUDEBAN Accounting Manual establishes that the balances included in the banks financial statements shall be measured and submitted in bolivars. According to the VEN-NIF, financial statements shall be prepared in their functional currency, which shall be the currency of the main economic environment in which the entity operates. Likewise, in accordance with the VEN-NIF, the entity shall determine its functional currency, considering mainly the following elements: a) the currency that mainly influences revenues and costs (often the currency by which such revenues and costs are charged and settled, respectively); b) the country currency of which competitive forces and regulations primarily determine prices; and (c) the currency in which funds for funding activities are generated, etc.

2) Inflation-adjusted Financial Statements

According to SUDEBAN Accounting Manual, the financial statements of banking institutions are submitted in nominal (historical) bolivars. VEN-NIFs require that the effects of inflation shall be recognized in the financial statements provided that the functional currency is that of a hyperinflationary economy and when inflation for the annual business year is higher than one digit.

3) Investments in overdue securities

According to the Accounting Manual, investments in securities and their returns not collected 30 days after the principal maturity shall be reclassified under other assets and provisioned at 100%. VEN-NIFs establish that transfers of investments shall only be made for a change in the original intention which they were acquired for, and that they do not qualify e.g. as an isolated or exogenous, non-recurring and unusual event to the banking institution, which shall be measured at fair value.

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4) Other Comprehensive Income

According to SUDEBAN Accounting Manual, the financial statements comprise the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the group of notes including a summary of significant accounting policies and other explanatory information. According to VEN-NIFs, as part of the financial statements, the statement of other comprehensive income is further submitted, which may be part of the income statement or may be another single section.

5) Foreign Currency

Foreign currency transactions mainly in U.S. dollars are recorded at the prevailing exchange rate at the date of the transaction and balances are adjusted to the current exchange rate at the end of each period. The assets, liabilities, equity and income statements of the foreign branch are translated into the current exchange rate. According to SUDEBAN regulations, fluctuations in foreign currency balances occur in equity, except for minor amounts resulting from the fluctuation of other currencies as compared to the U.S. dollar, which are recognized in income. Likewise, exchange gains may be recognized as income when there are no deficit balances of provisions or expenses to be offset upon prior authorization from SUDEBAN. The VEN-NIFs state that exchange gains and losses shall be recognized as income.

6) Bank Reconciliation Items

SUDEBAN accounting guidelines and standards set forth that those debit bank reconciliations items in national and foreign currency being unaccounted for more than 30 and 60 days -when the necessary documentation is not available for their accounting- shall be recognized under Other Assets with a credit to an item of the Accruals and other Liabilities group, and shall be provisioned in full within 30 and 60 days, respectively, after recording, whether the respective documentation is not yet available. This provision shall be maintained over time until the institution obtains the required documentation for reconciliation. Moreover, for those credit items, both in national and foreign currency, pending for accounting when the necessary documentation is not available for their recording, the Bank may recognize them under the group of Other Assets with payment to an item of the Accruals and Other Liabilities group. Such items shall be maintained over time until the institution obtains the necessary documentation for reconciliation. The VEN-NIFs do not set forth specific accounting criteria. However, a company shall measure the expected credit losses of a financial instrument.

7) Cash Equivalents

Regarding the statement of cash flows, in accordance with SUDEBAN Accounting Manual, the Bank considers the Liquid Assets group as Cash Equivalents. The VEN-NIFs consider investments and placements with maturities of less than 90 days as Cash Equivalents.

8) Premium or Discount in Held-to-maturity Investment Securities

SUDEBAN Accounting Manual establishes that the discount or premium of held-to-maturity investment securities is amortized over the effectiveness of the investment security by crediting to income for the semester under Other Operating Income and Other Operating Expenses, respectively. According to VEN-NIF, the amortization of premiums or discounts of investments valued at amortized cost is part of the yield on the effective interest of the security; therefore, it should be submitted as part of the financial income.

9) Losses from Investment Securities Considered Permanent

The SUDEBAN Accounting Manual stipulates that in cases where losses considered permanent due to a decrease in the fair market value of investments securities have been recorded in accounting accounts, any subsequent recovery of fair market value does not affect the new cost basis. According to the VEN-NIFs, on impairment, the expected credit losses are recognized over the asset life of all financial instruments for which there have been significant increases in credit risk since the initial recognition, so the value adjustment for losses for that financial instrument shall be measured at an amount equal to the expected credit losses for the following 12 months.

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10) Valuation of Investment Transfers

The accounting practice for banks permits to make transfers among categories of investment securities, including held-to-maturity securities, upon authorization by SUDEBAN or for particular unforeseeable events, without impacting the classification of the remaining investment securities maintained in that category, which is not considered under VEN-NIF.

11) Credit Portfolio

In accordance with SUDEBAN, commercial loans and installments of term, mortgage and credit card loans are considered as overdue whether the corresponding installment remains unpaid for more than 30 days. Likewise, in the case of installment, mortgage, and credit card loans, if any installment remains unpaid for more than 120 days, the total capital is classified as overdue.

Likewise, all the credits granted to micro-entrepreneurs, payable in weekly or monthly installments, are considered overdue when at least one weekly installment remains unpaid for more than 14 days or when a monthly installment remains unpaid after 60 days, respectively.

Restructured credits are those which the original payment plan, term, and other previously agreed conditions have been modified, in response to a request for refinancing, under certain conditions established under the SUDEBAN Accounting Manual. The loans in dispute correspond to overdue loans that are in the collection process through legal actions

The Bank credit portfolio includes loans granted in nominal bolivars that only accrue financial interest, as well as CPUN credits, commercial credits and microcredits expressed in UVC that accrue both financial interest and gains or losses derived from the fluctuation of the IDI.

At the time of settlement, the credits are expressed in UVC, and are valued daily according to the variation of the value of the IDI, which is determined by the BCV based on the variations of the reference exchange rate of the free exchange market. If the variation of the IDI is downward, the reduction is recognized up to the limit of the IDI in force at the time of granting the credit, so that losses can only be generated up to the limit of previously recognized gains. Unrealized gains or losses on the valuation of the UVC credit portfolio at the value at IDI are recorded based on the principal amount with equity accounting under the "Equity Adjustments" account and, subsequently reclassified to results when it is collected. These revenues thus realized are shown under the heading "Financial Income".

In accordance with SUDEBAN regulations, unrealized gains accumulated by the valuation of UVC credits adjusted to the value of the IDI may be used for creating generic and countercyclical provisions.

12) Overdue and In-litigation Credit Portfolio

The period for writing down the overdue credit portfolio may not exceed 24 months from the registration of the entire credit in that category. The credits in litigation are those being in the process of collection through legal actions. Such credits shall be provisioned in full 24 months after being recorded in that category. Also, when credit for monthly installments is due and the debtor pays the arrears, the Bank shall reclassify it to the category it had before becoming overdue. Similarly, when a debtor -natural person- pays the arrears of a loan for installments in litigation and consequently the claim is withdrawn, the Bank shall reclassify it to the category it had before entering into litigation or becoming overdue. According to the VEN-NIF, these credits are recorded based on their collectability.

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13) Provision for Credit Portfolio

The Bank carries out a monthly assessment of its credit portfolio and contingent credits in order to determine the specific provision for possible losses to be constituted for each credit. This assessment considers, among other aspects, economic conditions, credit risk per customer and their credit experience. On the other hand, the Bank calculates a monthly provision for the credit portfolio not individually evaluated, equivalent to the percentage of risk resulting from the specific evaluation of the credits. In accordance with the SUDEBAN accounting guidelines and standards, the Bank shall maintain at least a generic provision of 1% of the credit portfolio balance, except for the balance of the microcredit portfolio, for which the Bank shall maintain a generic provision of 2% and a countercyclical provision of 0.75% of the gross credit portfolio balance. The Bank may also set up voluntary generic provisions. The release of provision shall require the authorization from SUDEBAN.

The VEN-NIFs establish that the provision for uncollectible credits is determined according to the expected credit losses during the next 12 months, for the remaining term of the credit or for the impaired financial assets.

14) Fixed Assets

Fixed Assets are submitted at their original cost value, minus the accumulated depreciation. The original cost of a fixed asset is determined by its cost of acquisition or construction, as the case may be. Likewise, assets with a useful life of fewer than four years and those for which the acquisition costs are less than 320 tax units (UT) shall be accounted for in the general and administrative expenses account. Under the VEN-NIFs, fixed assets are presented at their cost, less the accumulated depreciation and the cumulative amount of losses for asset impairment. The recognition of an item as a fixed asset is not subject to its useful life or its proceeds.

The measure of revaluation of mandatory assets prescribed by SUDEBAN for fixed assets, except for land, works in progress, and other assets, may not exceed the Bank primary equity. According to the VEN-NIF, the revaluation model for the subsequent measurement of fixed assets is allowed, it is not mandatory; In adopting such a model, it should be applied to all elements of the same kind of fixed assets and the amount to be recognized is the fair value measured reliably at the time of the revaluation, less the accumulated depreciation and the cumulative amount of losses for asset impairment.

15) Income Tax and Deferred Tax

The Bank fiscal year ends on December 31 of each year. The provision for current income tax is calculated on the basis of taxable net enrichments determined according to current tax legislation. The estimated income tax liability is shown under the heading "Accruals and other Liabilities".

The Bank has not recorded the tax effect caused by the temporary differences between taxable and accounting profit, due to the uncertainty of its recovery, and under the interpretation that SUDEBAN prudential accounting standards do not require it, the Bank does not recognize the deferred tax liabilities for the temporary difference generated on equity accounts.

Under VEN-NIF, the deferred tax for assets or liabilities is fully recognized under the balance sheet method with an effect on income or as a decrease of its associated account in equity, according to the item where it comes from.

16) Memorandum Accounts

SUDEBAN standards determine the use of memorandum accounts to record trust assets, custody received, guarantees granted and received, bonds received, commitments for foreign exchange sales, among others. The VEN-NIFs establish that these items must be included in the balance sheet.

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17) Recognition and Presentation of Revenues and Expenses

The variation of commercial credits and the Single National Productive Portfolio granted and expressed through UVC is recorded as financial income upon collection of the credit, considering the capital increases of such credits due to the variation of the Investment Index. Interest on loans, investments and accounts receivable is recorded as income to the extent that it earned under the effective interest method, except for (a) accrued interest receivable with more than 30 days overdue; (b) interest on the overdue and in-litigation credit portfolio, or those classified as real risk, high risk or irrecoverable credits; and (c) interest on arrears, which is recorded as income when collected.

Interest on current and restructured credit portfolio having a term for collection equal to or greater than 6 months is recorded when accrued as part of the deferred financial income under Accruals and other Liabilities, and is detailed as income upon collection.

According to VEN-NIF, interest income is recognized when it is caused and subsequently provisioned according to recovery expectations.

Commissions for services are listed as income or expense, upon collection or payment, respectively, when the transaction occurs, and are presented under Other Operating Income and Other Operating Expenses, respectively (Note 18)

Interest on public fundraising, obligations and financing is recorded under financial expenses to the extent that it is caused by the method of the effective interest rate.

18) Leases

They are recognized as expenses based on the terms in which they are incurred in accordance with the conditions established in the contracts. Under VEN-NIF, leases are considered a right and an obligation and are therefore recognized as financial assets and liabilities, when they exceed the 12-month term, and the related depreciation and financial interest are shown separately in the period results.

19) Other Expenses

Accounting practices for banks consider the possibility of deferring expenses that under VEN-NIF are charged to results when incurred. Likewise, certain taxes, such as contributions for community projects and sports development are recognized based on what is paid.

The main accounting policies applied by the Bank are as follows:

a) Investments in Securities

Investments in securities are classified upon their acquisition, according to the intention for which they were acquired in BCV placements and interbank operations, investments in securities available for sale held until maturity, investments of restricted availability among others.

Any transfer among the different categories of investments, or when sold for circumstances other than those established in the Accounting Manual shall be authorized by SUDEBAN.

Placements in the BCV and Interbank Operations

This account includes surplus placements made in the BCV, in overnight bonds and in bonds issued by domestic financial institutions with deadlines not longer than 60 days.

Investments in Securities Available for Sale

Debt and equity investments in available-for-sale securities are recorded at fair market value and unrealized gains or losses arising from fluctuations in fair market values are included in equity. Whether investments in available-for-sale securities are instruments denominated in foreign currency, the fair value in foreign currency shall be determined and then translated at the current official exchange rate; Gains or losses from fluctuating exchange rates are included in equity.

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Losses considered permanent, caused by the decrease in the fair market value of such investments, are listed in the results of the semester in which they originate, under Other Operating Expenses, and any subsequent increase in their market value, net of the tax effect, is recognized as an unrealized gain and is included in the equity accounts.

Investments in Securities Held to Maturity

They are investments in debt securities over which the Bank has a firm intention and ability to hold them to maturity. They are recorded at the acquisition cost adjusted for the amortization of premiums or discounts, during the term of title. Such cost shall be consistent with the market value at the time of purchase and subsequently adjusted by the amortization of premiums or discounts.

The amortization of premiums or discounts is recognized in the period results under the "Other Operating Income" and "Other Operating Expenses", as applicable.

Losses considered as permanent arising from the decrease in fair market value are recorded in the results of the semester in which they originate under "Other Operating Expenses" and any subsequent recovery in fair market value shall not affect the new cost basis, when management considers that such decrease is not temporary. Factors considered to determine whether there is an impairment include, but are not limited to, (1) the length of the period and the extent to which fair value has been below cost; (2) the financial condition and short-term prospects of the issuer; (3) the decrease in the credit rating of the issuer; (4) whether or not there is an active market for the security in question; and (5) the Bank intention and ability to hold the investment for a sufficient period of time to permit any anticipated fair value recovery. For the semesters ending on December 31 and June 30, 2022, the Bank has not identified impairments in the fair value of investments that shall be recorded.

Restricted Availability Investments

Investments in securities of restricted availability that come from the other categories of investments are subject to the existing valuation criterion for investments in securities that gave rise to their registration.

b) Important Accounting Assumptions and Estimates

The preparation of financial statements requires Management to make estimates based on certain assumptions affecting the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities as of the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

Following is a summary of the main estimates used in the financial statements preparation:

Investments in Securities

The Bank determines the market value of securities based on prices published by valuation systems gathering reference prices for the entire financial market. Securities and their yields, which have not been collected after 30 days from the date of maturity shall be provisioned at 100% and reclassified to Other Assets.

