



Independent Auditors' Report and Financial Statements

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

June 30, 2024

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## Opinion of Independent Public Accountants

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

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### Our Opinion

We have audited the financial statements of Venezolano de Crédito, S.A. Banco Universal (the Bank), which comprise the balance sheet as of June 30, 2024, and the related statements of income, changes in equity and cash flows for the six-month period then ended, along with notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Venezolano de Crédito, S.A. Banco Universal as of June 30, 2024, and the results of its operations and cash flows for the six-month period then ended, in accordance with the accounting instructions and standards established by the Superintendence of Banking Sector Institutions (SUDEBAN).

### Bases for Our Opinion

We have carried out our audit pursuant to the International Audit Standards (NIA) applicable in Venezuela. Our responsibility pursuant to these standards are described in detail in our report, section "Independent Public Accountant Accountability in regard to Audit of financial statements".

We are independent from the Bank pursuant to the 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 the Venezuelan Public Accountant that are relevant to our audits of the financial statements and we have complied with our ethic responsibilities according to such codes. We believe that Audit evidence we have obtained is sufficient and adequate to provide a base for our opinion.

### Emphases of matter

Our opinion is not modified in respect of these matters:

We draw attention to Note 2 of the financial statements, which indicates that the accounting instructions and standards established by SUDEBAN differ, in certain significant respects, from the Generally Accepted Accounting Principles in Venezuela (VEN-NIF).

We draw attention to Note 3 of the financial statements, which indicates that in accordance with the requirements of the Central Bank of Venezuela (BCV), as of June 30, 2024, banks must maintain a minimum legal reserve on net obligations and ceded investments. This measure could limit the Bank's financial intermediation.

**Responsibilities of management and those charged with governance for the financial statements**

The Bank's Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting instructions and standards established by SUDEBAN, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Bank's management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**Responsibilities of independent public accountant in regard to audit of financial statements**

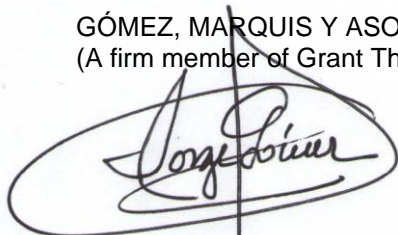
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee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

As part of an audit in accordance with the ISAs applicable in Venezuela, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Bank contacted corporate representatives in regard to, among other issues, the planned scope and the time of carrying our Audit as well as to the significant findings of our audit, including any significant deficiency in the internal control that we identified during our audit.

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



Jorge Gómez C.  
CPC – 10951  
CP- 824  
July 25, 2024

**Venezolano de Crédito, S.A. Banco Universal and its Caiman Island Branch**  
**Balance Sheet**  
**June 30, 2024 and December 31, 2023**

	Notes	June 30, 2024	December 31,
		(in bolivars)	
<b>Assets</b>			
<b>Availabilities</b>			
Cash	3	242.860.664	270.257.011
Venezuelan Central Bank	3	762.734.911	695.809.915
Banks and Other financial institutions in the country		54.965	47.230
Banks and foreign correspondent affiliates	3	1.010.714.703	752.708.311
		<u>2.016.365.243</u>	<u>1.718.822.467</u>
<b>Investments securities</b>			
Placements in the Venezuelan Central Bank and interbanking operations		63.000.000	-
Investments in securities available for sale		305.881.502	312.068.279
Investments in securities held until maturity		679.767.177	665.037.734
Restricted availability investments		243.736.959	231.566.017
	4	<u>1.292.385.638</u>	<u>1.208.672.030</u>
<b>Loan portfolio</b>			
Current credits		2.209.244.717	1.691.669.237
Overdue credits		17.382.877	516.064
Credits in litigation		628.038	19.641.451
(Provision for credit portfolio)		(42.140.875)	(44.314.628)
	5	<u>2.185.114.757</u>	<u>1.667.512.124</u>
<b>Interest and commissions receivable</b>			
Income receivable from investments in securities		7.556.811	7.771.332
Income receivable from credit portfolio		27.588.441	16.933.060
Commissions receivable		2.528.430	1.537.346
(Provision for income receivable and others)		(584.743)	-
	7	<u>37.088.939</u>	<u>26.241.738</u>
<b>Fixed assets</b>	8	<u>32.778.232</u>	<u>17.946.669</u>
<b>Other assets</b>	9	<u>209.223.328</u>	<u>154.986.901</u>
<b>Total assets</b>		<u>5.772.956.137</u>	<u>4.794.181.929</u>
<b>Memorandum accounts</b>			
Contingent accounts receivable		29.057.311	23.513.130
Trust assets		572.985.430	395.744.995
Other trust assignments		73.929.929	24.695.707
Other memorandum accounts receivable		2.674.462.231	1.848.004.686
	20	<u>3.350.434.901</u>	<u>2.291.958.518</u>

Notes from 1 to 25 are part of the financial statements

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
**Balance Sheet**  
**June 30, 2024 and December 31, 2023**

	Notes	June 30, 2024	December 31, (in bolivars)
<b>Liabilities and Shareholders' Equity</b>			
<b>Customer's deposits</b>			
<b>Demand deposits</b>			
Non-interest bearing current accounts		785.560.230	633.452.550
Interest-bearing current accounts		2.736.191.027	2.080.034.333
Deposits and demand certificates		21.544.062	54.618.631
Current accounts according to the Free Convertibility Exchange Market System		194.211.911	152.375.705
		<u>3.737.507.230</u>	<u>2.920.481.219</u>
		55.513.775	109.964.142
Savings deposits		58.534.584	47.170.429
Restricted customer's deposits		566.687.239	370.827.768
	10	<u>4.418.242.828</u>	<u>3.448.443.558</u>
<b>Other financing obtained</b>			
Obligations with financial institutions in the country, due in one year		-	67.576.000
Obligations with foreign financial institutions, due in one year		99.341	39.026
	11	<u>99.341</u>	<u>67.615.026</u>
<b>Interest and commissions payable</b>			
Expenses payable for public deposits		671.246	1.493.764
Expenses payable for other financing obtained		-	51.287
		<u>671.246</u>	<u>1.545.051</u>
<b>Accruals and other liabilities</b>			
	12	<u>791.403.583</u>	<u>762.193.199</u>
<b>Total liabilities</b>		<u>5.210.416.998</u>	<u>4.279.796.834</u>
<b>Stockholders' Equity</b>			
Capital stock		12.368.918	12.368.918
Increased capital contributions		44.899.172	15.481.626
Capital reserves		12.616.299	12.554.455
Adjustments to Stockholders' Equity		135.039.189	180.542.230
Unrealized gain or loss on investments in securities available for sale		1.525.032	5.637.711
Retained earnings		<u>356.090.529</u>	<u>287.800.155</u>
<b>Total equity</b>	16	<u>562.539.139</u>	<u>514.385.095</u>
<b>Total liabilities and shareholders' equity</b>		<u>5.772.956.137</u>	<u>4.794.181.929</u>
<b>Memorandum accounts per contra</b>			
	20	<u>3.350.434.901</u>	<u>2.291.958.518</u>

Notes from 1 to 25 are part of the financial statements

**Venezolano de Crédito, S.A. Banco Universal y su Sucursal en Islas Caimán**  
**Income Results**  
**For the Semesters Ended June 30, 2024 and December 31, 2023**