Provision for Contingent Credits

The provision for contingent credits is determined based on a collectability assessment aimed at quantifying the specific provision to be constituted for each credit, including but are not limited to, the economic conditions, the credit risk per client, its credit experience and the fair value of guarantees received. The evaluation is carried out quarterly, according to SUDEBAN provisions. Credits of the same nature are evaluated as a whole, in order to determine the necessary provisions.

Provision for Other Assets

The Bank carries out an assessment on the collectability of items recorded under Other Assets, applying similar criteria, as applicable, with those established for the credit portfolio and, if necessary, records a provision for all those items that due to their nature or age so require.

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Provision for Legal and Tax Claims

The Bank records a provision for those legal and tax contingencies, which it considers probable and reasonably measurable, based on the opinion of its legal advisors and based on the facts known at the valuation date (Note 12). However, these considerations are based on the current facts and the final outcome of these litigation proceedings may turn out to be different than expected.

c) Fixed Assets and Depreciation

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

Depreciation is calculated by the straight-line method based on the estimated useful life of the various assets as follows:

	<u>Years</u>
Furniture	10
Office Equipment	4
Vehicles	4
Computer Equipment	4

d) Conversion and Integration of the Foreign Branch Financial Statements

The financial statements include the accounts of the Bank and its branch in the Cayman Islands. For purposes of combining or integrating the Bank accounts with its foreign branch, which the accounting records are expressed in U.S. dollars, the financial statements of such branch have been converted into bolivars by applying the official purchase exchange rate reported by BCV in force at the closing date.

Significant balances between the Bank and its Branch were removed from the combination.

As of June 30 and December 31, 2022, the exchange rate used by the Bank for the conversion of the financial statements of its foreign branch was Bs. 5.52305775/US\$1 and Bs.17.4452775/US\$1, respectively (Note 6).

e) Employment Benefits

They are recorded when they are caused, thus generating the legal or implicit obligation as a result of the service received from the employee, and a reliable estimate of the labor obligation can be made.

On July 29, 2021, the agreement containing all the provisions that regulate the Collective Labor Convention was signed and shall be in force from June 1, 2021 through December 31, 2022.

Employment benefits are classified as follows:

Accrual for Employee Compensation

The Labor LOT (LOTTT) and the Bank Collective Labor Convention establish that social benefits are a worker's acquired right. In accordance with the provisions of the LOTTT, the Bank transfers monthly to the Bank Trust the guarantee of social benefits on behalf of each worker. On the other hand, the LOTTT determines that at the end of the employment relationship retroactive social benefits shall be calculated, taking into consideration the last salary earned by the worker and his seniority. The LOTTT establishes the payment of the greater of the two calculations, between the retroactive social benefits and the total amount paid to the worker's guarantee in his trust.

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The last salary of the worker, the moment of the termination of the employment relationship and the final amount paid in the guarantee of each employee are uncertain future events at each year end. Therefore, assumption-based actuarial methods are used to measure and record the additional obligation and expenditure related to social benefits, including the obligation discount rate, the wage increase rate and the employee turnover rate. These assumptions are evaluated annually and may have effects on the amount of the obligation, should variations are defined. The Bank, according to the LOTT, calculates the additional obligation for social benefits based on the last salary earned by the employee upon termination of the employment relationship by using actuarial methods. By December 31, 2021, the Bank recorded actuarial gains or losses with charges to the results of the semester as it considered that the amounts were immaterial. As of the first half of 2022, actuarial gains and losses are recorded in equity as re-measurements for staff benefit plans.

Short-term Employee Benefits

The bylaws, legal provisions and individual and collective bargaining agreement entered into managers and/or employees provide for their participation in net profits, as well as other short-term profits. The main accruals for this concept refer to the participation of employees in net profits and the vacation bonus. The Bank recognizes such cost based on the provisions of said regulations during the year in which they are incurred according to undiscounted calculations based on the labor regulations and the existing collective bargaining agreement.

f) Other Assets

Assets that the Bank may not classify in other asset groups are included under Other Assets, e.g. deferred expenses, expenses paid in advance, miscellaneous assets, items to be applied, etc., as well as the their corresponding provision.

Deferred expenses include expenses for organizing and installing owned branches and agencies, improvements to properties taken for rent, software and purchased licenses not recognized as expenses upon payment, however, they are distributed in future years because the benefits to be received extend beyond the year of generation. Deferred expenses are recorded at cost and amortized over a maximum period of 4 years.

Some items in this group remain for a maximum of 360 days, from the time of their expiration or enforceability. Should after this period they have not been made, a provision of 100% is created and divested upon authorization. Miscellaneous goods, the Value Added Tax (VAT) resulting from financial leasing operations, the Income Tax (ISLR) paid in advance, the Tax on Large Financial Transactions (IGTF), the revenue stamps paid to nation states, and the items that shall remain in that account as requested by the Integrated National Service of Customs and Tax Administration (SENIAT) are excluded from the aforementioned maximum period.

The Bank conducts an evaluation of the collectability of items recorded under Other Assets, by assigning provisions for all those items that so require because of their age and nature, and by requirements of the Superintendence.

In addition, deferred expenses are recorded at cost and presented net of the accumulated amortization. The related amortization is calculated based on the straight-line method and is amortized over a maximum period of four years.

g) Trust Assets

Trust assets are valued based on the same parameters used by the Bank to value its own assets except for: (i) the non-constitution of generic provisions in the credit portfolio category, (ii) the recording of all investments in securities at acquisition cost adjusted for the amortization of the premium or discount and (iii) the recording of exchange gains, both realized and unrealized, in the results of the year rather than in the trust equity as required for the Bank

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The Bank provides custody, administration, and management of investments with a wide range of financial instruments; Bank assets do not include trust assets. On December 31 and June 30, 2022, the Bank holds Bs. 109,180,100 and Bs. 86,504,162, respectively, in trust assets that are included in memorandum accounts (Note 20 b).

h) Financial Risk Management

Due to the nature of the business, the Bank is subject to market risk (price and foreign exchange), credit and liquidity risk, cash flow risks and interest risk. These risks are controlled through approval, supervision, and control mechanism pursuant to the risk management policies run by the Steering Committee.

The BCV has implemented monetary policy measures to reduce inflationary and the exchange rate pressures, which have a direct impact on the banking sector as they include important measures to restrict monetary liquidity and automatic and discretionary foreign exchange intervention by the BCV that significantly limit the credit intermediation and restrict the free availability of cash, and generate significant operating costs. Additionally, the stabilization of the exchange rate as a reference for determining the IDI in the credit portfolio in a restricted environment for lending interest rates affects the banks ability to generate financial income from their credit portfolio.

For facing these challenges, the Bank has created mechanisms to monitor these risks, reviews its business model as appropriate, and has established provisions to cover general risks inherent to the Venezuelan banking activity.

In this context, a summary of the Bank risk exposure is as follows:

Market Risk

Market risk occurs in a financial institution when market conditions change adversely, affecting the liquidity and value of financial instruments held by the Bank in investment portfolios or in contingent positions, including derivative transactions, resulting in a loss for the Institution. There are two fundamental types of risk: price risk (which can be categorized as interest rate risk, currency risk, or equity value risk) and liquidity risk.

Exchange Rate Risk

This is the risk that the value of a financial instrument will fluctuate due to changes in currencies. The Bank has significant operations in U.S. dollars. The Bank may also invest in foreign exchange instruments, primarily in U.S. dollars, when it identifies an opportunity in the short or medium term.

The Bank maintains recognized transactions in assets and liabilities denominated in currencies other than the bolivar and its net foreign currency position is active, mainly in a currency with less volatility than the reporting currency. The assets of the Cayman Islands Branch, which the functional currency is the US dollar, represent 57.76% (57.71% in June 2022) of the Bank total assets. Public fundraising in foreign currency captured under the repealed Exchange Agreement No. 20 are placed in foreign banks in the same currency as shown under the Availabilities item (Note 10).

Price Risk

Financial assets are mainly maintain in cash, deposits in the BCV, domestic and foreign banks, and in obligations in foreign companies, which are classified as either as available-for-sale or held-to-maturity and restricted availability which in total represent 72.72% (81.04% as of June 30, 2022) of the Bank assets. Such assets are substantially independent of price fluctuations so the Bank has limited exposure to this risk. The Bank does not use hedging instruments to manage its exposure to price risk.

Liquidity Risk

This is the risk that the Bank will not be able to meet obligations related to settled financial obligations, delivering cash or other financial assets. The Bank reviews its available resources daily in cash, checking accounts, loans, and guarantees. The Bank investment strategy is aimed at ensuring the right level of liquidity. The Bank maintains its investments mostly in sight and/or with short-term maturities for liquidity risk management, and makes cash flow projections to assess available liquid assets and financing needs.

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Credit Risk

The Bank assumes exposure to credit risk as the risk that a counterparty will not be able to pay debts incurred in full, at maturity. Exposure to credit risk is monitored by the Bank through a regular analysis of borrowers' ability to pay. The Bank structures the level of credit risk by setting limits in relation to a borrower or group of borrowers.

Operational Risk

The Bank assumes exposure to operational risk as the risk of direct or indirect losses resulting from inadequate internal processes or failures thereof, human and system errors and external events.

In order to measure operational risk, the Bank employs two approaches: qualitative and quantitative; the first involves identification and analysis of risks before related events occur; whereas the second focuses primarily on analyzing the events occurred and the experience derived from them.

3. Availabilities

The cash balance in availabilities includes the following:

	Note	December 31, 2022	June 30, 2022
Banknotes and foreign currency	24	53,941,079	10,518,245
Banknotes and national currency		12,763,683	8,494,067
Coined gold	24	28,643,827	8,974,238
Freely convertible foreign exchange market		65,420	53,408
		<u>95,414,009</u>	<u>28,039,958</u>

In December 31 and June 30, 2022, the Bank held 897,717 ounces of coins and gold bars, valued at US\$ 1,829 and US\$ 1,810 per ounce, respectively.

The BCV balance included in availabilities is made up of the following:

	Note	December 31, 2022	June 30, 2022
Legal reserve		183,785,454	50,454,701
Currencies acquired to be traded in operations according to the Free Convertibility Exchange Market System	24	69,167,692	30,568,293
Demand deposits		63,882,363	39,574,354
Others		13,510,593	3,795,362
		<u>330,346,102</u>	<u>124,392,710</u>

The BCV, based on its legal authority, determines the amount related to the legal reserve in bolivars to be held in such institution single account as per the corresponding resolutions.

On September 5, 2019, the BCV issued the Resolution No. 19-09-03, which establishes that when the BCV deems it appropriate, it may carry out operations of sale of foreign currency to financial institutions by debiting the single account held by said financial institutions in the BCV for the amount of bolivars equivalent to the foreign currency sold by the BCV. Likewise, the total foreign currency position that is sold shall be used in transactions involving the purchase and sale of foreign currencies integrated into the Exchange Market System, to its private sector clients, at the official exchange rate in force on the date of the transaction, except for those in the banking and securities markets sectors. The amount in bolivars equivalent to the exchange intervention amount shall be deducted from the legal reserve amount from the date of the operation, until the last day of the subsequent week.

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By issuing a circular on October 21, 2022, the BCV ratifies that foreign currency sales operations with customers shall be settled on the same value date, by deducting the bolivar account from the equivalent value of the amount acquired, and crediting the foreign currency account of the respective client. Likewise, it establishes that the special deposits referred to in Article 2 of Resolution No. 19-09-03 shall, as of the date of the circular, be immediately credited to the accounts in foreign currency referred to in Chapter IV of Exchange Agreement No. 1 dated August 21, 2018, that customers keep in the respective bank (account 211.05 "Checking accounts as per the Exchange Market System of Free Convertibility" under the Accounting Manual for Banking Institutions issued by the Superintendence of Institutions of the Banking Sector - SUDEBAN). (Note 10)

As of December 31, 2022, the balance of Bs. 69,167,692 includes Bs. 60,157,248 equivalent to US\$ 3,448,339 for the amount of foreign currency outstanding from the BCV and sold to customers under the Exchange Intervention mechanism (Note 9). The BCV had already delivered that amount on the date of this report.

The BCV through Resolution No. 22-01-01 of January 27, 2022 published in the Official Gazette on February 4, 2022, establishes that banks shall maintain a minimum legal reserve of 73% on net obligations and investments assigned, and sets up the reserve requirement for deposits in foreign currencies at 31%. In addition, it is established that should the Bank presents a legal reserve deficit, it shall incur a daily financial cost (COFIDE). The annual base interest rate paid by the banks for the legal reserve deficit shall be 9 percentage points added to the rate set by the BCV in its ordinary discount, rediscount, and advance operations. Following are the assumptions to be used for increasing such rate:

- a) Two additional percentage points, if a legal reserve deficit occurs three to seven times within 30 days;
- b) Four additional percentage points, if a legal reserve deficit occurs more than eight times in a period of 30 consecutive days starting when the first default occurred.

If it is not possible to sell of all the foreign currency paid as a result of the foreign exchange intervention, an annual rate of 32.2% shall be applied on the unsold balance in purchase and sale transactions, from the execution date of the foreign exchange intervention and for each day of occurrence of the legal reserve deficit.

In a circular dated October 7, 2021, the BCV agreed to modify the procedure regarding the balance not applied by banking institutions in public operations, included in its Circular of 01/30/2019; stating that on the assumption that the banking institutions may not apply in public or interbank operations all the foreign currency sold in the exchange intervention carried out by the BCV, on the last banking business day of the week for said measure, the Banco shall automatically carry out an operation of purchase of the foreign currency remainder to the respective banking institutions based on the last balance reported, by applying the exchange rate used in the respective exchange intervention operation reduced by 5.2375%. Additionally, it may agree on the following measures:

- a) Not to apply to banks the reduction of 5.2375% of the exchange rate for the purchase of the balance not sold to the exchange intervention public at the end of the corresponding week, as per the Single Paragraph of Article 2, Resolution No. 19-09-03 dated 09/05/2019, instead using the current purchase exchange rate for the day on which the sale of such intervention was made.
- b) Not to collect the legal reserve deficit rate as specified in Article 5 of the aforementioned Resolution, for currencies that are not sold to customers.
- c) To extend the period for banking institutions to sell foreign currency to their customers, in virtue of the exchange intervention, and accordingly to verify the sale of the foreign currency not applied to the BCV on the date it may determine.

Public fundraising in foreign currency derived from alternative exchange systems under the repealed Exchange Agreement No. 20 and the Exchange Market System under the current Exchange Agreement No. 1 are excluded from the calculation of the legal reserve deficit in foreign currency, that is equivalent to 31% of foreign currency deposits, under the provisions of the BCV in its Resolution 21-01-01. Nevertheless, such deposits may not be used in financial intermediation, except by SUDEBAN prior authorization; therefore, they are fully held in banking accounts and/or in cash in the same currency in which they originate (Note 10).

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During the semester ending on December 31, 2022, the Bank received financial charges from the BCV in the amount of Bs. 21,066 (Bs. 131,491 as of June 30, 2022) for interest on the legal reserve deficit, variation in the IDI, and penalty of the legal reserve deficit derived from the exchange intervention mechanism shown under "Other Operating Expenses".

The legal reserve deficit required by the BCV amounts to a total of Bs. 183,785,454 (Bs. 50,454,701 as of June 30, 2022; the Bank maintained available balances in BCV to cover this reserve. During the second half of 2022, the Bank submitted a legal reserve deficit for the months of September and October, one day in each month (legal reserve deficit of 15 days in January, 8 days in February, and 1 day in June, for the first half of 2022).

4. Investments in Securities

Investments in securities include:

	Note	December 31, 2022	June 30, 2022
Placement in other domestic financial institutions		-	7,663,000
Securities available for sale		67,062,133	-
Held until maturity		303,752,638	99,132,067
Limited availability		106,801,021	33,431,400
		<u>477,615,792</u>	<u>140,226,467</u>

a) Investments in Securities Available for Sale

These investments are shown at fair market value and include:

	December 31, 2022			June 30, 2022		
	Acquisition cost	Book value	Unrealized gross loss	Acquisition cost	Book value	Unrealized gross loss
Obligations issued by private non-financial companies abroad						
APPLE INC, with a nominal value of US\$ 200,000, an annual yield of 2.5% and an overdue date in February 2025	3,424,404	3,335,712	(88,692) (1)	-	-	-
AT&T INC, with a nominal value of US\$ 200,000, an annual yield of 3.8750% and an overdue date in January 2026	3,341,747	3,401,062	59,315 (1)	-	-	-
Microsoft Corporation, with a nominal value of US\$ 200,000, an annual yield of 3.1250% and an overdue date in November 2025	3,476,531	3,370,497	(106,034) (1)	-	-	-
Pepsico Capital Resources, Inc., with a nominal value of US\$ 200,000, an annual yield of 2.75% and an overdue date in April 2025	3,440,419	3,336,200	(104,219) (1)	-	-	-
The Procter & Gamble Company, with a nominal value of US\$ 200,000, an annual yield of 0.55% and an overdue date in October 2025	3,214,293	3,129,229	(85,064) (1)	-	-	-
	<u>16,897,394</u>	<u>16,572,700</u>	<u>(324,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2022			June 30, 2022		
	Acquisition cost	Book value	Unrealized gross loss	Acquisition cost	Book value	Unrealized gross loss
Obligations issued by foreign financial institutions						
Bank of America Corporation, with a nominal value of US\$ 200,000, an annual yield of 3.0930% and an overdue date in October 2025	3,378,139	3,342,585	(35,554) (1)	-	-	-
Bank of New Zealand, with a nominal value of US\$ 250,000, an annual yield of 2% and an overdue date in February 2025	4,145,777	4,074,563	(71,214) (1)	-	-	-
Toyota Motor Credit Corp, with a nominal value of US\$ 200,000, an annual yield of 3.2% and an overdue date in October 2025	3,450,257	3,359,472	(90,785) (1)	-	-	-
State Street Corporation, with a nominal value of US\$ 200,000, an annual yield of 2.354% and an overdue date in November 2025	3,372,103	3,327,722	(44,381) (1)	-	-	-
Barclays Bank Plc, with a nominal value of US\$ 200,000, an annual yield of 1.007% and an overdue date in December 2024	3,307,695	3,321,267	13,572 (1)	-	-	-
BNP Paribas, con valor nominal US\$ 200,000, rendimiento del 4.25% anual y vencimiento en octubre 2024	3,477,368	3,411,389	(65,979) (1)	-	-	-
Canadian Imperial Bank of Commerce, with a nominal value of US\$ 200,000, an annual yield of 0.95% and an overdue date in October 2025	3,166,318	3,135,335	(30,983) (1)	-	-	-
Capital One Financial Corporation, with a nominal value of US\$ 200,000, an annual yield of 3.65% and an overdue date in May 2027	3,331,455	3,282,538	(48,917) (1)	-	-	-
Citigroup Inc., with a nominal value of US\$ 200,000, an annual yield of 1.2810% and an overdue date in November 2024	3,242,344	3,214,955	(27,389) (1)	-	-	-
E-Trade Financial Corporation, with a nominal value of US\$ 200,000, an annual yield of 3.80% and an overdue date in August 2027	3,378,070	3,282,364	(95,706) (1)	-	-	-
Goldman Sachs Group, with a nominal value of US\$ 200,000, an annual yield of 3.2720% and an overdue date in September 2025	3,398,446	3,362,159	(36,287) (1)	-	-	-
HSBC Holdings PLC, with a nominal value of US\$ 200,000, an annual yield of 4.3% and an overdue date in March 2026	3,462,889	3,374,754	(88,135) (1)	-	-	-
ING Groep N.V., with a nominal value of US\$ 200,000, an annual yield of 3.550% and an overdue date in April 2024	3,461,494	3,412,889	(48,605) (1)	-	-	-
JPMorgan Chase & Co, with a nominal value of US\$ 200,000, an annual yield of 2.3010% and an overdue date in October 2025	3,329,154	3,287,911	(41,243) (1)	-	-	-
Wells Fargo & Company, with a nominal value of US\$ 200,000, an annual yield of 2.406% and an overdue date in October 2025	3,334,318	3,299,530	(34,788) (1)	-	-	-
	51,235,827	50,489,433	(746,394)	-	-	-
	68,133,221	67,062,133	(1,071,088)	-	-	-

Custodian of the investments

(1) Raymond James & Associates Inc.

b) Investments in Held-to-maturity Securities

"Investments in Held-to-maturity securities" are mainly debt securities for which the Bank has the firm intention and competence to hold to maturity. Following is a detail of such investments in held to maturity securities, as of December 31 and June 30, 2022:

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	December 31, 2022			June 30, 2022		
	Acquisition cost	Amortized cost / book value	Fair value	Acquisition cost	Amortized cost / book value	Fair value
Obligations issued by foreign financial institutions						
Morgan Stanley, with a nominal value of US\$ 1,500,000, annual yield of 3.125% and overdue date in January 2023 (with a nominal value of US\$ 1,975,000, annual yields between 3.125% and 4.875% and overdue date between November 2022 and January 2023, in June 2022)	27,159,837	26,188,851	26,158,757 (1)	11,407,423	10,991,519	10,933,489 (1)
Société Générale, S.A., with a nominal value of US\$ 1,600,000, an annual interest rate of 5% and an overdue date in January 2024, December and June 2022	30,676,020	28,755,644	27,621,474 (2)	9,711,822	9,232,428	8,882,502 (2)
Bank of America, N.A. with a nominal value of US\$ 1,550,000, an annual yield of 4.183% and overdue date in November 2027, in December and June 2022	31,304,417	30,052,406	25,667,115 (1)	9,910,768	9,612,419	8,332,941 (3)
Barclays Bank PLC, with a nominal value of US\$ 1,500,000, annual yields between 4.375% and 5.2%, and overdue date between January and May 2026, in December and June 2022	29,973,429	28,321,920	25,389,246 (1) (2)	9,489,387	9,075,896	8,221,762 (3) (2)
Wells Fargo & CO, with a nominal value of US\$ 500,000, an annual yield of 4.1% and overdue date in June 2026, in December and June 2022	9,961,515	9,462,179	8,452,586 (2)	3,153,748	3,030,126	2,719,471 (2)
BPCE SA REGS, with a nominal value of US\$ 500,000, an annual yield of 4.625% and overdue date in July 2024, December and June 2022	9,741,478	9,128,137	8,488,959 (4)	3,084,086	2,932,241	2,745,291 (4)
Bayer US Finance II LLC, with a nominal value of US\$ 1,350,000, an annual yield of 2.850% and overdue date in April 2025, in December and June 2022	24,998,507	24,291,188	22,073,056 (1)	7,914,360	7,741,997	7,151,172 (3)
Harley-Davidson Financial Services INC REGS, with a nominal value of US\$ 1,000,000, annual yield of 3.350% and overdue date in June 2025, in December and June 2022	18,339,993	17,910,403	16,371,085 (5)	5,806,319	5,700,758	5,325,758 (5)
General Electric, with a nominal value of US\$ 1,000,000, annual yield of 4.9116% (1.7149% in June 2022) and overdue date in May 2026, in December and June 2022	17,235,934	17,368,239	16,840,799 (1)	5,456,782	5,494,993	5,254,361 (1)
	<u>199,391,130</u>	<u>191,478,967</u>	<u>177,063,077</u>	<u>65,934,695</u>	<u>63,812,377</u>	<u>59,566,747</u>

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	December 31, 2022			June 30, 2022		
	Acquisition cost	Amortized cost / book value	Fair value	Acquisition cost	Amortized cost / book value	Fair value
Obligations issued by private non-financial companies abroad						
Molson Coors Beverage Company, with a nominal value of US\$ 1,000,000, 3% annual yield and overdue date in July 2026, December and June 2022	18,764,838	18,259,832	16,190,090 (4)	5,940,822	5,817,668	5,187,587 (4)
Ralph Lauren Corp, with a nominal value of US\$ 1,500,000, annual yield of 3,750% and overdue date in September 2025, in December and June 2022	27,664,721	26,932,159	25,429,458 (5)	8,758,465	8,571,556	8,258,449 (5)
Micron Technology INC, with a nominal value of US\$ 1,000,000, an annual yield of 4.975% and overdue dates in February 2026, and December and June 2022	20,437,143	19,222,829	17,213,953 (2)	6,470,262	6,177,210	5,582,486 (2)
Walgreens Boots Alliance INC, with a nominal value of US\$ 1,000,000, an annual yield of 3.450% and overdue date in June 2026, in December and June 2022	19,328,844	18,566,782	16,584,528 (4)	6,119,383	5,930,470	5,370,787 (4)
General Motors Company, with a nominal value of US\$ 490,000, a yield of 6.125% and overdue dates in October 2025, December and June 2022	10,075,747	9,398,242	8,706,921 (2)	3,189,914	3,024,692	2,799,693 (2)
CVS Health Corp, with a nominal value of US\$ 500,000, an annual yield of 2.750% an overdue date in December 2022	-	-	-	2,822,846	2,770,635	2,764,981 (5)
Dell International LLC, with a nominal value of US\$ 280,000, an annual yield of 5.450% and an overdue date in June 2023, December-June 2022	5,386,352	4,968,973	4,887,748 (4)	1,705,283	1,602,721	1,562,075 (4)
Dupont de Nemours INC, with a nominal value of US\$ 250,000, an annual yield of 4.205% and an overdue date in November 2023, in June 2022	-	-	-	1,492,054	1,424,738	1,389,844 (1)
	<u>101,657,645</u>	<u>97,348,817</u>	<u>89,012,698</u>	<u>36,499,029</u>	<u>35,319,690</u>	<u>32,915,902</u>
Certificates of deposits in financial institutions						
Banco Sabadell, S.A., with a nominal value of US\$ 855,524, annual yield of 3.7% and 3.8% and an overdue date in January 2023	14,924,854	14,924,854	14,924,854	-	-	-
	<u>315,973,629</u>	<u>303,752,638</u>	<u>281,000,629</u>	<u>102,433,724</u>	<u>99,132,067</u>	<u>92,482,649</u>

Custodian of the investments

- (1) Brown Brothers Harriman
- (2) Venecredit Securities
- (3) Amerant Bank
- (4) Raymond James & Associates Inc.
- (5) Sabadell

During the semester ending on December 31, 2022, the Bank recognized premium amortization losses for Bs. 2,997,824, equivalent to US\$ 168,215 -(Bs. 1,274,458, equivalent to US\$ 230,749 in June 2022)- which are shown under "Other Operating Expenses" (Note 18).

Maturities of investments in available-for-sale securities and held-to-maturity securities are as follows:

Note	December 31, 2022		June 30, 2022	
	Book value	Fair value	Book value	Fair value
Up to 1 year	46,082,667	45,971,357	15,364,875	15,260,545
Between 1 and 5 years	324,732,104	302,091,404	74,154,773	68,979,777
More than 5 years	-	-	9,612,419	8,332,941
	<u>370,814,771</u>	<u>348,062,761</u>	<u>99,132,067</u>	<u>92,573,263</u>

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c) Restricted Availability Investments

Restricted Availability Investments consist of:

	Note	December 31, 2022		June 30, 2022	
		Book value	Fair value	Book value	Fair value
Cash and Certificates of Deposits					
JP Morgan Chase Bank, with a par value of US\$ 5,516,095 (US\$ 5,456,063 as of June 30, 2022)		96,229,803	96,229,803	30,134,151	30,134,151
PNC Bank, with a par value of US\$ 521,872 (US\$ 516,669 as of December 30, June 2022)		9,104,207	9,104,207	2,853,592	2,853,592
		105,334,010	105,334,010	32,987,743	32,987,743
Restricted Funds Delivered to Trusts					
Trust of the social fund for contingencies, maintained in the Banco exterior, Banco Universal	16 b)	61,848	61,848	3	3
Other investments with restricted availability					
MasterCard, Inc. (22,940 class "B" shares, par value US\$ 0,0001 for US\$ 70,574)		1,231,183	3,027,162	389,785	389,785
Swift Shares 2 shares, par value EUR 125 per share		173,979	271,998	53,869	84,005
		1,467,010	3,361,008	443,657	473,793
		106,801,020	108,695,018	33,431,400	33,461,536

As of December 31 and June 30, 2022, the certificates of deposit at JP Morgan Chase Bank and PNC Bank act as collateral to guarantee the Bank VISA and MasterCard credit cards transactions.

The Bank received the MasterCard Incorporated shares as a result of the Bank conversion into a stock corporation in May 2006. MasterCard Inc. Class B common stock may only be held by Class A shareholders.