	Notes	June 30, 2024	December 31, 2023
		(in bolivars)	
<b>Financial income</b>			
Income from cash and cash equivalents		11.598.533	9.614.500
Income from investments in securities		34.221.909	36.768.611
Income from credit portfolio		208.986.593	284.765.575
Income from other accounts receivable		1.800.379	357.318
Other financial income		-	5.338
		<u>256.607.414</u>	<u>331.511.342</u>
<b>Financial expenses</b>			
Expenses from public deposits		(20.478.769)	(15.285.353)
Expenses from other financing obtained		(904.696)	(1.131.373)
Other financial expenses		(6.782.447)	(9.493.696)
		<u>(28.165.912)</u>	<u>(25.910.422)</u>
<b>Gross financial margin</b>		<u>228.441.502</u>	<u>305.600.920</u>
Income from recovery of financial assets		-	5.713
	5	<u>(14.550.906)</u>	<u>(17.258.586)</u>
<b>Net financial margin</b>		<u>213.890.596</u>	<u>288.348.047</u>
Other operating income	18	390.701.680	350.790.542
Other operating expenses	18	(59.870.385)	(59.676.113)
Financial Intermediation Margin		<u>544.721.891</u>	<u>579.462.476</u>
<b>Transformation costs</b>			
Personnel expenses		(235.638.478)	(207.781.434)
General and administrative expenses	17	(190.171.205)	(151.297.517)
Contributions to the Social Protection Fund from Bank Deposits	15	(7.783.181)	(4.022.043)
Contributions to the Bank Superintendency of Bank Institutions	15	(6.832.384)	(5.728.149)
		<u>(440.425.248)</u>	<u>(368.829.143)</u>
<b>Gross operating margin</b>		<u>104.296.643</u>	<u>210.633.333</u>
Sundry operating income	19	167.540	17.098.203
Sundry operating expenses	19	(42.688.276)	(34.505.379)
<b>Net operating margin</b>		<u>61.775.907</u>	<u>193.226.157</u>
Extraordinary income		43.733.163	-
Extraordinary expenses		(273.337)	(72.109)
<b>Result before taxes</b>		<u>105.235.733</u>	<u>193.154.048</u>
Income tax	13	-	(29.289.000)
<b>Net result</b>		<u>105.235.733</u>	<u>163.865.048</u>
<b>Accounting treatment of income, net</b>			
Legal reserve		-	-
Other capital reserves		61.845	61.845
Retained earnings		105.173.888	163.803.203
		<u>105.235.733</u>	<u>163.865.048</u>

Notes from 1 to 25 are part of the financial statements



**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
**Statement of changes in shareholders' equity**  
**For the Semesters Ended June 30, 2024 and December 31, 2023**

	Notes	Accrued results									Unrealized gain or loss in investments on securities available for sale	Total
		Capital stock	Contributions to increased capital	Capital reserves	Adjustments to Shareholders' Equity	Non-distributable surplus	Restricted surplus	Undistributed income	Remuneration for employee benefit plans	Total accrued results		
							(in bolivars)					
<b>Balances at June 30, 2023</b>		12.368.918	15.481.626	12.492.610	190.296.051	5.547.153	113.528.449	33.714.595	(519.637)	152.270.560	199.987	383.109.752
Net result for the six-month period		-	-	-	-	-	-	163.865.048	-	163.865.048	-	163.865.048
Non-realized earnings in securities investment	4	-	-	-	-	-	-	-	-	-	5.437.724	5.437.724
SUDEBAN adjustment	16	-	-	-	718.784	-	(7.541.476)	(7.541.475)	-	(15.082.951)	-	(14.364.167)
Adjustment in exchange difference, net	16	-	-	-	32.714.877	-	-	-	-	-	-	32.714.877
Valuation of credits as established by the BCV	16	-	-	-	(47.548.169)	-	-	-	-	-	-	(47.548.169)
Generic provisions on UVC credits	5	-	-	-	4.360.687	-	-	-	-	-	-	4.360.687
Cash Dividend Decree	16	-	-	-	-	-	-	(9.704.844)	-	(9.704.844)	-	(9.704.844)
Reserve for Social Contingency Fund	16	-	-	61.845	-	-	-	(61.845)	-	(61.845)	-	-
Actuarial gain or loss on work liabilities	14	-	-	-	-	-	-	-	(3.485.815)	(3.485.815)	-	(3.485.815)
Reclassification to Restricted Surplus of 50% of the net results for the six-month period, including results from foreign branch	16	-	-	-	-	-	81.901.602	(81.901.602)	-	-	-	-
<b>Balances at December 31, 2023</b>		12.368.918	15.481.626	12.554.455	180.542.230	5.547.153	187.888.575	98.369.877	(4.005.452)	287.800.153	5.637.711	514.385.093
Net result for the semester		-	-	-	-	-	-	105.235.733	-	105.235.733	-	105.235.733
Unrealized loss on investment securities	4	-	-	-	-	-	-	-	-	-	(4.112.679)	(4.112.679)
SUDEBAN adjustment	16	-	-	-	-	-	-	-	-	-	-	-
Contribution refund according to SUDEBAN official communication SIB-II-GGR-GA-00638			(15.481.626)									(15.481.626)
Contribution for capital increase	16		44.899.172							-		44.899.172
Adjustment for exchange rate differential, net	16	-	-	-	2.422.657	-	-	-	-	-	-	2.422.657
Credit valuation as established by the BCV	16	-	-	-	(48.103.763)	-	-	-	-	-	-	(48.103.763)
Generic provisions on UVC credits	5	-	-	-	896.849	-	-	-	-	-	-	896.849
Earnings on UVC credits collected in the semester, adjusted according to SUDEBAN					(718.784)							(718.784)
Earnings on UVC credits collected in the semester, adjusted according to SUDEBAN		-	-	-	-	-	-	9.704.843	-	9.704.843	-	9.704.843
Cash Dividend Decree	16	-	-	-	-	-	-	(47.572.761)	-	(47.572.761)	-	(47.572.761)
Reserve for Social Contingency Fund	16	-	-	61.844	-	-	-	(61.844)	-	(61.844)	-	-
Actuarial gain or loss on labor liabilities	14	-	-	-	-	-	-	-	984.405	984.405	-	984.405
Reclassification to Restricted Surplus of 50% of the net results for the semester, including the results of the Foreign Branch	16	-	-	-	-	-	52.586.944	(52.586.944)	-	-	-	-
<b>Balances as of June 30, 2024</b>		12.368.918	44.899.172	12.616.299	135.039.189	5.547.153	240.475.519	113.088.904	-3.021.047	356.090.529	1.525.032	562.539.139

Notes from 1 to 25 are part of the financial statements

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
**Statement of cash Flow**  
**For the Semesters Ended June 30, 2024 and December 31, 2023**

	Notes	June 30, 2024	December 31, 2023
		(in bolivars)	
<b>Cash flow from operating activities:</b>			
Result from the six-month period, net		105.235.733	163.865.048
<b>Adjustments to reconcile net income with cash from operating-</b>			
Provisions and depreciations in income account:			
Provision for uncollectability and impairment of financial assets			17.079.481
SUDEBAN adjustments	(5.776.783)		(15.082.952)
Actuarial loss of working liabilities	984.405		(3.485.815)
Depreciations and repayment	6.810.919		4.136.907
Exchange income non-realized for asset valuation and liabilities in foreign currency with cash in shareholders' equity, net of transfers to results	(45.503.044)		32.714.878
Financial income for credits adjusted to UVC, net collection			(46.829.385)
Generic and countercyclical provisions on UVC-adjusted receivables	(1.589.010)		4.360.687
	60.162.220		156.758.849
Net change in other assets	(56.965.541)		(35.297.443)
Net variation in interest and commissions receivable	(11.431.944)		(11.577.205)
Net change in accruals and other liabilities	29.210.384		181.454.653
Net change in interest and commissions payable	(873.805)		829.788
<b>Net cash provided by operating activities</b>		<b>20.101.314</b>	<b>292.168.642</b>
<b>Cash flow from financial activities:</b>			
Net change in customer deposits	969.799.272		1.409.912.371
Contributions pending capitalization	44.899.172		-
Net change in other financing obtained	(67.515.685)		66.576.129
Payment of dividends	(47.572.762)		(9.704.843)
<b>Net cash flows provided by financial activities</b>		<b>899.609.997</b>	<b>1.466.783.657</b>
<b>Cash flows used in investment activities:</b>			
Credits granted during the period	(2.700.567.293)		(2.245.153.989)
Credits collected during the period	2.185.138.412		1.398.024.126
Net change in placements at the Venezuelan Central Bank and interbankinf operations	(63.000.000)		36.000.000
Net change in investments available for sale	2.074.099		(79.355.452)
Variations in investments held at maturity, net	(14.729.443)		(231.663.664)
Variations in restricted availability investments, net	(12.170.942)		(56.541.284)
Incorporation of fixed assets and liquid assets, net	(18.913.368)		(8.826.872)
<b>Cash used in investment activities, net</b>		<b>(622.168.535)</b>	<b>(1.187.517.135)</b>
		297.542.776	571.435.164
<b>FUNDS AVAILABLE, at the beginning of the six-month period</b>		<b>1.718.822.467</b>	<b>1.147.387.303</b>
<b>FUNDS AVAILABLE, at the end of the six-month period</b>		<b>2.016.365.243</b>	<b>1.718.822.467</b>