As of December 31 and June 30, 2022, the Bank maintains a Trust in Banco Exterior C.A., Banco Universal, related to the creation of a Social Fund for Contingencies as per the Banking Sector Institutions Law. Also, this amount is held in the reserve account for other provisions under Equity, in accordance with the provisions of Resolution No. 305.11 dated November 28, 2021, issued by the Superintendence (Note 16). As of December 31 and June 30, 2022, the Bank holds Bs.61,848 and Bs.3, respectively.

d) Concentration of Operations

The Bank has run its investment activities as follows:

	Note	December 31, 2022		June 30, 2022	
		Book value	%	Book value	%
Bonds issued by different foreign financial entities		241,968,400	50.66%	63,812,377	45.51%
Non-financial private companies abroad		113,921,517	23.85%	35,319,690	25.19%
Time deposits in domestic financial institutions		-	0.00%	7,663,000	5.46%
Time deposits in foreign financial institutions		120,258,864	25.18%	32,987,743	23.52%
Actions and others		1,467,010	0.31%	443,657	0.3%
		<u>477,615,791</u>	<u>100.00%</u>	<u>140,226,467</u>	<u>100.00%</u>

The Bank Cayman Islands Branch holds placements and obligations issued by financial institutions and several foreign private companies denominated in U.S. dollars, which do not singly exceed 7% of the portfolio. Obligations issued by financial and non-financial companies are held with companies listed on the New York Stock Exchange.

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5. Credit Portfolio

The Credit Portfolio, consolidated with the Foreign Branch, is classified as follows:

	December 31, 2022			June 30, 2022		
	Current	Overdue	Total	Current	Overdue	Total
By type of economic activity - Operations in Venezuela						
Agriculture and fishing	62,979,445	1	62,979,446	9,033,918	221,062	9,254,980
Exploitation of mines and quarries	3,874,440	-	3,874,440	-	-	-
Manufacturing industries	30,419,163	-	30,419,163	5,148,200	-	5,148,200
Wholesale and retail trade, restaurants and hotels	52,179,746	399	52,180,144	5,011,620	-	5,011,620
Community, social and personal services	28,918,769	26,432	28,945,201	3,543,052	857	3,543,909
Construction, engineering and related services	14,755,497	-	14,755,497	130,332	-	130,332
Financial establishments, insurance, real estate.	4,741,443	-	4,741,443	2,025,937	3	2,025,940
Transport, storage and communication services and others	8,515,582	-	8,515,582	956,199	-	956,199
	<u>206,384,085</u>	<u>26,832</u>	<u>206,410,917</u>	<u>25,849,258</u>	<u>221,922</u>	<u>26,071,180</u>
By type of economic activity - Operations in Cayman Islands Branch						
Wholesale and retail trade, restaurants and hotels	35,491,447	-	35,491,447	8,951,036	-	8,951,036
Community, social and personal services	38,918,805	-	38,918,805	8,513,998	-	8,513,998
Agriculture and fishing	61,630,288	-	61,630,288	15,918,833	-	15,918,833
Exploitation of mines and quarries	16,311,334	-	16,311,334	-	-	-
Construction	1,940,787	-	1,940,787	-	-	-
Manufacturing industry	34,861,770	-	34,861,770	8,704,339	-	8,704,339
Transport, storage and communication services and others	20,556,352	-	20,556,352	7,290,436	-	7,290,436
	<u>209,710,784</u>	<u>-</u>	<u>209,710,784</u>	<u>49,378,642</u>	<u>-</u>	<u>49,378,642</u>
	416,094,869	26,832	416,121,701	75,227,900	221,922	75,449,822
	<u>-</u>	<u>-</u>	<u>(7,300,908)</u>	<u>-</u>	<u>-</u>	<u>(1,427,102)</u>
	<u>416,094,869</u>	<u>26,832</u>	<u>408,820,793</u>	<u>75,227,900</u>	<u>221,922</u>	<u>74,022,720</u>
By type of guarantee - Operations in Venezuela						
Bails	152,919,137	26,341	152,945,479	17,750,356	221,062	17,971,418
Pledge	19,806,272	-	19,806,272	2,192,966	-	2,192,966
Mortgage and bail	223	-	223	407	-	407
Mercantile	-	-	-	-	-	-
Without guarantee	33,658,453	491	33,658,944	5,905,529	860	5,906,389
Total	<u>206,384,084</u>	<u>26,832</u>	<u>206,410,916</u>	<u>25,849,258</u>	<u>221,922</u>	<u>26,071,180</u>
By type of guarantee - Operations in Cayman Islands Branch						
Bails	116,354,282	-	116,354,282	24,271,670	-	24,271,670
Pledge	40,835,760	-	40,835,760	13,961,114	-	13,961,114
Secured pledge	30,090,487	-	30,090,487	-	-	-
Without guarantee	22,430,256	-	22,430,256	11,145,858	-	11,145,858
	<u>209,710,785</u>	<u>-</u>	<u>209,710,785</u>	<u>49,378,642</u>	<u>-</u>	<u>49,378,642</u>
	416,094,869	26,832	416,121,701	75,227,900	221,922	75,449,822
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due to expiration - Operations in Venezuela						
Up to 30 days	36,727,192	491	36,727,683	14,138,965	-	14,138,965
Between 31 and 60 days	14,091,415	-	14,091,415	1,888,878	860	1,889,738
Between 61 and 90 days	83,646,818	-	83,646,818	4,984,983	-	4,984,983
Between 91 and 180 days	27,449,457	-	27,449,457	863,597	-	863,597
Between 181 and 360 days	35,825,286	26,341	35,851,627	1,722,607	221,062	1,943,669
More than 360 days	8,643,919	-	8,643,919	2,250,228	-	2,250,228
	<u>206,384,087</u>	<u>26,832</u>	<u>206,410,919</u>	<u>25,849,258</u>	<u>221,922</u>	<u>26,071,180</u>
Due to expiration - Operations in Cayman Islands Branch						
Between 61 and 90 days	33,564,714	-	33,564,714	17,651,693	-	17,651,693
Between 91 and 180 days	35,775,903	-	35,775,903	12,184,556	-	12,184,556
Between 181 and 360 days	99,721,707	-	99,721,707	11,775,132	-	11,775,132
More than 360 days	40,648,458	-	40,648,458	7,767,261	-	7,767,261
	<u>209,710,782</u>	<u>-</u>	<u>209,710,782</u>	<u>49,378,642</u>	<u>-</u>	<u>49,378,642</u>
	416,094,869	26,832	416,121,701	75,227,900	221,922	75,449,822
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2022			June 30, 2022		
	Current	Overdue	Total	Current	Overdue	Total
By type of credit - Operations in Venezuela						
Fixed term credits	157,185,773	-	157,185,773	21,508,824	221,061	21,729,885
Credits for installments	46,332,113	26,341	46,358,454	4,336,390	-	4,336,390
Consumer credits	2,866,199	11	2,866,210	4,045	8	4,053
Credits in current account	-	480	480	-	852	852
	<u>206,384,085</u>	<u>26,832</u>	<u>206,410,917</u>	<u>25,849,259</u>	<u>221,921</u>	<u>26,071,180</u>
By type of credit - Operations in Cayman Islands Branch						
Fixed term credits	131,628,253	-	131,628,253	40,241,721	-	40,241,721
Credits for installments	78,082,531	-	78,082,531	9,136,921	-	9,136,921
	<u>209,710,784</u>	<u>-</u>	<u>209,710,784</u>	<u>49,378,642</u>	<u>-</u>	<u>49,378,642</u>
	<u>416,094,869</u>	<u>26,832</u>	<u>416,121,701</u>	<u>75,227,901</u>	<u>221,921</u>	<u>75,449,822</u>

Regulatory portfolios comprise the following:

Activity	Balance maintained	Maintained	Required	Number of debtors	Number of credits	Maximum annual interest rate	December 31, 2022
							Calculation basis
		%	%			%	
Unique national productive portfolio							
Agricultural	<u>26,613,230</u>	48%	25%	7	7	6%	Gross loan portfolio as of September 30, 2022
Microcredits	<u>2,993,563</u>	11%	3%	53	55	16%	Gross loan portfolio as of June 30, 2022

Actividad	Balance maintained	Maintained	Required	Number of debtors	Number of credits	Maximum annual interest rate	June 30, 2022
							Calculation basis
		%	%			%	
Unique national productive portfolio							
Agricultural	<u>6,489,149</u>	28.45	25.00	5	6	6.00	Gross loan portfolio as of May 31, 2022
Microcredits	<u>725,205</u>	3.52	3.00	44	44	16.00	Gross loan portfolio as of December 31, 2021

SUDEBAN, in Circular SIB-DSB-CJ-OD-00712 dated February 11, 2022, instructs that banking institutions may grant credits in bolivars with the proceeds from fundraising in foreign currency, up to a maximum of 10% of such fundraising registered in the Current Accounts group, according to the Free Convertibility Exchange Market System by January 21, 2022, which shall be offered by the banking institution in the foreign exchange market system, for subsequent settlement in bolivars under the different credit modalities provided for in the Banking Sector Institutions Law and complementary regulations that shall be measured and expressed only by UVC. Likewise, the banking institutions intending to enter into such credit operations shall submit a contract proposal to SUDEBAN for approval.

Provision for the Credit Portfolio

The Bank holds provisions for credit portfolio contingencies that exceed SUDEBAN minimum requirements. Following is the movement for the balance provision of credit portfolios:

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	Note	December 31, 2022	June 30, 2022
Balance at the beginning of the semester		1,427,102	721,029
Plus: increase of provision			
With charge to results		4,773,843	627,182
With charge to equity		1,143,930	81,124
Less: decrease of provision			
Debits for uncollectable receivables		(43,966)	(2,233)
Transfers to Provision for income receivable		-	-
Balance at the end of the semester		<u>7,300,909</u>	<u>1,427,102</u>

The increase in the allowance for credit portfolio includes the counter-cyclical provision increase for Bs. 2,550,255 charged to the semester shown in the account "Expenses for Uncollectibility and Impairment of Financial Assets" (Bs. 273,316, as of June 30, 2022) and Bs. 1,143,930 charged to equity, and shown in the account "Adjustments to Equity", as per SUDEBAN Resolution No. 070.19 of dated December 20, 2019 (Bs. 81,124, for June 2022).

The overdue portfolio on which no interest is accrued amounts to Bs. 26,832 (Bs. 221,922 by June 30, 2022).

6. Financial Statements of the Foreign Branch

As of December 31 and June 30, 2022, the Branch has an assigned capital of US\$ 13,500,000 coming from the Bank contributions and approved by the Board of Directors. A summary of the Cayman Islands Branch financial statements integrated with the Bank financial statements is shown below:

	December 31, 2022		June 30, 2022	
	US\$	Equivalent in bolivars	US\$	Equivalent in bolivars
Asset:				
Liquid assets	16,129,978	281,391,942	18,466,058	101,989,105
Investments in securities	27,303,822	476,322,752	23,931,260	132,173,731
Credit portfolio	12,021,063	209,710,780	8,940,454	49,378,644
Interest and commissions receivable	333,834	5,823,827	250,346	1,382,675
Other assets	4,773,181	83,269,467	2,404,880	13,282,291
	<u>60,561,878</u>	<u>1,056,518,768</u>	<u>53,992,998</u>	<u>298,206,446</u>
Memorandum accounts:				
Other debt memorandum accounts	<u>13,800,578</u>	<u>240,754,913</u>	<u>9,005,344</u>	<u>49,737,035</u>
Passive:				
Public fundraising	37,944,251	661,947,988	33,034,143	182,449,480
Other financing obtained	100,868	1,759,670	-	-
Interest and commissions payable	23	401	-	-
Accruals and other liabilities	731,687	12,764,483	369,689	2,041,814
	<u>38,776,829</u>	<u>676,472,542</u>	<u>33,403,832</u>	<u>184,491,294</u>
Allocated capital and accumulated surplus	21,785,049	380,046,225	20,589,166	113,715,153
	<u>60,561,878</u>	<u>1,056,518,767</u>	<u>53,992,998</u>	<u>298,206,447</u>
Per-con memorandum accounts:				
Other credit memorandum accounts	<u>13,800,578</u>	<u>240,754,913</u>	<u>9,005,344</u>	<u>49,737,035</u>
Statements of results:				
Financial income	1,255,732	21,906,593	753,621	4,162,292
Financial expenses	(2,315)	(40,386)	(1,538)	(8,494)
	<u>1,253,417</u>	<u>21,866,207</u>	<u>752,083</u>	<u>4,153,798</u>
Other operating income	1,520,211	26,520,503	921,878	5,091,585
Other operating expenses	(376,081)	(6,560,837)	(360,608)	(1,991,659)
Transformation expenses	(815,512)	(14,226,833)	(111,101)	(613,617)
Other income or expense, net	(324,744)	(5,665,249)	361,230	1,995,092
	<u>3,874</u>	<u>67,584</u>	<u>811,399</u>	<u>4,481,401</u>
Net profit for the semester	<u>1,257,291</u>	<u>21,933,791</u>	<u>1,563,482</u>	<u>8,635,199</u>

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7. Interests and Commissions Receivable

Below is a detail of the interests and commissions receivable:

	Note	December 31, 2022	June 30, 2022
Income receivable from investments in securities			
In available-for-sale securities		468,781	-
In securities held to maturity		3,124,488	989,088
		<u>3,593,269</u>	<u>989,088</u>
Yields receivable from loan portfolio			
Current credits		3,510,115	508,594
Expired credits		1	2
Microcredits and other financial instruments		25,605	4,843
		<u>3,535,721</u>	<u>513,439</u>
Commissions receivable			
Escrow		453,977	220,165
Other		974	302
		<u>454,951</u>	<u>220,467</u>
Provision for income receivable and others			
		<u>(3)</u>	<u>(3)</u>
		<u>7,583,938</u>	<u>1,722,991</u>

8. Fixed Assets

Fixed Assets are represented by:

	Note	Computing equipment	Office equipment	Vehicles	Furniture	Total
Cost						
Balance as of December 31, 2021		1,428,624	744,753	2,097	56	2,175,530
Additions		460,604	224,239	-	22,322	707,165
		<u>1,889,228</u>	<u>968,992</u>	<u>2,097</u>	<u>22,378</u>	<u>2,882,695</u>
Depreciation						
Balance as of December 31, 2021		(133,907)	(77,701)	(1,303)	(56)	(212,967)
Expense for the semester		(186,943)	(102,413)	(262)	-	(289,618)
		<u>(320,850)</u>	<u>(180,114)</u>	<u>(1,565)</u>	<u>(56)</u>	<u>(502,585)</u>
Balance as of June 30, 2022		<u>1,568,378</u>	<u>788,878</u>	<u>532</u>	<u>22,322</u>	<u>2,380,110</u>
Cost						
Balance as of June 30, 2022		1,889,228	968,992	2,097	22,378	2,882,695
Additions		1,415,676	827,033	-	48,438	2,291,147
		<u>3,304,904</u>	<u>1,796,025</u>	<u>2,097</u>	<u>70,816</u>	<u>5,173,842</u>
Depreciation						
Balance as of June 30, 2022		(320,850)	(180,114)	(1,565)	(56)	(502,585)
Expense for the semester		(311,305)	(164,660)	(262)	-	(476,227)
		<u>(632,155)</u>	<u>(344,774)</u>	<u>(1,827)</u>	<u>(56)</u>	<u>(978,812)</u>
Saldo al 31 de diciembre de 2022		<u>2,672,749</u>	<u>1,451,251</u>	<u>270</u>	<u>70,760</u>	<u>4,195,030</u>

During the semester ending on December 31, 2022, the Bank submitted depreciation expenses for Bs. 476,227 (Bs. 289,618 in the semester ending on June 30, 2022), shown under the "General and Administrative Expenses" item (Note 17).

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9. Other Assets

Other Assets include the following:

	Note	December 31, 2022	June 30, 2022
Prepaid expenses:			
Prepaid taxes		4,896,176	1,400,536
Prepaid professional fees		410,389	1,182,818
Maintenance contracts paid in advance		2,276,227	2,251,569
Advance payments to various service providers		2,223,029	810,003
Prepaid insurance premiums		1,493,182	904,138
		<u>11,299,003</u>	<u>6,549,064</u>
Advance payments to suppliers		5,994,031	2,300,011
Accounts receivable from other banks for P2P operations		11,526	3,555
Items to be applied		2,744,859	1,437,576
Recoverable disbursements		140,916	790,914
Debit cards claims		371,197	172,132
Cost of foreign currency purchased at point-of-sale terminals US\$ 615,187 (US\$ 398,419 in June 2022)		10,732,102	2,200,491
Deferred expenses		2,809,959	1,104,049
Pending collections for immediate received credits		3,201,180	248,085
Others		1,785,567	754,558
		<u>39,090,340</u>	<u>15,560,435</u>
Provisions for other assets		(70,124)	(8,207)
		<u>39,020,216</u>	<u>15,552,228</u>

Prepaid taxes consist mainly of: (i) income tax advances for special taxpayers for Bs. 4,309,961 (Bs. 1,107,067 in June 2022), (ii) VAT tax credits of Bs. 531,262 (Bs. 31,310 in June 2022) and (iii) taxes paid by the branch related to the annual operating license in the Cayman Islands of Bs. 202,063 for June 2022.

Prepaid technology maintenance contracts among others mainly comprise maintenance and support services for technology platform equipment and renewal of software and internet licenses for one year.

Advances to suppliers for miscellaneous services refer to expenses for maintenance and repair services paid in advance to suppliers and amortized upon receipt of the contracted goods or services.

Prepaid insurance premiums consist of prepayments of the bank crime policy, which the coverage extends to the following period.

Advances to suppliers are payments made to suppliers for goods and services acquired but not received.

Items to be applied and Accounts Receivable are mainly comprised of accounts receivable resulting from customer transactions using debit and credit cards, most of which have been applied to the corresponding accounts within the first few days after closing.

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Recoverable expenses mainly consist of Bs.114,901 (Bs. 715,694, in June 2022), arising from the net loss derived from the debit and credit notes unilaterally issued by the BCV in the single account held by the Bank with that institution, which is shown under Cash and Cash equivalents, due to the differential between the discretionary exchange rate applied to the debits and credits received in application of the exchange intervention mechanism established in BCV Resolutions No. 19-01-04 and No. 19-05-03 (Note 22). During the six months ended June 30, 2019, the Bank filed a nullity action with a request for a precautionary suspension measure of effects against the aforementioned resolutions and, based on the opinion of its legal advisors on the unconstitutionality of such measure, it has recognized these net deductions as recoverable expenses since they do not constitute foreign currency purchase and sale transactions for the Bank and it maintains a positive expectation on their recovery. The expenses for penalization of the legal reserve applied by the BCV in connection with the foreign exchange intervention, as explained in Note 3, are charged to income, as per the instructions received from SUDEBAN in its Official Letter No. SIB-II-GGIBPV-GIBPV6-02729 dated May 22, 2020.

For the semester ending on December 31, 2022, the amortization of recoverable disbursements older than one year was for Bs. 600,794 (Bs. 688,087 in the semester ending on June 30, 2022). In the first half of 2022, no penalty charges were made under the foreign exchange intervention mechanism.

Costs of foreign currency acquired in point-of-sale terminals correspond to consumptions made in commercial establishments by natural persons with foreign debit and credit cards in foreign currency through points of sale. These currencies are available to be sold to the Bank clients, as permitted by the BCV in a communication dated May 14, 2019. During the semester ending on December 31, 2022, the Bank sold the amount of US\$ 12,260,933 (US\$ 6,897,491 as of June 30, 2022) recognizing accordingly net exchange gains for Bs. 6,947,979 (Bs. 564,872 as of June 30, 2022).

The Deferred Expenses movement is shown below:

	Note	Licenses	Software for currency reconversion	Leased Property Improvements	Other Software	Advertising for monetary reconversion	Others	Total
Cost								
Balance as of December 31, 2021		236,663	79,351	16,859	14,864	11,204	-	358,941
Additions		60,701	15,549	15,430	-	-	764,202	855,882
Withdrawals		-	-	-	-	-	-	-
Balance as of June 30, 2022		297,364	94,900	32,289	14,864	11,204	764,202	1,214,823
Amortization								
Balance as of December 31, 2021		(21,950)	(2,148)	(364)	(2,787)	(622)	-	(27,871)
Expense for the semester		(29,629)	(9,231)	(2,589)	(1,858)	(1,868)	(37,728)	(82,903)
Withdrawals		-	-	-	-	-	-	-
		(51,579)	(11,379)	(2,953)	(4,645)	(2,490)	(37,728)	(110,774)
Balance as of June 30, 2022		245,785	83,521	29,336	10,219	8,714	726,474	1,104,049
Cost								
Balance as of June 30, 2022		297,364	94,900	32,289	14,864	11,204	764,202	1,214,823
Additions		350,988	-	1,152,843	32,828	-	444,625	1,981,284
Withdrawals		-	-	-	-	-	-	-
Balance as of December 31, 2022		648,352	94,900	1,185,132	47,692	11,204	1,208,827	3,196,107
Amortización								
Balance as of June 30, 2022		(51,579)	(11,379)	(2,953)	(4,645)	(2,490)	(37,728)	(110,774)
Expense for the semester		(38,387)	(9,489)	(8,363)	(5,277)	(1,867)	(211,990)	(275,373)
Withdrawals		-	-	-	-	-	-	-
		(89,966)	(20,868)	(11,316)	(9,922)	(4,357)	(249,718)	(386,147)
Balance as of December 31, 2022		558,386	74,032	1,173,816	37,770	6,847	959,109	2,809,960

During the semester ending on December 31, 2022, the Bank has made disbursements for Bs. 1,981,284 (Bs. 855,882, in the semester ending on June 30, 2022) for security management software, collaborative business support, perpetual licenses, development of the customization system and office improvement software plus the recognition of "Expenses for monetary reconversion" for consulting and software development.

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The Bank has recognized deferred charge amortization expenses of Bs. 275,373 (Bs. 82,903, as of June 2022) (Note 17)

The Bank provisions the other assets based on particular recovery and seniority analyses, as per SUDEBAN parameters. The movement of the provision for other assets is shown below:

	Note	December 31, 2022	June 30, 2022
Balance at the beginning of the semester		(8,207)	(6,169)
Increase in provision			
With charge to results		(45,909)	(779)
With charge to equity		(16,008)	(1,259)
Balance at the end of the semester		<u>(70,124)</u>	<u>(8,207)</u>

10. Public Fundraising

Public fundraising includes the following:

	Note	December 31, 2022	June 30, 2022
Demand deposits			
Unpaid checking accounts		155,770,904	72,498,129
Remunerated current accounts, include US\$ 34,478,561 from clients of the Branch (US\$ 39,983,559 in June 2022)		741,479,899	224,686,056
Current accounts according to Exchange Agreement No. 20, are equivalent to US\$ 275,882 (equivalent to US\$ 290,640 in June 2022)	3 y 21	4,812,832	1,605,222
Demand deposits and certificates include US\$ 113,457 from clients of the Branch (US\$ 62,612 in June 2022)		6,979,291	4,383,643
Current accounts according to the Free Convertibility Exchange Market System, equivalent to US\$ 5,288,699	3	<u>92,262,814</u>	<u>-</u>
		<u>1,001,305,740</u>	<u>303,173,050</u>
Other demand obligations			
Cashier checks sold		16,516,890	395,976
Trust obligations, include US\$ 324,028 (US\$ 166,917 in June 2022) deposited in checking accounts of the Branch	20	16,162,372	3,176,672
Money orders and transfers payable		18,535,188	4,603,495
Others		<u>599,301</u>	<u>282,925</u>
		<u>51,813,751</u>	<u>8,459,068</u>
Savings deposits		<u>13,708,308</u>	<u>5,756,400</u>
Restricted deposits from the public, include US\$ 2,940,232 from clients of the Branch (US\$ 1,613,271 in June 2022) that guarantee credit operations		<u>52,961,052</u>	<u>10,176,642</u>
		<u>1,119,788,851</u>	<u>327,565,160</u>

Ninety-nine percent of public fundraising comes from natural and legal entities in the private sector.

As of December 31 and June 30, 2022, checking accounts according to the Free Convertibility Exchange Market System correspond to public fundraising in foreign currency held in Venezuela, according to the provisions under the Exchange Agreement No. 1 (Notes 3 and 24) of which Bs. 60,157,248 have not been received by the BCV and the rest is kept in cash in the Bank vaults. Moreover, the Bank has charged its customers between 1% and 3% of the amount in cash in foreign currency withdrawn at agencies and tellers, accruing an income for this concept, during the semester ending on December 31, 2022, of Bs. 3,332,660 that are included under "Other Operating Income" item (Note 18).

The cashier's checks sold correspond to obligations for funds received from the public in exchange for cashier's checks primarily from large clients making payments to the National Treasury.

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Drafts and transfers payable include US\$ 431,699, equivalent to Bs. 7,531,115 and Bs. 2,384,300 for December and June 2022, corresponding to interest on Sovereign Bonds that have suspended interest payments to Bank customers. Furthermore, they include US\$ 630,650 and US\$ 401,679 as of December 31 and June 30, 2022, for foreign currency acquired through points of sales from foreign bank cards that shall be sold to Bank clients prior to authorization by the BCV.

Deposits of the Bank Branch in the Cayman Islands depend on the Venezuelan market and in recent semesters they have experienced variations in line with the needs derived from the country inflationary effects. Accordingly, the Bank monitors its liquidity risks and modifies its investment strategy as necessary.

11. Other Financing Obtained

Details for Other Financing Obtained are as follows:

	Note	December 31, 2022	June 30, 2022
Placement of Raymond James & Associates Inc, with value nominal value of US\$100,868, an annual return of 8% and expiration in January 2023		1,759,671	-
Deposits from foreign financial institutions in currency national		6,128	6,122
		1,765,799	6,122
Others		90	13
		<u>1,765,889</u>	<u>6,135</u>

12. Accruals and Other Liabilities:

Accruals and Other Liabilities include the following:

	Note	December 31, 2022	June 30, 2022
Provision for contingencies, equivalent to US\$ 14,148,808 (US\$ 13,860,035 in June 2022)		247,310,825	76,549,774
Items to be applied, including US\$ 2,521 (US\$ 2,521 in June 2022)		34,448,177	38,612,952
Earnings payable to directors and employees, include US\$ 1,182,652 (US\$ 663,734 in June 2022)		20,631,755	3,665,839
Provision for income tax	13	7,950,000	-
Accruals for Social Benefits	14	5,389,511	2,639,902
Dividends payable		4,195,483	1,494,869
Contracted services payable		2,096,599	1,844,150
Taxes withheld		1,751,540	684,915
Contribution payable related to Organic Law on Drugs	1	711,208	103,695
Contribution payable related to Sports Law	1	643,893	115,943
Other taxes		459,453	124,906
Other accounts payable, various in foreign currency, include US\$ 50,253 (US\$ 50,253 in June 2022)		420,518	277,548
Contribution in Science, Technology and Innovation	1	374,481	-
Others		2,094,567	669,364
		<u>328,478,010</u>	<u>126,783,857</u>

"Contingency Provisions" include estimates made by Management to cover tax, labor, administrative and/or civil contingencies, and voluntary provisions to cover general risks of banking activity. The movement of such provision is as follows:

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	Note	December 31, 2022	June 30, 2022
Balances at the beginning of the semester		76,558,774	66,170,411
Effects of exchange fluctuation due to the valuation of balances in foreign currency, which is shown in Equity	16 c)	160,958,025	11,419,673
Increases charged to results		10,399,104	
Decrease due to payments and others		(605,078)	(1,031,310)
Balances at the end of the semester		<u>247,310,825</u>	<u>76,558,774</u>

Items to be applied include the following:

	Note	December 31, 2022	June 30, 2022
Operations due to bank intervention		-	23,971,577
P2P payments pending to Suiche 7B		15,979,220	5,567,175
Payment orders to be applied to the BCV		1,631,810	5,260,901
Point of sale operations payable - Compensating accounts		8,579,422	2,334,737
Unavailable funds receivable by P2P		4,290,812	994,370
Immediate credits to the Cámara de Compensación Electrónica		2,728,923	386,036
Funds not available for immediate credit collection		1,040,470	-
Others		197,520	98,156
		<u>34,448,177</u>	<u>38,612,952</u>

The unrealized P2P Payments to Suiche 7B are Mobile Payment transactions generally regularized the day after the operation.

As of December 31 and June 30, 2022, point-of-sale payable operations correspond to Bank clients using points of sale from other financial institutions mostly regularized during the first days of the month following each monthly closing.

Payment Orders to be applied as of December 31 and June 30, 2022 correspond to Bank clients making transfers to other financial institutions on the last days of December and June 2022, becoming effective the first days of January 2023 and July 2022, respectively.