Notes from 1 to 25 are part of the financial statements

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

### 1. Incorporation, Operations and Legal System

#### a) Incorporation and Operations

Venezolano de Crédito, S.A., Banco Universal (the Bank) is a financial institution that has been operating in Venezuela since 1925 and offers banking services to individuals and companies. The Bank's main office is located in Caracas and its fiscal address is Avenida Alameda, Edificio Venezolano de Crédito, 3rd floor, Urbanización San Bernardino. The Bank has an operating branch based in Grand Cayman, it has a category B banking license issued by the Cayman Islands Monetary Authority. This type of license allows the Bank to conduct banking and trust business with non-residents and domestic banking business with other Cayman Islands licensed entities.

With over 90 years of experience, the Bank has 74 branches distributed throughout the country. Its corporate purpose, both in Venezuela and its foreign branch, is to conduct banking operations and businesses permitted by law, encompassing national, international, personal, and commercial banking services. Trust services are provided through its Trust Department.

On February 16, 2023, an Extraordinary General Shareholders' Meeting was held to amend the Bank's Articles of Incorporation and Bylaws, adapting them to current legal provisions and operational needs. The most relevant changes include extending the Bank's duration until 2075, updating the subscribed and paid-in capital, the number of shares, and aligning with current banking practices.

The Bank and its branch conduct transactions with several related companies (Note 23).

#### Venezuelan Superintendency of Banking Institutions (SUDEBAN)

The Superintendency of Venezuela Banking Sector Institutions (SUDEBAN) is a government body that oversees the proper functioning, development and stability of the Venezuelan financial market through the supervision and oversight of companies operating in the financial market. Its function is to authorize, supervise, inspect, control and regulate the exercise of the activities carried out by the institutions that make up the Venezuelan banking sector, as well as to instruct the correction of any failures detected in the execution of their activities and to sanction any conduct deviating from the legal framework in force. SUDEBAN is attached to the Superior Body of the National Financial System, which in turn reports to the People's Ministry for Finance (Note 25).

#### Approval of Financial Statements for Publication

The Bank's financial statements for the semester ended June 30, 2024, were approved for publication and issuance by the Administrative Board on July 4, 2024 (those corresponding to December 31, 2023, were approved on January 16, 2024).

#### b) Legal System

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**

**June 30, 2024 and December 31, 2023**

#### **National Financing System Organic Law**

The Organic Law of the National Financial System, published by the National Assembly in Official Gazette No. 39.447 dated June 16, 2010, reprinted due to a material error in Official Gazette No. 39.578 dated December 21, 2010, regulates, supervises, controls, and coordinates the National Financial System to ensure the use and investment of its resources for the benefit of public interest and economic and social development. The system is composed of public, private, and communal financial institutions and any other form of organization operating in the banking sector, the insurance sector, the securities market, and any other sector or group of financial institutions that, in the judgment of the governing body, should be part of this system, as well as individuals and body corporate who are users of these institutions.

The Law prohibits the formation of financial groups with companies from other sectors or associated with international financial groups for purposes other than those provided for in the law.

#### **Law of Banking Sector Institutions**

The Law of Banking Sector Institutions, published in Official Gazette No. 40.557 on December 8, 2014, regulates the operation of financial entities in Venezuela, establishing the requirements for their constitution, authorization, supervision, control, and sanction, as well as their obligations and rights. It also defines prudential standards regarding capital, liquidity, risks, corporate governance, and remuneration.

Among other aspects, the Law establishes banking activity as a public service; defines financial intermediation as the collection of funds and their placement in loan portfolios and investments in securities issued or guaranteed by the Nation or State-owned companies; limits the institution's assets and operations with a single debtor and defines what is considered a related debtor for the purposes of this limitation; regulates the composition and functions of the Board of Directors; provides for the grounds for disqualification to be a Director; regulates the formation of financial groups; establishes the obligation to make a social contribution to finance communal council projects and sets prohibitions, among others.

#### **Cayman Islands Branch**

The Bank's foreign branch does not have a separate legal personality from the Bank and is subject to the supervision and control of the monetary authorities of the Cayman Islands (among other aspects, regarding prior consultation of certain transactions and the quality of assets, capital, and liquidity levels) and SUDEBAN in Venezuela.

#### **Interest Rates**

Active and passive interest rates in Venezuela are regulated by the BCV, which sets the maximum and minimum interest rates for deposits and credit operations based on its reference rates.

The maximum annual active interest rate for credit card operations in Venezuela is 60%, according to the BCV's publication in Official Gazette No. 42.883 dated May 21, 2024. This rate applies to institutions governed by the Decree with Rank, Value, and Force of Law of Banking Sector Institutions and other special laws. The minimum annual active interest rate for these operations is 17%, and the maximum interest rate for late payments is 3%.

On March 17, 2022, the BCV issued Resolution No. 22-03-01, published in Official Gazette No 42.341 dated March 21, 2022, which establishes that the passive interest rate for savings deposits, including liquid asset accounts, shall not be less than 32% per annum, calculated on daily balances; and the passive interest rate for term deposits, and for operations through which term deposits are issued, shall not be less than 36% per annum (Note 10). Additionally, it establishes the following:

- Loans under the framework of the National Single Productive Portfolio will have an annual interest rate of 6% on the resulting balance in Credit Value Units (UVC).
- The interest rates applied to the commercial portfolio and microcredits will have an annual interest rate that shall not exceed 16% nor be less than 8%. Active operations related to loans directed to employees and executives of the entities are excluded from the Resolution.

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

### Notes to the financial statements

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- The maximum delinquency rate for UVC loans is 0.8% per annum, while for loans other than those expressed in UVC, a maximum of 3% per annum may be charged.
- Consumer and commercial installment loans to individuals for payroll loans and credit cards below 20,400 UVC are excluded from this resolution.

The BCV's discount, rediscount, and advance rate was set at 19.2%. The BCV regulates the fees for services in savings and checking accounts, leasing operations, international operations, and credit and debit cards that banks can charge their customers.

#### National Single Productive Portfolio (CPUN)

The National Single Productive Portfolio is a "credit portfolio" created by the Constituent Decree published in Official Gazette No. 6.507 Extraordinary dated January 29, 2020, with the purpose of financing specific sectors of the Venezuelan economy, such as agrifood, manufacturing, tourism, health, and housing, as well as others incorporated by the National Executive, in order to promote and strengthen the country's economic sovereignty. The National Single Productive Portfolio is composed of resources provided by public and private financial institutions operating within the national banking sector. The Steering Committee of the National Single Productive Portfolio is the body responsible for approving the policy, direction, regulation, and evaluation of the resources and impact of this portfolio.

The value and other calculation parameters of the National Single Productive Portfolio are set by Resolution of the Steering Committee, in accordance with the policies and guidelines issued by the National Executive. The value of this portfolio will be equivalent to a mandatory minimum percentage of ten percent (10%) and a maximum of twenty-five percent (25%) of the gross portfolio in accordance with the bank's accounting closures.

Resolution No. 22-03-01 of the Central Bank of Venezuela (BCV) published in Official Gazette No. 42.341 on March 21, 2022, establishes that loans granted in national currency, within the framework of the National Single Productive Portfolio, must be expressed in Credit Value Units (UVC), with the objective of stimulating the performance of the credit portfolio and reducing the impact on the currency value caused by foreign exchange arbitrage operations, which are calculated by dividing the loan amount in bolivars by the Investment Index (IDI) determined by the BCV in force on the granting date, considering the variation of the market reference exchange rate and published daily on its website.

The annual interest rate for loans expressed in UVC is six percent (6%) on the resulting balance. Additionally, loans granted under the single payment at maturity modality will have a special charge of 20% at the time of settlement, which will be deducted from the outstanding balance when the loan is repaid.

Through Circular No. SIB-II-GGR-GNP-CCD-05550 dated August 11, 2022, SUDEBAN instructed that banking institutions must allocate a mandatory minimum monthly percentage of 25% of the gross loan portfolio balance at the end of the immediate previous quarter to the National Single Productive Portfolio, discounting capital increases resulting from the application of the UVC generated on the loans. For the purposes of measuring the National Single Productive Portfolio, the balances maintained from loans granted to the agrifood, manufacturing, tourism, and housing sectors prior to the creation of the National Single Productive Portfolio will be taken into consideration.

The Superintendency of Banking Sector Institutions (SUDEBAN) issued Circular SIB-II-GGR-GNP-07108 on November 1, 2023. This circular informs public and private banks that they must allocate 15% of the National Single Productive Portfolio to finance projects led by women entrepreneurs, under the CREDIMUJER plan. This measure is based on Presidential Decree 4.874, dated October 25, 2023, and published in Official Gazette No. 42.742 of the same date, which seeks to promote the active participation of women in the productive sector. Compliance with this portfolio will be evaluated monthly based on the balance recorded in September 2023.

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### Notes to the financial statements

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#### Microcredit portfolio

The Banking Institutions Law sets forth that bank institutions shall destine at least 3% of credit portfolio based on the six-month period immediately before, to the microfinancing sector of the country (**Note 5**).

#### Income Tax Law (ISLR)

The Income Tax Law, reformed and published by the National Executive in Extraordinary Official Gazette No. 6.210 on December 30, 2015, through Decree No. 2.163, regulates taxes on annual, net, and available income obtained in money or in kind by individuals and legal entities. This applies to both residents or domiciled in Venezuela and non-resident or non-domiciled individual and legal entities who obtain income from national sources.

Financial institutions, like any other legal entity, are subject to ISLR and must comply with the formal and material duties established in the law and its regulations. The income tax rate for legal entities is 34%. However, net income from banking, financial, insurance, or reinsurance activities obtained by legal entities or entities domiciled in the country is taxed at a proportional rate of 40%. The Law also allows the carryforward of net operating losses for the next 3 fiscal years and to offset up to a maximum of 25% of the annual income (Note 13).

As a special taxpayer, the Bank enjoys certain benefits and must comply with certain tax obligations, such as filing its final return and paying the corresponding income tax for the fiscal year 2023 before February 29, 2024.

#### Tax on Large Financial Transactions Law (LIGTF)

The LIGTF, published by the National Executive in Extraordinary Official Gazette No. 6.210 on December 30, 2015, effective from February 1, 2016, taxes the total amount of each withdrawal, debit, or transfer transaction from accounts registered in the national financial system, as well as payments made outside the national banking system, whether in cash or by any other means of extinguishing a debt.

The LIGTF was partially reformed by the National Assembly on February 25, 2022, published in Extraordinary Official Gazette No. 6.687, where a rate of 2% is established for operations in national currency carried out by legal entities classified as special taxpayers; and 3% for operations in a currency other than the legal tender carried out by natural and legal persons.

Annual Exemption Decree No. 4.924 published in Official Gazette No. 42.823 on February 21, 2024, grants the benefit to the following debits or withdrawals made in a currency other than the legal tender in the country:

- Operations of purchase, sale, and custody transfer of securities issued or guaranteed by the Republic or the Central Bank of Venezuela;
- Settlement of principal or interest on the aforementioned securities, and those traded through stock exchanges and agricultural exchanges.

Annual Exemption Decree No. 4.911 published in Official Gazette No. 42.797 on January 12, 2024, grants the benefit to operations carried out in the national territory of hydrocarbon-derived fuels, carried out by the State directly, or by companies exclusively owned by it, or by joint ventures with state and private capital participation in any proportion and by private companies, in accordance with the provisions of Article 58 of the Organic Hydrocarbons Law.

During the semester ended June 30, 2024, the Bank recognized expenses for the tax on large financial transactions amounting to Bs 8.020.005 (Bs 5.849.134 in the semester ended December 31, 2023). These expenses are shown under "General and Administrative Expenses" in the attached income statement. Additionally, the Bank, in its capacity as a withholding agent, collected and paid to the National Treasury the amount of Bs. 177.863.013 (Bs 164.639.149 in the semester ended December 31, 2023).



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

### Notes to the financial statements

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#### Value Added Tax (VAT) Law

The Law establishing the Value Added Tax (VAT), reformed and published by the National Constituent Assembly in Extraordinary Official Gazette No. 6,507 dated January 29, 2020, is an indirect tax applied in Venezuela to the sale of movable goods, the provision of services, and the importation of goods. Currently, the general VAT rate in Venezuela is 16%. Financial institutions only generate VAT from financial leasing operations. The VAT collected and paid each month is offset, and the resulting tax debits or credits are settled with the Tax Administration or deferred for future offsetting, as appropriate. Since the Bank's main operations do not generate tax debits, tax credits are allocated to the cost of acquired goods or services.

Taxpayers classified as special by SENIAT act as VAT withholding agents when they purchase movable goods or receive services from suppliers who are ordinary taxpayers of this tax. The amount to be withheld is 75% of the tax caused, which can reach 100% in certain situations. If the tax withheld by customers (asset) is not offset within a period exceeding 3 months, a total or partial recovery of the accumulated balance can be requested from SENIAT. On the other hand, the tax withheld from suppliers (liability) is settled biweekly according to the schedule established for special taxpayers.

During the semester ended June 30, 2024, the Bank allocated Value Added Tax to the cost of acquired goods and services in the amount of Bs. 25,624,762 (Bs. 19,362,080 in the semester ended December 31, 2023).

#### Constitutional Law for the Tax on Large Assets (LIGP)

The Law creating the Tax on Large Assets (LIGP) enacted by the National Constituent Assembly (ANC), published in Official Gazette No. 41,667, dated July 3, 2019 (reprinted due to a material error in Official Gazette No. 41,696 dated August 16, 2019), aims to tax the estates of natural and legal persons classified as special taxpayers by the national tax administration (SENIAT), whose estates have a value equal to or greater than one hundred fifty million tax units (150,000,000 U.T.). The tax administration is responsible for issuing the rules and guidelines for updating the value of assets and implementing the tax.

The most relevant aspects of the Law are:

- The tax rate is 0.25% on the net estate subject to the tax.
- The first application period was the net estate existing as of September 30, 2019.
- This tax is not deductible from income tax (ISLR).