According to the current Collective Agreement and the Bank bylaws, "Earnings payable to employees and managers" are calculated based on the semester net earnings. As approved by the Steering Committee, the payment currency for labor and statutory earnings should be the US dollar so that the beneficiary is protected, as far as possible, from the effects of inflation on purchasing power generated from the time the obligation is incurred until it is cancelled.

13. Income Tax

The Income Tax Law includes the system for the payment of taxes related to operating profits and capital gains, the world income system, the international tax transparency system, the transfer pricing system and the inflation adjustment system, among others.

The Bank fiscal year ends on December 31 of each year and it files tax returns on an annual basis and estimates tax expense semi-annually at the close of each accounting year. Among other aspects, the current Income Tax Law establishes for institutions engaged in banking and financial activities a proportional tax of 40% on taxable income, and the exclusion from the adjustment system for tax inflation. Furthermore, the Law provides that the net operating losses may be carried forward during the following three years offsetting a maximum of 25% of the annual enrichment.

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The reconciliation between the book profit and the tax profit as of December 31, 2022 is as follows:

	December 31, 2022
Applicable Tax Rate	40%
Profit according to books before taxes	72,339,323
Tax expense determined on accounting profit	28,935,729
Effect of tax on expenses paid in advance	124,600
Effect of income tax not available at the end of the semester	(17,767,146)
Effect of tax on exempt income	(1,670,921)
Other net effects	(1,695,748)
	<u>7,926,514</u>
Estimated income tax expense	<u>7,950,000</u>

Income Tax Deferred

As of December 31 and June 30, 2022, the deferred tax asset resulting from certain credit portfolio provisions and the deferred tax liability resulting from valuations with effect on equity accounts are not recognized, according to the accounting interpretation resulting from the accounting instructions under the Accounting Manual for Banks, Resolution No. 198 of June 17, 1999, Resolution No. 025.17 of March 28, 2017 and Resolution No. 101.17 of September 12, 2017 by SUDEBAN.

Income Tax Advance System

On August 21, 2018, the National Government has published a Constituent Decree establishing the temporary income tax advance payment system for taxpayers qualified as special taxpayers engaged in economic activities other than the exploitation of mines, hydrocarbons and related activities, and who are not recipients of royalties from such exploitations. The advance payment is determined based on the gross income from the sale of goods and services rendered, obtained during the previous fortnightly tax period, within the national territory and shall be between 0.5% and 2%. The National Government may establish different aliquots, but may not exceed the limits provided for. The percentage of advance payments is described as follows:

- Two percent for financial institutions, banking, insurance and reinsurance sector;
- One percent for the rest of the taxpayers.

Such advance payments shall be deductible in the final income tax return. The advance payment system established under this Decree shall be in force until its total or partial repeal by the National Government.

Transfer Pricing System

Taxpayers subject to income tax that carry out transactions with shareholder or related companies domiciled abroad shall determine their income for exports and their costs for goods and services acquired from related parties abroad, applying the methodology set forth in the Law for such transactions. The evaluation of the Bank activities and the regulations on transfer pricing carried out by Management and its tax advisors has concluded that Bank activities are not subject to the aforementioned system.

Tax on Capital Gains

The Income Tax Law establishes a dividend tax, the taxable base of which is represented by the excess of the Company net financial income, not exempt or exonerated, on its taxable income subject to income tax. The applicable tax rate is 34% and shall be withheld in full by the Bank when paying or crediting dividends attributed from the aforementioned excess. The Bank is subject to this system as a withholding agent for dividends paid to its shareholders.

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14. Employee Benefits and Employee Benefit Plan

a) Accrual for Employee Benefits

The accrual for workers' compensation includes:

	Note	December 31, 2022	June 30, 2022
Guarantee for social benefits		3,032,672	649,363
Additional obligation for social benefits		2,356,839	1,990,539
	12	5,389,511	2,639,902

As of December 31 and June 30, 2022, the Bank has a defined benefit plan for its employees' social benefits, pursuant to the Organic Labor Law (LOTTT) and the collective bargaining agreement in force.

The defined benefit plan for the social benefits of Bank employees exposes the Bank to actuarial risks such as interest rate risk, mortality risk and salary risk.

The present value of obligations for such benefits and service costs has been determined as of December 31 and June 30, 2022, by an independent actuary. The present value of obligations for the defined benefits and the service costs were determined by using the projected unit credit method.

Following are the main long-term assumptions used for purposes of the actuarial study as of December 31 and June 30, 2022:

	December 31, 2022	June 30, 2022
Turnover rate	22.12%	22.12%
Mortality rate	GAM 83	GAM 83
Salary increase rate	479.95%	150%
Discount rate	526.35%	170%
Long-run geometric average inflation rate	500%	1000%

During the second and first semester of 2022, the reconciliation of the movement in the present value of the obligation for the defined benefits shown in the Defined Benefit Plan account comprises:

	December 31, 2022	June 30, 2022
Balance at the beginning of the semester	174,009	159,462
Interest cost (a)	67,221	83,980
Cost of services (a)	5,636	8,112
Benefits paid	(11,940)	(15,009)
Actuarial losses (gains) of obligations (b)	804,525	(62,536)
Balance at the end of the semester	1,039,451	174,009

(a) Submitted under the personnel expenses account in the income statement.

(b) Submitted under the to-be-applied surplus account.

b) Provisional Retirement Plan

Since 2017, the Bank maintains a program called the "Provisional Retirement Plan" for its employees, which has replaced the defined benefit plan known as the "Retirement Plan".

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The Provisional Retirement Plan is contributive and it allows the worker to make monthly and extraordinary contributions that compel the Bank to make contributions for the benefit of each worker, both determined according to the basic monthly salary of the workers under certain conditions. The contributions are administered by a civil association created for this purpose by mutual agreement among the workers; this association is responsible for investing the funds received and distributing the income generated, if any, among the beneficiary workers during the employment relationship and can be withdrawn only at the end of this. The Bank is only responsible for making its contributions and does not assume responsibility for the administration and/or disposition of the funds of the plan.

As of December 31, and June 30, 2022, the Bank has made the extraordinary and ordinary contributions established in the contractual agreement. The Bank expense in the semester ended December 31, 2022, related to this Plan, is Bs. 600,322 (Bs. 140,443 in the semester ended June 30, 2022), which are presented in "Personnel Expenses".

The funds of the Pension Plan are managed by a domestic financial institution through a Trust agreement, the purpose of which is to administrate and invest the resources received from the Bank related to pension payments. Management and its actuaries consider that the Trust for the social fund for contingencies also covers the post-retirement benefits of the workers of the going concern and, therefore, makes part of the assets of the pension and retirement plan.

15. Regulatory Contributions

Contribution to Community Council Projects

The Banking Institutions Law states that financial institutions must allocate 5% of their gross profit before tax to comply with social responsibility by contributing to community councils. Under the provisions of SUDEBAN, in Resolution No. 233.11 of August 22, 2011, this contribution must be made within 30 days after the end of the semester and is amortized any time during the 6 months of the semester in which it is paid.

The Bank recognized expenses for this concept in the amount of Bs. 579,708 (Bs. 790,535, for the semester ended June 30, 2022), which is presented as "Other operating expenses".

Contribution to SUDEBAN

For the fiscal years ended December 31 and June 30, 2022, financial institutions must make special contributions to support SUDEBAN operations, calculated based on 0.8 per thousand of the average of the assets corresponding to the two months prior to the bimester, respectively. The Bank recognized expenses for this concept in the amount of Bs. 984,700 (Bs. 530,577, for the semester ended June 30, 2022), which are presented separately under the caption "Transformation Expenses" in the attached statements of income.

Contribution to FOGADE

Financial institutions have to make special contributions to support FOGADE's operations, calculated based on 0.75% of the balance of public deposits at the end of the semester. The Bank recognized expenses for this concept in the amount of Bs. 1,015,460 (Bs. 619,726, for the semester ended June 30, 2022), which are presented separately under the caption "Transformation Expenses" in the attached statements of income.

16. Equity

Paid-in capital

As of December 31, 2022, the Bank paid-in capital stock is Bs. 12,368,918, represented by 1,902,910,464 Type "A" shares, registered, non-convertible to bearer, of the same class, with a nominal value of Bs. 0.0065 each (Bs. 30, represented in 1,268,606,976, with a nominal value of Bs. 0.0000000236480 each, in June 2022), fully subscribed and paid.

At the Extraordinary General Shareholders' Meeting on September 15, 2022, it was approved to increase the subscribed and paid-in capital stock of the Bank in the amount of four million one hundred twenty-two thousand nine hundred and seventy-two bolivars and sixty-eight cents (Bs. 4,122,972,68) through the issuance of six hundred and eighty-eight new shares with a nominal value of Bs. 0.0065 each. The said increase shall be partially paid up in cash.

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By letter received from SUDEBAN No. SIB-II-GGR-GA-#09304 dated December 15, 2022, the Bank was authorized to increase its capital stock by four million one hundred twenty-two thousand nine hundred and seventy-two bolivars and sixty-two eight cents (Bs. 4,122,972.68) through the issuance of six hundred thirty-four million three hundred three thousand four hundred eighty-eight (634,303,488) new shares with a nominal value of Bs. 0.0065 each, so that the new share capital shall remain divided into 1,902,910,464 shares. Likewise, it authorized the registration of the Minutes of the Extraordinary Assembly before the corresponding Mercantile Registry.

At the Extraordinary General Shareholders' Meeting held on February 17, 2022, it was approved to increase the subscribed and paid-in capital stock of the Bank in the amount of eight million two hundred and forty-five thousand nine hundred and fifteen bolivars and thirty-five cents (Bs. 8,245,915.35) by increasing the nominal value of the outstanding shares to date. On April 13, 2022, the Bank received the official letter SIB-II-GGIBPV-GIBPV6-02213, which indicates that it must refrain from registering the corresponding minutes until that Agency issues its pronouncement on the request for the increase in share capital.

By letter received from SUDEBAN No. SIB-II-GGR-GA-#09310 dated December 15, 2022, the Bank was authorized to increase its capital stock in the amount of eight million two hundred and forty-five thousand nine hundred and fifteen bolivars and thirty-one five cents (Bs. 8,245,915.35) by increasing the nominal value of the share to Bs. 0.0065 so that the capital stock shall remain divided into 1,268,606,976 shares. Likewise, it authorized the registration of the Minutes of the Extraordinary Assembly held on February 17, 2022, before the corresponding Mercantile Registry.

As of December 31 and June 30, 2022, the titles of the shares subscribed by the shareholders are identified as registered non-convertible bearer common shares, distributed as follows:

	December 31, 2022		June 30, 2022	
	Number of shares	Participation %	Number of shares	Participation %
Vencred, S.A.	304,336,294	15.99%	196,517,150	15.49%
Tabay Netherlands B.V.	188,009,824	9.88%	125,339,883	9.88%
Kamalei Investments, B.V.	95,229,910	5.00%	-	0.00%
Parthena Investments, B.V.	94,498,064	4.97%	-	0.00%
Barbina Investments, B.V.	79,876,029	4.20%	-	0.00%
Great White Investment Fund, Ltd	59,458,954	3.12%	38,949,190	3.07%
Green View Investment Enterprises L	59,205,048	3.11%	38,782,866	3.06%
Alivium, Inc	58,622,554	3.08%	38,401,298	3.03%
Addendum, Inc	57,651,735	3.03%	37,765,353	2.98%
Roraima B.V.	-	0.00%	23,441,913	1.85%
Inversiones Bella Vista B.V.	-	0.00%	23,432,129	1.85%
Inversiones Bonorum, C.A.	36,039,761	1.89%	23,383,211	1.84%
Others with individually less than 1.7 % participation	869,982,291	45.73%	722,593,983	56.95%
	<u>1,902,910,464</u>	<u>100.00%</u>	<u>1,268,606,976</u>	<u>100.00%</u>

Capital Reserves

a) Legal Reserve

The Banking Sector Institutions Law establishes that the Bank must transfer to the legal reserve a minimum of 20% of the net income of each period until reaching 50% of the capital stock. When this limit has been reached, no less than 10% of the liquid profits of each semester must be allocated to increase the legal reserve fund until it reaches 100% of the capital stock. As of December 31 and June 30, 2022, the Bank keeps registered in the legal reserve account Bs. 6,184,459 and Bs. 30, respectively, which represents 50% and 100% of the capital stock, respectively.

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b) Other Mandatory Reserves

The Banking Sector Institutions Law establishes that banks must set up a Social Fund for Contingencies, equivalent to 10% of the capital stock, by setting up a trust in cash in another national financial institution. This percentage shall be achieved by making semi-annual contributions of 0.5% of the Bank capital stock less the amount of interest generated by the trust, in accordance with the provisions of SUDEBAN, in Resolution No. 305.11 of December 28, 2011. As of 31 December and June 30, 2022, the Bank has registered Bs. 61,848 and Bs. 3, respectively.

c) Adjustments to Equity

The item "Adjustments to Equity" includes income and expenses and/or gains and losses that are presented in equity accounts, in accordance with prudential accounting standards. The movement of the "Adjustments to equity" accounts is as follows:

	December 31, 2022			June 30, 2022		
	Profit in exchange	UVC income	Total	Profit in exchange	UVC income	Total
Initial balance	9,023,400	3,674,509	12,697,909	13,272,933	3,411,202	16,684,135
Unrealized foreign exchange gain for the semester, net	64,587,173		64,587,173	7,221,526	-	7,221,526
Transfer to results of net foreign exchange gains by authorization from SUDEBAN	(8,813,808)		(8,813,808)	(11,471,059)	-	(11,471,059)
Income accrued from UVC credits	-	110,488,162	110,488,162	-	4,450,529	4,450,529
Transfer from income collected to results	-	(22,613,387)	(22,613,387)	-	(4,106,098)	(4,106,098)
Transfer to generic and counter-cyclical provisions	-	(1,143,930)	(1,143,930)	-	(81,124)	(81,124)
Final balance	<u>64,796,765</u>	<u>90,405,354</u>	<u>155,202,119</u>	<u>9,023,400</u>	<u>3,674,509</u>	<u>12,697,909</u>

In accordance with current banking prudential regulations, the net profits/income that are included in "Adjustments to equity" accounts are of restricted availability and can only be used based on the following criteria:

The profits in the exchange rate can only be used to:

- Cover the operational losses or deficits held in the equity accounts;
- Create or cover the deficit balances in provisions for asset contingencies, adjustments or determined losses;
- Increase the capital;
- Compensate the amounts paid up to national suppliers for inputs required for the functionality of the institution hardware and software, among others; and
- Create a provision for the income tax generated by the sale of the position in foreign currency, depending on the source of these gains and subject to the prior approval by SUDEBAN.