During the semester ended June 30, 2024, the Bank did not record any expense for this concept (Bs. 15,526 recorded in the semester ended December 31, 2023). This concept is presented in the "General and Administrative Expenses" account (Note 17).

#### Organic Law of Science, Technology, and Innovation (LOCTI)

The Organic Law of Science, Technology, and Innovation, reformed and published by the National Assembly in Extraordinary Official Gazette No. 6,693 on April 1, 2022, regulates the development of science, technology, and innovation, establishing an annual rate of 0.5% on gross income obtained in Venezuela. Its objective is to contribute to the exercise of national sovereignty, participatory democracy, social justice, respect for the environment, and cultural diversity.

Some of the changes introduced by the reform are:

- **Definition of contributors:** Contributors are considered to be legal entities, public or private, domiciled or not in Venezuela, that carry out economic activities in the country and obtain annual gross income exceeding 150,000 times the official exchange rate of the highest value currency, as established by the BCV in the previous fiscal year.
- **Declaration and payment period:** Contributions are declared and paid monthly, based on a percentage of the previous month's gross income.

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June 30, 2024 and December 31, 2023

- **Concept of gross income:** Includes income, proceeds, and funds obtained from any activity, including income from exchange rate differentials, interest, dividends, bonds, and operating income, without allowing costs or deductions.

During the semester ended June 30, 2024, the Bank recorded an expense for this concept of Bs. 3,526,314 (Bs. 3,290,303 in the semester ended December 31, 2023), presented in the "General and Administrative Expenses" account (Note 17).

#### Organic Law on Drugs

The Organic Law on Drugs, published in Official Gazette No. 39,546 on November 5, 2010 (repealing the Organic Law Against Illicit Traffic and Consumption of Narcotic and Psychotropic Substances published in Official Gazette No. 38,337 dated December 16, 2005, LOCTICSEP), regulates the control, surveillance, oversight, prevention, treatment, rehabilitation, and sanction of activities related to narcotic and psychotropic substances, as well as precursor and essential chemicals that can be used in the illicit manufacture of drugs.

An important aspect of this law is that it establishes the obligation for legal entities with more than 50 employees to allocate 1% of their operating profit for the fiscal year to the National Anti-Drug Fund (FONA). Entities must file a declaration and make the annual payment of this contribution within 60 continuous days following the end of their fiscal year.

During the semester ended June 30, 2024, the Bank provisioned Bs. 617,759 (Bs. 1,932,262 in the semester ended December 31, 2023) to comply with this obligation. This amount is recorded in the 'Accruals and Other Liabilities' account (Note 12), and the corresponding expense is reflected in the semester's results under 'Other Miscellaneous Operating Expenses' (Note 19). In the first semester of 2024, the annual contribution of Bs. 3,027,897 corresponding to the fiscal year ended December 31, 2023, was paid.

#### Organic Law on Sports, Physical Activity, and Physical Education

The Organic Law on Sports, Physical Activity, and Physical Education, published by the National Assembly in Official Gazette No. 39,741 on August 23, 2011, and regulated on February 28, 2012, establishes the foundations for physical education and regulates the promotion, organization, and administration of sports and physical activity as public services. It considers these aspects as fundamental rights of citizens and a social duty of the State, in addition to their management as an economic activity with social purposes.

A relevant aspect of this law is that it establishes that for-profit public and private companies or organizations with annual net profits exceeding 20,000 tax units (UT) must make a contribution of 1% of said annual net profit to the National Fund for the Development of Sports, Physical Activity, and Physical Education and an advance payment equivalent to 0.25% of the net profit of the previous fiscal year. The law also establishes guidelines for the execution of projects, declarations, and payments in installments, among other aspects.

During the semester ended June 30, 2024, the Bank made an advance payment of Bs. 670,357 and provisioned Bs. 1,052,357 (Bs. 1,638,650 in the semester ended December 31, 2023) to comply with this obligation. This amount is recorded in the 'Accruals and Other Liabilities' account (Note 12), and the corresponding expense is reflected in the semester's results under 'Other Miscellaneous Operating Expenses' (Note 19). In the first semester of 2024, the annual contribution of Bs. 2,681,429, net of an advance payment of Bs. 160,973, corresponding to the fiscal year ended December 31, 2023, was paid.

#### Organic Law of Work and Workers (LOTTT)

The Organic Law of Work and Workers, published in Official Gazette No. 6,076 Extraordinary on May 7, 2012, through Decree No. 8,938, aims primarily to protect work as a social fact and guarantee workers' rights.

Some of the most relevant aspects of this law are:

- **Labor benefits:** Establishes rights such as vacations, vacation bonuses, utilities, pre- and post-natal leave, guarantee of social benefits, and their retroactivity.
- **Working conditions:** Regulates aspects such as working hours, holidays, rest days, among others.
- **Job stability:** Introduces concepts related to job stability, especially in cases of maternity.



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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

The LOTTT is relevant for the calculation and recording of the Bank's labor obligations to its employees, such as social benefits and other perks.

#### Law for the Protection of Social Security Pensions Against the Imperialist Blockade

The Law for the Protection of Social Security Pensions Against the Imperialist Blockade, published in Extraordinary Official Gazette No. 6,806 on May 8, 2024, by the National Assembly, aims primarily to establish transparent and participatory mechanisms to protect social security pensions from the negative effects caused by unilateral coercive measures and other restrictive or punitive actions imposed against Venezuela.

Some of the most relevant aspects of this law are:

- **Special contribution:** Establishes a special contribution applicable to legal entities of up to 15% on the total payments made to workers for salary and non-salary bonuses.
- **Exemptions:** The National Executive has the authority to fully or partially exempt certain categories of taxpayers and strategic sectors for foreign investment and national development from this contribution.
- **Contribution frequency:** To be declared and paid monthly.
- **Administration and allocation of funds:** The administration, collection, and oversight of the special contribution will be handled by the National Integrated Service of Customs and Tax Administration (SENIAT).
- **Transparency and participation:** Mechanisms are established to ensure transparency in the use of funds and the participation of pensioners in decision-making related to the administration of resources.

Subsequently, on May 16, 2024, Presidential Decree No. 4,952 was published in Official Gazette N° 42,880, setting the special contribution amount at 9% of the total payments made by the employer to the workers. Additionally, enterprises duly registered with the National Registry of Enterprises (RNE) are exempted for one year from paying the special contribution and are not subject to the formal duty of declaring payments made to workers during the benefit period.

#### COVID-19 Pandemic

According to the International Auditing and Assurance Standards Board (IAASB), the COVID-19 pandemic remains a risk for businesses, despite the World Health Organization (WHO) declaring the end of the global health emergency on May 5, 2023.

The IAASB recommends assessing pandemic-related risks in each fiscal year, as they can affect a company's ability to continue as a going concern, the reliability of financial information, and compliance with laws and regulations.

In the case of Banco Venezolano de Crédito, S.A. Banco Universal, management has determined that the pandemic has not had significant effects on operations and financial statements up to June 30, 2024. However, it acknowledges that it is not possible to determine the future impact of actions taken by national and foreign authorities to contain the spread of the virus.

Although regulators have not established additional requirements in terms of capital, liquidity, legal, or other aspects that could affect the Bank, management has considered the following aspects in preparing the financial statements:

**Assessment of the ability to continue as a going concern:** Possible economic and financial scenarios derived from the pandemic, as well as available funding sources and contingency plans, have been analyzed.

**Review of accounting criteria:** Recognition, measurement, presentation, and disclosure criteria for financial assets and liabilities, especially those subject to significant estimates or judgments, such as the recoverability of loans, the valuation of financial instruments, and the provision for credit risk, have been reviewed.

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

## Notes to the financial statements

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**Update of information on risks and uncertainties:** Information on the risks and uncertainties faced by the Bank, as well as measures taken to mitigate them in the context of the pandemic and its possible consequences, has been updated.

It is important to note that this assessment is based on information available up to June 30, 2024, and the situation could change in the future.

## 2. Principal Accounting Policies

### a) Basis of Preparation

The attached financial statements correspond to the semesters ended June 30, 2024, and December 31, 2023. They have been prepared in accordance with the accounting framework required and/or permitted by the Superintendency of Banking Sector Institutions (SUDEBAN). This framework significantly differs from the generally accepted accounting principles in Venezuela (VEN-NIF), which are commonly applied in the preparation of financial statements for other types of industries. The VEN-NIF are largely based on the International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB). However, there are some exceptions related to the adjustment for the effects of inflation, the valuation of assets and liabilities in foreign currency, and the recognition of deferred income tax liabilities, among others.

SUDEBAN, through Resolution No. 648-10 dated December 28, 2010, deferred the presentation of financial statements prepared as supplementary information in accordance with VEN-NIF. It established that, until further notice, financial statements with their notes should continue to be presented as supplementary information in accordance with the generally accepted accounting principles in effect until December 31, 2007 (PCGA-Ven).

Additionally, Circular SIB-II-GGR-GNP-03894 dated June 26, 2024, indicates that the presentation of supplementary financial statements as of June 30, 2024, prepared under the generally accepted accounting principles in effect as of December 31, 2007 (PCGA-Ven), as well as the financial statements adjusted for the effects of inflation, is deferred. This supplementary information will be presented for comparison with the information at the end of the second semester of 2024.

The Bank applied Circular No. SIB-II-GGR-GNP-07514, issued by SUDEBAN on September 9, 2021, and addressed to all banking institutions. This circular granted a temporary regulatory exception for the presentation of Form "A" General Balance Sheet for Publication of banking institutions, within the framework of the monetary reconversion. According to this circular, the detail of the balances of the accounts that make up equity must be suppressed and only the total balance should be shown for publication in print, digital, and web media. It is important to note that this exception does not apply to financial statements sent directly to SUDEBAN, which must maintain the structure required in the accounting manual for Banking Institutions.

On April 16, 2024, SUDEBAN issued Circular No. SIB-II-GGR-GNP-02153, extending the application period of the regulatory exception for the presentation of Form "A" under the terms indicated in Circular No. SIB-II-GGR-GNP-07514, as described above, for the financial statements as of June 30, 2024.

### b) Main Differences between VEN-NIF and the Accounting Manual for Banks

The main differences applicable to the Bank, identified by management between the accounting instructions and standards established by SUDEBAN and VEN-NIF, are as follows:

#### 1) Functional Currency and Presentation

The SUDEBAN Accounting Manual (the Manual) establishes that the balances included in the financial statements of banks must be measured and presented in bolivars. According to VEN-NIF, financial statements must be prepared in their functional currency, which will be the currency of the primary economic environment in which the entity operates. Additionally, according to VEN-NIF, the entity will determine its functional currency by considering, among others, primarily the following elements: a) the currency that mainly influences income and costs (often the currency in which such income and costs are collected and settled, respectively); b) the currency of the country whose competitive forces and regulations mainly determine prices; and c) the currency in which funds from financing activities are generated.

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

## **Notes to the financial statements**

**June 30, 2024 and December 31, 2023**

### **2) Inflation-adjusted financial statements**

The financial statements of the institutions in the National Banking System and the subsidiaries in which they have investments, as well as equity investments, shall be submitted on a historical basis, except for those assets and liabilities that are measured at fair value. The VEN-NIFs require that the effects of inflation be recognized in the financial statements whenever the functional currency is that of a hyperinflationary economy and when inflation for the annual fiscal year exceeds one digit.

### **3) Investments in overdue securities**

Investments in securities that, at maturity, have not been cancelled, as well as the corresponding yields receivable, are classified in the Other Assets account. Should 30 days after maturity they have not yet been collected, they shall be provisioned at 100%. The VEN-NIFs establish that past due securities are recorded as impaired financial assets and are measured at amortized cost less the allowance for expected credit loss. The allowance is calculated based on the likelihood of non-compliance and risk exposure.

### **4) Other Comprehensive Income**

The financial statements consist of the balance sheet, the statement of income, the statement of changes in equity, the statement of cash flows and the set of notes that include a summary of the main accounting policies as well as other explanatory information. According to the VEN-NIFs, as part of the financial statements, the statement of other comprehensive income is also shown, which may be part of the statement of income or as a separate 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**

The accounting instructions and standards established by SUDEBAN stipulate that those debit items in bank reconciliations, both in national and foreign currency, that are over 30 and 60 days old and pending accounting, when the necessary documentation is not available for recording, must be recorded in the Other Assets group with a corresponding entry in the Accruals and Other Liabilities group. These items must be fully provisioned after 30 and 60 days, respectively, following their registration if the respective documentation is still unavailable. This provision will remain in place until the institution obtains the necessary documentation for reconciliation. Additionally, creditor items, both in national and foreign currency, pending accounting when the necessary documentation is not available for registration, may be reflected by the Bank in the Other Assets group with a corresponding entry in the Accruals and Other Liabilities group. These items will remain until the institution obtains the necessary documentation for reconciliation. VEN-NIF does not establish specific accounting criteria; however, an entity will measure the expected credit losses of a financial instrument.

### **7) Cash and cash equivalents**

The SUDEBAN Accounting Manual, for purposes of preparing the statement of cash flows, considers as cash equivalents the "Liquid Assets" account. The VEN-NIFs consider as cash equivalents highly liquid short-term investments, which are easily convertible into determined amounts of cash, being subject to an insignificant risk of changes in their value, and with short maturity periods of three months or less, from the date of acquisition.

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

### **Notes to the financial statements**

**June 30, 2024 and December 31, 2023**

#### **8) Premium or discount on held-to-maturity investments**

The SUDEBAN Accounting Manual establishes that the discount or premium on held-to-maturity investments is amortized over the life of the security, with a charge or credit to the semester's results, under the groups of "Other Operating Income" and "Other Operating Expenses", respectively. According to the VEN-NIF, the amortization of the premium or discount on investments measured at amortized cost is part of the effective interest yield of the security and should be presented as part of finance income.

#### **9) Impairment losses on investments in securities**

The SUDEBAN Accounting Manual establishes 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. Under VEN-NIFs, for impairment of value, expected credit losses are recognized over the life of the asset life for 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.

#### **10) Valuation of transfers of investments**

The accounting practice for banks permits 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 the VEN-NIFs.

#### **11) Past-due loan portfolio**

The Accounting Manual for Banks establishes that when a loan is past due and/or in litigation, it shall not accrue interest as income for accounting purposes, and this amount shall be recorded under Memorandum Accounts, in which subsequent accrued interest will also be recorded. VEN-NIF establish that, in the case of a financial instrument recorded at amortized cost, impairment is determined by the difference between the carrying amount of the instrument and the present value of the estimated future cash flows to be generated by such instrument, discounted at the effective interest rate at which the instrument was initially recognized. Impairment will exist whenever the present value of future cash flows is lower than the carrying value of the instrument, in which case interest income shall be recognized in the statement of income, taking into consideration the effective interest rate applied to the discounted future cash flows for assessing the impairment loss in value.

#### **12) Loans portfolio classification**

The Manual establishes that those receivables, the original payment plan, term and other previously agreed terms of which have been modified by the creditor, in response to the debtor's express request for refinancing, must be reclassified to restructured receivables accounts.

The Manual also establishes that the period for considering past-due loans as uncollectible may not exceed 24 months, counted from the date of registration of the entire loan in that category. Loans in litigation, after 24 months counted from the date of their registration in that category, shall be provisioned at 100%.