On November 7, 2022, pursuant to the official letter No. SIB-II-GGIBPV-GIBPV1-08118, SUDEBAN authorized the record of the amount of Bs. 8,813,808 (Bs. 11,471,059 in June 2022) in the results.

Unrealized gains from the valuation of UVC credits may be used to cover generic and countercyclical provisions of the credit portfolio, as established by SUDEBAN in Resolution No. 070.19 dated December 20, 2019. During the semester ending on December 31, 2022, the Bank established generic provisions charged to these earnings in the amount of Bs. 1,143,930 (Bs. 81,124 in June 2022).

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Accrued Results

a) Restricted Earnings

The " Non-distributable and Restricted Surplus" is made up as follows:

	Note	December 31, 2022	June 30, 2022
Restricted surplus, according to Resolution No. 329-99		13,894,724	9,833,095
Accumulated results of the foreign branch		36,456,265	14,522,472
		<u>50,350,989</u>	<u>24,355,567</u>

On December 28, 1999, SUDEBAN issued Resolution No. 329-99, which establishes that 50% of the semi-annual results, as well as 50% of the balance of the "Surplus to apply" account from semesters prior to December 31, 1999, must be presented as "Restricted Surplus" and may only be distributed with the prior authorization of SUDEBAN. During the semester that ended December 31, 2022, the Bank restricted a total of Bs. 12,307,544 (Bs. 1,479,485, for June 30, 2022), equivalent to 50% of its available net income for the semester, once deducting those profits that must be restricted in their entirety.

During the six-month period that ended December 31, 2022, the Bank restricted all the net income generated by the Branch abroad for a total of Bs. 21,933,793 (Bs. 8,635,199, in June 2022). In accordance with current regulations, these amounts are not available for distribution as dividends, until the branch transfers to its Headquarters the accumulated results generated in previous years.

b) Cash Dividends Declared and Paid

In the Ordinary General Shareholders' Meeting held on August 18, 2022, the dividend decree was approved up to a maximum in cash of Bs. 0.00283 for each share, doing a total of Bs. 3,590,159. These dividends were charged against the "Surplus to be applied" during the semester that ended on December 31, 2022.

In the Ordinary General Shareholders' Meeting held on February 17, 2022, the dividend decree was approved up to a maximum in cash of Bs. 0.00248 for each share, doing a total of Bs. 3,146,145. These dividends were charged against the "Surplus to be applied" during the semester that ended on June 30, 2022.

c) Cash Dividends Declared and Paid

The ratios maintained, calculated by the Bank and based on the figures presented in its financial statements, as well as the minimum ratios required, in accordance with SUDEBAN standards, are indicated below:

	Required %	December 31, 2022	Maintained June 30, 2022
Total equity adequacy	12	26.06%	16.65%
Solvency statement	6	26.06%	16.65%
Accounting equity adequacy	9	16.07%	10.72%

For the calculation of equity indicators, the prudential regulations of SUDEBAN establish the following regulatory exceptions, depending on the applicable index:

- Exclusion of total assets from balances with the BCV and PDVSA bonds
- Inclusion in accounting equity of generic and countercyclical provisions as Level 1 equity,
- Exclusion of total assets and/or "zero" weighting of the participation certificates of the "Simón Bolívar Fund for Reconstruction, S.A.", and "BANDES Agricultural Participation Certificate".

As of December 31 and June 30, 2022, the Bank has no amounts to deduct for investments in securities of this category.

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17. General and Administrative Expenses

General and Administrative Expenses consider the following points:

	Note	December 31, 2022	June 30, 2022
Transportation and communications		6,304,358	2,513,328
Professional fees		4,220,010	2,906,110
Maintenance and repairs		3,957,911	2,141,592
Software Licensing		1,729,019	1,116,546
Other external services		1,556,823	534,767
Other taxes		1,259,193	548,091
Monitoring service		1,235,778	766,223
Tax on Economic Activities		1,098,710	468,428
Insurances		1,093,863	836,304
Tax on Large Financial Transactions	1	982,687	459,585
Services and supplies		885,551	415,220
Depreciations and amortizations	8	742,730	362,535
Contribution to the Organic Law of Science, Technology and Innovation	1	694,314	319,833
Tax on Great Patrimony	1	158,931	130,751
Other expenses		1,419,397	464,389
		<u>27,339,275</u>	<u>13,983,702</u>

18. Other Operating Income and Expenses

"Other Operating Income" and "Other Operating Expenses" shown in the income statements are represented by the following concepts:

	Note	December 31, 2022	June 30, 2022
Other operating income			
Exchange gains include Bs. 35,432,390 (Bs. 30,368,914 in June 2022) from "Equity Adjustments", authorized by Sudeban	16 c)	57,542,776	35,759,651
Commissions from services	20	76,971,394	24,806,250
Gains on securities		3,942,102	26,296
		<u>138,456,272</u>	<u>60,592,197</u>
Other operating expenses			
Exchange losses include Bs. 26,618,582 (Bs. 18,897,855 in June 2022) from "Adjustments to equity", authorized by Sudeban		27,747,886	19,473,783
Commissions from services		12,238,896	5,031,328
Losses on securities	4	2,997,824	1,274,458
		<u>42,984,606</u>	<u>25,779,569</u>

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Commissions for Services Rendered consist of the following:

	Note	December 31, 2022	June 30, 2022
Commissions charged for use of points of sale		12,652,120	4,951,147
Commissions for trust assignments and ceded investments		10,775,925	3,877,378
Commissions for drafts and transfers		9,786,700	886,892
Commissions for consignment of funds		6,284,448	1,341,416
Commissions for payment to suppliers		4,946,788	2,211,734
Commissions for use and maintenance of debit card		4,789,843	1,104,655
Cash withdrawal fees		3,649,892	693,071
Commissions for operations in the exchange system		3,533,220	2,378,160
Cash withdrawal fees		3,332,660	17,415
Trust Fees		3,097,648	1,535,113
Fees for issuing credit cards		2,683,494	585,406
Commissions for current account maintenance		2202944	672,513
Commissions for mobile payment		1,856,406	673,640
Commissions for collections		1,599,817	269,291
Fees for payroll service		578,093	244,496
Other commissions		5,201,396	3,363,928
		<u>76,971,394</u>	<u>24,806,255</u>

Miscellaneous Operating Income and Expenses are listed as follows:

	Note	December 31, 2022	June 30, 2022
Other miscellaneous operating income			
Miscellaneous operating income		273,120	2,001,111
Others		27,887	36,291
		<u>301,007</u>	<u>2,037,402</u>
Other miscellaneous operating expenses			
Provision for various contingencies		5,663,588	-
Contribution National Anti-drug Fund	1	607,513	103,695
Contribution for community council projects	15	579,708	790,535
Contribution Organic Sports Law	1	527,952	115,942
Comprehensive prevention expenses against money laundering		166,363	116,780
Others		99,670	16,767
Costs related to reserve requirements deficits	3	21,066	131,491
		<u>7,665,860</u>	<u>1,275,210</u>

Commission income is related to operations through electronic networks, draft and transfer services, maintenance of accounts and operations of debit and credit cards, trust and trust assignments.

19. Extraordinary Income

During the second half of 2022, the Bank did not obtain extraordinary income. Extraordinary income as of June 30, 2022, for Bs. 1,228,215 corresponded to the sale of a collection of coins having a book cost of zero (0), as the result of currency conversions.

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20. Memorandum Accounts

The "Memorandum Accounts" shown in the balance sheets correspond to the following operations:

	Note	December 31, 2022	June 30, 2022
Contingent accounts receivable:			
Guarantees granted		6,516,049	3,600,506
Automatic draw line of credit		344,066	26,960
		<u>6,860,115</u>	<u>3,627,466</u>
Assets of the trusts		<u>109,180,100</u>	<u>86,504,162</u>
Other assignments of confidence		<u>7,050,047</u>	<u>4,803,648</u>
Other debt memorandum accounts:			
Guarantees received		400,374,199	60,955,522
Custody received		86,263,033	31,696,937
Other registration accounts		17,404,357	6,972,755
Consignments received		-	7,718,270
		<u>504,041,589</u>	<u>107,343,484</u>
		<u>627,131,851</u>	<u>202,278,760</u>

a) Guarantees Granted

After a credit risk analysis and within its line of credit, the Bank grants guarantees at the request of certain clients, which are issued in the name of a beneficiary and shall be executed by the latter if the client does not comply with the conditions established in the contract.

b) Trust Assets

The Bank manages trust assets on behalf of third parties. The combined balance sheets of the Bank Trust Department are presented below:

	Note	December 31, 2022	June 30, 2022
Asset:			
Cash, including US\$ 1,555,186 (US\$ 1,553,474 in June 2022)		30,662,206	10,834,768
Investments in securities		12,006,463	7,601,101
Loan portfolio, net		66,225,636	67,844,258
Interest and commissions receivable		107,232	91,614
Other assets		178,563	132,421
		<u>109,180,100</u>	<u>86,504,162</u>
Liabilities and equity:			
Liabilities		<u>710,465</u>	<u>433,660</u>
Trust equity		106,312,869	84,206,961
Accumulated results		2,156,766	1,863,541
		<u>108,469,635</u>	<u>86,070,502</u>
		<u>109,180,100</u>	<u>86,504,162</u>

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The availabilities in the trust are made up of the following:

	December 31, 2022	June 30, 2022
Deposits in institutions abroad, US\$ 725,763 (US\$ 1,281,372 as of June 30, 2022)	12,661,133	7,077,093
Deposits in the institution, US\$ 324,028 (which includes US\$ 166,917 as of June 30, 2022)	16,162,372	3,176,671
Other cash available US\$ 105,395 (US\$ 105,185 as of June 30, 2022)	1,838,645	580,943
Deposits in other institutions	56	61
	<u>30,662,206</u>	<u>10,834,768</u>

Below is the classification of trusts according to their purpose and type of contracting entity:

	December 31, 2022				June 30, 2022			
	%	Investment	Administration	Total	%	Investment	Administration	Total
Legal entities	95.45%	31	101,474,572	101,474,603	98.39%	31	82,851,079	82,851,110
Natural persons	0.00%	-	1,253	1,253	0.00%	-	668	668
Decentralized entities and other organisms with special regime	4.55%	-	4,837,013	4,837,013	1.61%	-	1,355,183	1,355,183
	<u>100.00%</u>	<u>31</u>	<u>106,312,838</u>	<u>106,312,869</u>	<u>100.00%</u>	<u>31</u>	<u>84,206,930</u>	<u>84,206,961</u>

As of December 31 and June 30, 2022, trust funds do not exceed 5 times the Bank equity, in compliance with the provisions of Resolution No. 083.12, published in Official Gazette No. 39,941 of June 11, 2012.

The Investments in securities included in the Trust accounts are made up of the following:

	December 31, 2022		June 30, 2022	
	Amortized cost / book value	Fair value	Amortized cost / book value	Fair value
<i>Demand and term deposits in financial institutions in the country</i>				
Banco Mercantil, C.A. Banco Universal, with interest rate between 20% to 25%, nominal value of Bs.3,216,386, and with maturity between 27 and 29 days, for December 2022 (rate of annual interest of 15%, nominal value of Bs. 2,100,147, and with maturity between 24 and 29 days, by June 2022)	3,216,386	3,216,386	2,100,147	2,100,147
Banco del Caribe, C.A., Banco Universal, with a rate of annual interest between 15% and 25%, nominal value of Bs.3,882,477, and with maturity between 27 and 29 days, for December 2022 (annual interest rate of 15%, nominal value of Bs. 2,513,947 and maturing between 24 and 29 days, for June 2022)	3,882,477	3,882,477	2,513,947	2,513,947
Bancreer S.A., Banco Microfinanciero, with a rate of annual interest of 11%, nominal value of Bs. 655,417, and with maturity between 27 and 28 days, for December 2022 (rate of annual interest between 13% and 14%, nominal value of Bs.744,627 and maturing between 23 and 29 days by June 30, 2022)	655,417	655,417	744,627	744,627
Banco Exterior, C.A., Banco Universal, with an interest rate annual rate between 10% and 20%, nominal value of Bs.855,336, and with maturity between 28 and 29 days, for December 2022 (rate of annual interest between 10% and 20%, nominal value of Bs 599,618, and maturing between 26 and 28 days, by June 2022)	855,336	855,336	599,618	599,618
Banco BBVA Provincial, C.A., Banco Universal, with a rate annual interest rate of 15%, nominal value of Bs.2,447,247 and with maturity between 27 and 28 days, to December 2022 (rate of annual interest of 15%, nominal value of Bs.712,762 and with maturity between 27 and 28 days, as of June 30, 2022)	2,447,247	2,447,247	712,762	712,762
	<u>11,056,863</u>	<u>11,056,863</u>	<u>6,671,101</u>	<u>6,671,101</u>

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	December 31, 2022		June 30, 2022	
	Amortized cost / book value	Fair value	Amortized cost / book value	Fair value
Corporate commercial papers issued by private companies in the country				
Mercantil Servicios Financieros, C.A., with an interest rate annual between 50% and 70%, nominal value of Bs. 450,000, and with maturity between 75 and 120 days, by December 2022 (rate of annual interest between 40% and 55%, nominal value of Bs. 730,000, and with a maturity of 90 days, for June 2022).	450,000	450,000	730,000	730,000
Calox International C.A., with an annual interest rate of 60%, nominal value of Bs. 99,600, and with a maturity of 180 days, for December 2022 (with an annual interest rate of 35%, value nominal value of Bs. 100,000, and with a maturity of 81 days, for June 2022.).	99,600	99,600	100,000	100,000
COCA-COLA Femsa de Venezuela, S.A., (with a rate of annual interest of 80%, nominal value of Bs. 100,000, and with maturity of 120 days, by June 2022)	-	-	100,000	100,000
Laboratorios Vicentini, C.A. With annual interest rate of 60%, nominal value of Bs. 150,000 and maturing in 179 days to December 2022	150,000	150,000	-	-
Industrias Iberia, C.A. With an annual interest rate of 70%, nominal value of Bs. 250,000 and maturing in 120 days for December 2022	250,000	100,000	-	-
	<u>949,600</u>	<u>799,600</u>	<u>930,000</u>	<u>930,000</u>
	<u>12,006,463</u>	<u>11,856,463</u>	<u>7,601,101</u>	<u>7,601,101</u>

Investments in securities have an overdue date not exceeding six (6) months.