When a monthly installment loan is overdue and the debtor pays the overdue installments, the bank will have to reclassify it to the category it had before becoming overdue. Likewise, when a debtor pays the outstanding installments of a disputed installment loan and consequently the claim is withdrawn, the bank shall have to reclassify it to the category it had before becoming disputed or past due.

The VEN-NIFs do not establish specific classification criteria; however, an entity shall measure expected credit losses on a financial instrument in a manner that reflects: a) an unbiased probability-weighted amount that is determined by assessing a range of possible outcomes; b) the time value of money; and c) the reasonable and supportable information that is available without disproportionate cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

### **Notes to the financial statements**

**June 30, 2024 and December 31, 2023**

#### **13) Allowance for credit losses**

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) Premises and Equipment, Net**

Premises and equipment are presented at their original cost, less accumulated depreciation. The original cost of an asset is determined by its acquisition or construction cost, as applicable. Additionally, assets with a useful life of less than four years and those with acquisition costs below 320 tax units (UT) must be accounted for in the general and administrative expenses account. According to VEN-NIF, property, plant, and equipment are presented at cost, less accumulated depreciation and the accumulated amount of impairment losses; the recognition of an item as property, plant, and equipment is not subject to its useful life or amount.

The mandatory asset revaluation measure prescribed by SUDEBAN for Premises and equipment, except for land, construction in progress, and other assets, cannot exceed the Bank's primary equity. According to VEN-NIF, the revaluation model for subsequent measurement of premises and equipment is permitted but not mandatory; when adopting this model, it must be applied to all items of the same class of property, plant, and equipment, and the amount to be recognized is the fair value reliably measured at the time of revaluation, less accumulated depreciation and the accumulated amount of impairment losses incurred.

#### **15) Deferred Tax**

Deferred tax, in accordance with the accounting standards set forth by SUDEBAN, must be calculated and recorded following the Accounting Manual for Banking Institutions. This manual stipulates that deferred tax should be recognized using the liability method, which is predicated on temporary differences between the carrying amounts and the tax bases of assets and liabilities. The manual specifies that deferred tax must be measured using the applicable tax rate at the end of the reporting period. Furthermore, it prohibits the recognition of deferred tax assets arising from tax losses. The manual and associated regulations also provide models for accounting and financial statements that illustrate the proper recording and disclosure of deferred tax. Notably, only provisions for loans classified as high risk or unrecoverable generate a deferred tax asset related to the loan portfolio.

Additionally, deferred income tax cannot exceed the income tax expense based on taxable income. This deferred tax is measured using the effective tax rate and is recoverable or amortizable at the historical tax rates applicable.

Under the VEN-NIIF, deferred tax represents the amount of income tax that is expected to be paid (taxable) or recovered (deductible) in future periods, resulting from prior transactions that were not included in a tax return. The management of deferred tax depends on how the fiscal effect will be reversed. Deferred tax arises due to differences between the accounting and tax bases of assets and liabilities, aiming to provide a comprehensive view to users of the financial statements regarding the tax implications of these transactions.

According to VEN-NIF, deferred tax assets or liabilities are recognized in their entirety under the balance sheet method, impacting profit or as a reduction of the respective equity account, depending on the originating item.



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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

#### 16) Off-Balance Sheet Accounts

The regulations established by the SUDEBAN mandate the use of off-balance sheet accounts to accurately record various fiduciary assets. These include trust assets, received custodial assets, guarantees granted and received, received bonds, and foreign exchange sale commitments, among others. The VEN-NIF stipulates that these items must be included in the balance sheet

#### 17) Recognition and Presentation of Income and Expenses

The variation in commercial credits and the National Unique Productive Portfolio granted and expressed through UVC is recorded as financial income at the time of credit collection, considering the capital increases of these credits due to changes in the Investment Index. Interest on loans, investments, and accounts receivable is recognized as income as it accrues, in accordance with the effective interest rate method, except for: a) accrued interest receivable that is more than 30 days overdue; b) interest on overdue and litigated credit portfolios, or on credits classified as real risk, high risk, or uncollectible; and c) late payment interest, which is recorded as income when collected.

Interest on current and restructured credit portfolios, with a collection period of six months or more, is recognized as it accrues, forming part of deferred financial income in the group of Accumulations and other liabilities, and is recorded as income at the time of collection.

According to VEN-NIF, interest income is recognized when it is incurred and subsequently provisioned based on recovery expectations.

Service fees are recorded as income or expense at the time of collection or payment, respectively, which occurs at the time of the transaction, and are presented in the groups of Other Operating Income and Other Operating Expenses, respectively (Note 18).

Interest on customer deposits, obligations, and obtained financing is recorded as financial expenses as it is incurred, using the effective interest rate method.

Variation of commercial credits and the Sole Productive National Portfolio granted and stated through UVC are registered as financial income when collecting credit, considering increased capital of such credits due to variation of Investment Index. Interests on loans, investments and accounts receivable are registered as income as they are earned, according to the effective interest rate method, unless: a) interests earned receivable with more than 30 days due; b) interests on credit portfolio due and in litigation, or those credits classified as real risk, high risk or irrecoverable; and c) interests in arrears, which are registered as income when collected.

Interests on credit portfolio in effect and restructured, with place for collection equal or more than 6 months, are registered when earned, becoming part of the financial income deferred in the group of Accruals and other liabilities, and are registered as income when collected.

According to VEN-NIF, income from interests is acknowledged when they are incurred in and, then, are provisioned according to recovery expectations.

Commissions for services are registered as income or expenses, when collected or paid in, respectively, which Will be at the time of transaction, and are presented in the groups of Other operating income and Other operating expenses, respectively (**Note 18**)

Interest on customer deposits, obligations, and obtained financing is recorded as financial expenses as it is incurred, using the effective interest rate method.

#### 18) Leases

Leases are recognized as expenses based on the terms incurred according to the conditions established in the contracts. Under VEN-NIF, leases are considered both a right and an obligation; therefore, they are recognized as financial assets and liabilities when they exceed a term of 12 months. Depreciation and corresponding financial interest are presented separately in the results for the period.

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

#### 19) Other Expenses

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

##### c) Presentation currency and transactions in foreign currency

Balances included in the Bank's financial statements are measured and presented in bolivars, in accordance with the guidelines set forth in the Accounting Manual. The Bank records balances and transactions in foreign currency at the official purchase exchange rate as reported by the BCV, effective on the date of the transaction. Balances in foreign currency are primarily presented at the following exchange rates:

	June 30, 2024	December 31, 2023
US\$1	Bs 36,35508450	Bs 35,86940175
€ 1	Bs 38,94283941	Bs 39,71711247

##### d) Investments in Securities

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

Any transfer among the different categories of investments, or when sold for reasons 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 with the BCV, overnight bonds, and bonds issued by domestic financial institutions with terms not exceeding 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. If investments in available-for-sale securities are denominated in foreign currency, the fair value in that currency shall be determined and then translated at the current official exchange rate; gains or losses from fluctuating exchange rates are included in equity.

Permanent losses caused by decreases in the fair market value of such investments are recorded in the results for the semester in which they occur, under "Other Operating Expenses." Any subsequent increase in their market value, net of tax effects, is recognized as an unrealized gain and included in equity accounts.

##### Investments in Securities Held Until 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.

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

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, 2023, 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.

#### e) Credit loans

According to SUDEBAN regulations, commercial loans and installments of term, mortgage, and credit card loans are classified as past due once the corresponding installment is more than 30 days overdue. Additionally, for installment, mortgage, and credit card loans, if any installment is more than 120 days past due, the total principal is classified as past due.