The credit portfolio of the Trust Department includes the following:

	December 31, 2022	June 30, 2022
Loans to beneficiaries receivable	<u>66,225,636</u>	<u>67,844,258</u>

The Loans to beneficiaries account corresponds to loans granted to workers with guarantees on the balances of their social benefits, which are deposited in the trust. These loans do not accrue interest nor do they have a defined overdue period. The Trust Department does not maintain a provision for loan portfolios since these loans do not contemplate overdue or variable overdue. Full payment of said loans shall occur when the beneficiary terminates his labor or contractual relationship with the settlor or employer.

c) Other Trust Assignments

The trust assignments in the amount of Bs. 7,050,047 (Bs. 4,803,648 in June 2022) correspond to credit instruments from clients (principals) received by the Bank, in its capacity as a commission agent, with the commitment to place them with a third party, according to the established provisions of the commission contracts. Said contracts authorize the Bank to negotiate said securities with other clients in exchange for the collection of a commission and shall only be responsible before the commission agent for fraud, negligence, imprudence or breach of contractual obligations. During the six-month period that ended December 31, 2022, the Bank obtained commission income for Bs. 9,797,839 (Bs. 3,635.33 in June 2022) that are included in the "Other Operating Income" account in the income statement.

d) Custodial Services Received

This subaccount registers the securities and goods received from customers in simple custody, such as jewelry, precious metals, securities, merchandise, third-party checks, documents and gold in BCV custody, as well as other values and goods. As of December 31, 2022, custody received corresponds to securities received from clients that are under the custody of Raymond James & Associates Inc.

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21. Fair Value of Financial Instruments

Below are the book value and the estimated fair values for the financial instruments held by the Bank and its branch:

	December 31, 2022		June 30, 2022	
	Book value	Fair value	Book value	Fair value
Assets:				
Availabilities	747,740,026	747,740,026	260,359,795	260,359,795
Investments in securities	477,615,791	456,757,779	140,226,467	133,577,049
Credit portfolio	408,820,793	408,820,793	74,022,720	74,022,720
Interest and commissions receivable	7,583,938	7,583,938	1,722,991	1,722,991
	<u>1,641,760,548</u>	<u>1,620,902,536</u>	<u>476,331,973</u>	<u>469,682,555</u>
Liabilities:				
Public fundraising	1,119,788,849	1,119,788,849	327,565,160	327,565,160
Other financing obtained	1,765,889	1,765,889	6,135	6,135
Interest and commissions payable	143,084	143,084	65,183	65,183
	<u>1,121,697,822</u>	<u>1,121,697,822</u>	<u>327,636,478</u>	<u>327,636,478</u>

Short-term Financial Instruments

Short-term financial instruments, both assets and liabilities, have been presented at their book value included in the balance sheet, which does not differ significantly from their reasonable market value, given the relatively short overdue period of these instruments. This category includes availabilities, public funds raising with no defined overdue period and with a short-term overdue period, other financing obtained in the short term, other financial intermediation obligations with a short-term overdue period, and interest receivable and payable.

Investments in Securities

The fair market value of investments in securities available for sale and held until their overdue period was determined by using their specific market prices reported by the custodian. Investments in other securities are presented at their nominal value, which is considered their fair market value. For instruments denominated in foreign currency, the amount in bolivars equivalent to the fair value is calculated by using the official exchange rate.

Credit Portfolio

The credit portfolio accrues interests at variable rates that are reviewed frequently. Because of the foregoing and of the provisions constituted for uncollectible risks in the loan portfolio, according to the opinion of the Bank management, the book balance of said loan portfolio is close to its fair market value.

Deposits, Long-term Obligations, and Other Financing Obtained

Deposits, long-term obligations and other financing obtained accrue interests at variable rates, which are reviewed frequently, for which reason the Bank management has considered their book value as fair market value.

22. Contingencies and Commitments

The Bank has filed a claim for nullity with a request for a precautionary measure to suspend Resolutions No. 19-01-04 and No. 19-05-03 issued by the BCV on January 22 and May 30, 2019. The said claim is related to the foreign exchange intervention mechanism. As of the date of this report, it is pending for the Court to resume the case as of January 13, 2021, since from that moment the Chamber must issue the notice of summons referred to in Article 81 of the Organic Law of the Contentious-Administrative Jurisdiction so that any interested party can appear to take part in the trial and to find out about the date of the trial hearing.

As of December 31, 2022, the Bank maintains as recoverable disbursements the exchange losses derived from the intervention mechanism with a maturity period of less than one-year-old, the balance of which is presented under the caption "Other assets" for Bs. 114,901 (Bs. 715,694, as of June 30, 2022) (Note 8).

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23. Balances and Transactions with Related Parties

The Bank and its branch abroad are part of the Vencred Group. Due to the nature of its business, the Bank and its Branch have conducted transactions and maintain balances with Group companies, the effect of which is included in its financial statements.

The most important transactions conducted by the Bank with shareholders and other related parties are represented by fundraising operations and banking and security services, the most significant effects of which are presented as follows:

	Note	December 31, 2022	June 30, 2022
Transformation expenses:			
Vencred, S.A.		278,035	8,735
Inversiones 120915, C.A.		327,525	7,828
Inversiones Las Monjas, C.A.		155,415	83,520
Others		4	3
		<u>760,979</u>	<u>100,086</u>

As a result of these transactions, together with others of less importance, the following balances are included in various items of the balance sheets:

	Note	December 31, 2022	June 30, 2022
Public fundraising and other demand obligations			
Venezolana de Bienes, S.A.		17,476	26,334
Vencred, S.A.		126,207	24,027
Inversiones Las Monjas, C.A.		6,504	8,460
Inversiones Modigliani, C.A.		547	5,213
Promociones Markowitz, C.A.		705	3,827
Inversiones Bonorum, C.A.		1,782	2,956
Inversiones Vencred, C.A.		201	2,539
Valores Vencred Casa de Bolsa, S.A.		75,844	2,326
Ingeniería y Construcciones Vencred, C.A.		753	3,265
Others		3,735	1,274
		<u>233,754</u>	<u>80,221</u>

24. Assets and Liabilities in a Foreign Currency

a) Currency Administration System

On September 7, 2018, in Extraordinary Official Gazette No. 6,405, the National Government and the BCV entered into Exchange Agreement No. 1, abolishing all previously published exchange agreements. The purpose of this Exchange Agreement is to establish the free convertibility of the currency throughout the national territory based on:

1. The centralization, which is to be executed by the BCV, of the purchase and sale of currencies in the country.
2. The existence of a fluctuating single market reference exchange rate, a product of foreign currency purchase and sale operations conducted by individuals through the intermediation of authorized exchange operators.
3. The strengthening of the regime provided for the maintenance of accounts in foreign currency in the national financial system with funds from legal operations.

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4. The flexibility of the exchange regime of the private sector, promotes conditions that stimulate the reception of foreign investment, export activity, access to financing programs through specialized institutions and the provision of services for receptive tourism.

The previous exchange agreements, just like all those provisions which are in line with what is stated in this agreement, were repealed, including any resolution, ruling or administrative act of regulatory content, which has been issued in the execution of the repealed exchange agreements.

On April 5, 2019, the BCV, through Resolution No. 19-04-01 published in Official Gazette No. 41,611, established the Rules Related to the Foreign Currency Positions of Banking Institutions, which establishes that:

- The BCV shall determine the maximum limit that the global net position in foreign currency of each banking institution can reach at the close of operations of each day.
- The BCV shall review the limits determined for each banking institution at least every six months and may modify them whenever the situation and circumstances so advise.
- The percentage of interest to be paid by banking institutions that exceed the limits.
- The BCV may authorize banking institutions to exclude certain operations from the calculation of the foreign currency position authorized for this purpose or to maintain in any way a total risk position above that resulting from the established maximum limit.
- The BCV shall suspend, either temporarily or permanently, the authorization to operate in the foreign exchange market for those banking institutions entitled to carry out foreign exchange brokerage and intermediation operations, which repeatedly fail to comply with this Resolution.

Current legal regulations establish that universal banks must maintain their net positions in foreign currency within the limits established by the BCV through special resolutions. On April 8, 2019, through Official Letter No. VOI-GOC-DNPC-004, the BCV establishes that the global net active or long position in foreign currency shall not be temporarily subject to a maximum limit.

b) Operations through the Exchange Market System

On May 2, 2019, the BCV issued Resolution No. 19-05-01, which establishes that the institutions of the national banking sector are authorized to act as exchange operators in the Exchange Market System and may agree through their exchange desks, between clients of that institution, or in interbank transactions, purchase and sale operations of foreign currencies by natural and legal persons. Those interested in presenting foreign currency offer or demand quotes through the exchange desks may do so without any restriction and must comply with the due diligence processes established by the exchange operators and be a client of the respective banking institution. To carry out purchase and sale operations in foreign currency, interested parties shall go directly to exchange operators, or make use of the electronic banking provided for this purpose. The BCV shall publish on a daily basis, on its website, the weighted average exchange rate of the operations transacted at the exchange desks of the exchange operators.

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c) Following is a detail of the balances in foreign currency included in the general balances:

	December 31, 2022				June 30, 2022			
	Venezuela	Cayman Islands Branch	Total	Equivalent in bolivars	Venezuela	Cayman Islands Branch	Total	Equivalent in bolivars
Assets:								
Liquid assets	10,963,129	16,129,978	27,093,107	472,646,770	4,825,950	18,466,058	23,292,008	128,643,105
Investments in securities	70,574	27,303,822	27,374,396	477,553,935	70,574	23,931,251	24,001,825	132,563,466
Credit portfolio	-	12,021,063	12,021,063	209,710,780	-	8,940,454	8,940,454	49,378,644
Interest and commissions receivable	-	333,834	333,834	5,823,827	-	250,346	250,346	1,382,675
Other assets	300	1,592	1,892	33,006	-	52,750	52,750	291,341
	<u>11,034,003</u>	<u>55,790,289</u>	<u>66,824,292</u>	<u>1,165,768,318</u>	<u>4,896,524</u>	<u>51,640,859</u>	<u>56,537,383</u>	<u>312,259,231</u>
Liabilities:								
Public fundraising	(6,626,930)	(37,944,251)	(44,571,181)	(777,556,621)	(1,300,592)	(33,034,144)	(34,334,736)	(189,632,730)
Other financing obtained	-	(100,868)	(100,868)	(1,759,670)	-	-	-	-
Interest and commissions payable	-	(23)	(23)	(401)	-	-	-	-
Accruals and other liabilities	(14,990,622)	(731,687)	(15,722,309)	(274,280,043)	(14,502,088)	(369,689)	(14,871,777)	(82,137,683)
	<u>(21,617,552)</u>	<u>(38,776,829)</u>	<u>(60,394,381)</u>	<u>(1,053,596,735)</u>	<u>(15,802,680)</u>	<u>(33,403,833)</u>	<u>(49,206,513)</u>	<u>(271,770,413)</u>
<i>Active accounting position, net</i>	<u>(10,583,549)</u>	<u>17,013,460</u>	<u>6,429,911</u>	<u>112,171,583</u>	<u>(10,906,156)</u>	<u>18,237,026</u>	<u>7,330,870</u>	<u>40,488,818</u>
<i>Other debt memorandum accounts, net</i>	<u>2,236,055</u>	<u>-</u>	<u>2,236,055</u>	<u>12,349,861</u>	<u>4,100,075</u>	<u>-</u>	<u>4,100,075</u>	<u>22,573,328</u>

The amounts reflected in dollars include minor amounts in euros, presented at their equivalent value in dollars.

As of December 31 and June 30, 2022, the exchange rates used were Bs. 17.4452775/US\$1 and Bs. 5.523058/US\$1, respectively.

As of December 31, 2022, the net unrealized exchange gain amounted to Bs. 55,773,367 (Bs. 4,249,533 in June 2022), which are included in the "Adjustments to Equity" account.

During the semester ending December 31, 2022, through official letter No. SIB-II-GGIBPV-GIBPV1-08118, SUDEBAN authorized the Bank to transfer the amount of Bs. 8,813,808 from the equity account "Equity Adjustments" to results, (Bs. 11,471,059 in June 2022) corresponding to accumulated unrealized foreign exchange gains, net of losses, which are presented for their gross amounts of foreign exchange gains and losses in the headings of "Other Income and Other Operating Expenses", respectively (Note 18).

During the semester that ended on December 31, 2022, the Bank recognized realized gains, mainly from Bank operations, in its capacity as an exchange operator and its foreign Branch for Bs. 22,110,386 (Bs. 5,390,737, for the semester that ended on June 30, 2022), and losses of Bs. 1,129,304 (Bs. 575,928, for the semester that ended on June 30, 2022), which are presented under the headings of "Other operating income" and "Other Operating Expenses", respectively, in the attached income statements (Note 18).

"The Public Fundraising" come from customer operations in the legally permitted foreign exchange markets and in which the Bank acts as a foreign exchange operator, which is fully covered by sight placements that are presented in "Liquid Assets" (Note 10).

As of December 31, 2022, the net position in foreign currency maintained by the Bank, calculated based on its individual financial statements, amounts to US\$ 6,429,911 (US\$ 7,330,870 in June 2022). On April 8, 2019, in its Official Letter No. VOI-GOC-DNPC-004, the BCV determines that the net active monetary position in a foreign currency shall temporarily not be subject to maximum limits.

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch Notes
to the Financial Statements
December 31 and June 30, 2022 (expressed in bolivars)**

25. Subsequent Events

By circular letter No. SIB-II-GGR-GNP#00335, dated January 18, SUDEBAN authorized the Bank to grant loans in national currency on 30% of the freely convertible deposit portfolio, depending on the balance existing in said instruments as of December 31, 2022. The mechanism established by SUDEBAN determines that Banking Institutions may grant loans in national currency to their clients with the resources coming from fundraising in foreign currency, up to a maximum of equivalent resources to thirty per cent (30%) of such deposits, and accordingly, the foreign currencies corresponding to the aforementioned percentage shall be offered in the Exchange Market System (SMC) for their subsequent settlement under the different types of credits provided for in the Law and the complementary regulations.