All loans granted to microentrepreneurs, payable in weekly or monthly installments, are considered past due when at least one weekly installment is 14 days overdue or one monthly installment is 60 days overdue, respectively.

Restructured loans are those whose original payment plan, term, and other previously agreed conditions have been modified due to a refinancing request, under certain conditions established in the SUDEBAN Accounting Manual. On the other hand, loans in litigation correspond to past-due loans that are in the process of collection through legal actions.

The Bank's credit portfolio includes:

- Loans granted in nominal bolivars that accrue only financial interest.
- CPUN loans expressed in UVC.
- Commercial loans and microcredits expressed in UVC, which accrue both financial interest and gains or losses derived from fluctuations in the Investment Index (IDI).

At the time of settlement, loans are expressed in UVC and are valued daily according to the variation of the IDI, determined by the BCV based on the variations of the reference exchange rate of the free exchange market. If the IDI decreases, the reduction is recognized up to the limit of the IDI on the date the loan was granted, ensuring that losses can only be generated up to the limit of previously recognized gains. The unrealized gain or loss from the valuation of the UVC loan portfolio at the IDI value is initially recorded in equity, in the "Adjustments to Equity" account, and is subsequently reclassified to income when collected. The income thus realized is presented under "Financial Income."

According to SUDEBAN regulations, unrealized gains accumulated from the valuation of UVC loans adjusted to IDI value may be used for the creation of generic and counter-cyclical provisions.

Resolution 021.18, issued on April 5, 2018, by SUDEBAN regulates the microfinance system and small and medium-sized enterprises (PYMEs) in Venezuela. This resolution establishes the rules regarding the characteristics and risk classification of loans granted to these sectors, as well as the calculation of their provisions and the execution of their guarantees. Universal and microfinance banks must allocate their gross microcredit portfolio as follows:

- A maximum of forty percent (40%) for financing marketing activities.
- A maximum of forty percent (40%) for the provision of services (public transportation for urban and trunk routes), communal, social, and personal services.



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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

- A minimum of twenty percent (20%) for other activities, such as transformation and industrial/agricultural production, mixed productive units, and crafts, among others.

Similarly, microfinance banks may allocate up to a maximum of forty percent (40%) of the total gross loan portfolio for financing small and medium-sized enterprises and no less than sixty percent (60%) to the microfinance system. They may also grant credit cards to users who already have microcredits with the banking institution.

### f) Significant Accounting Estimates and Judgments

SUDEBAN regulations and VEN-NIF require Bank management to exercise judgment and utilize estimates and assumptions that affect the amounts reported in the financial statements and their notes, as well as the disclosure of contingent assets and liabilities. These estimates and assumptions are based on historical experience and factors considered reasonable under the circumstances. Actual results may differ from these estimates.

A summary of the key estimates used in the preparation of the financial statements follows:

#### Investments in Securities

The Bank determines the fair value of securities based on prices published by valuation systems that aggregate reference prices from across the financial market. Securities and their returns that remain uncollected 30 days after their maturity date must be fully provisioned and reclassified as other assets.

#### Provision for Contingent Loans

The provision for contingent loans is determined based on a collectability assessment aimed at quantifying the specific provision to be established for each loan, considering, among other aspects, economic conditions, credit risk by customer, credit history, and the fair value of guarantees received. The assessment is carried out quarterly, in accordance with SUDEBAN regulations. Loans of the same nature are evaluated together to determine the necessary provisions.

#### Provision for Other Assets

The Bank evaluates the recoverability of items recorded in the "Other assets" group on a semi-annual basis, following, where possible, the same criteria as for the loan portfolio. If any impairment is detected, the affected items are provisioned according to their nature and age.

#### Provision for Legal and Tax Claims

The Bank records a provision for legal and tax contingencies that it considers probable and reasonably quantifiable, based on the opinion of its legal advisors and facts known at the date of the assessment (**Note 12**). However, these considerations are based on current facts, and the final outcome of these litigation processes may differ from expectations.

### g) Premises, Equipment and depreciation

Premises and equipment are initially recognized at their original cost, which is their acquisition or construction cost, as applicable, plus all costs necessary to bring the asset to its location and condition for its intended use.

Depreciation is calculated using the straight-line method over the estimated useful lives of the various assets, which are as follows:

	Years
Computers	4
Office equipment	4
Automotive vehicles	4
Furniture	10

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

### h) Translation and Consolidation of the Foreign Branch's Financial Statements

The Bank's financial statements include the accounts of its branch in the Cayman Islands, which operates in US dollars as its functional currency. To present the consolidated financial statements, the branch's accounting records have been translated into bolivars, which is the Bank's presentation currency, using the official buying exchange rate reported by the BCV at the closing date of each period. This translation reflects the economic and financial situation of the branch in terms of the Bank's presentation currency.

Significant balances between the Bank and its branch were eliminated during consolidation, as follows:

	June 30, 2024	December 31, 2023
	(In bolivars)	
Combined asset balances without eliminations	7.131.521.992	6.101.346.447
Elimination of accounts receivable from Venezuela Branch	(294.746.573)	(345.184.282)
Elimination of Venezuela Investment in the Branch	(1.063.819.282)	(961.980.236)
Reclassification to equity provision for investments available for sale		-
Total Combined Assets	<u>5.772.956.137</u>	<u>4.794.181.929</u>
Venezuela assets, net	2.704.969.135	1.944.500.577
Branch assets, net	<u>3.067.987.002</u>	<u>2.849.681.352</u>
	<u>5.772.956.137</u>	<u>4.794.181.929</u>

### i) Employment benefits

Employee benefits are recognized when the obligation, whether legal or constructive, arises as a result of service received from the employee. In addition, it must be possible to make a reliable estimate of the employment obligation.

The new Collective Labor Agreement was signed on November 8, 2023, and is in effect from January 1, 2023, to December 31, 2025. The benefits included in this agreement became effective on January 1, 2023.

Employee benefits are classified as follows:

#### Accrual for Severance Payments

The LOTTT and the Bank's Collective Labor Convention establish that severance payments are an acquired right of employees. In Venezuela, severance payments are made at the end of the employment relationship, in proportion to the length of service, calculated based on the last integral salary earned by the employee. The integral salary is composed of the basic salary, vacation bonus allowance, utilities allowance, bonuses (except food bonus) and other monetary payments that the employer makes regularly and permanently to the employee.

The employee is entitled to be paid at least thirty days of integral salary for each year worked or fraction greater than six months, calculated according to the last salary (retroactive benefits). The employer must deposit 15% of the employee's integral salary quarterly into a severance payment account, which accrues monthly interest. This interest is paid to the employee each time they complete a year of service, unless the employee chooses to capitalize it. The LOTTT establishes that at the end of the employment relationship, the greater of the two calculations will be paid, between the retroactive severance payments and the total amount paid into the employee's trust guarantee.

The employee may also request an advance on their severance payments, up to 75% of the accumulated amount, for the following purposes: construction, acquisition, improvement or repair of housing; release of mortgage or any other encumbrance on housing; investment in education; medical and hospital expenses. The employee must demonstrate to the employer that the money will be used for one of these purposes.

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

### **Notes to the financial statements**

**June 30, 2024 and December 31, 2023**

The employee's last salary, the time of termination of employment, and the final amount paid into each employee's guarantee are uncertain future events at each reporting date. Therefore, actuarial methods based on assumptions, which include the discount rate of the obligation, the salary increase rate, and the employee turnover rate, are used to measure and recognize the additional liability and expense related to severance payments. These assumptions are evaluated annually and may affect the amount of the liability if there is any variation in them. In accordance with the LOTTT, the Bank calculates the additional liability to the severance payment guarantee based on the last salary earned by the employee at the time of termination of employment, using actuarial methods.

#### **Short-term benefits**

The articles of Association, legal provisions, and individual and collective agreements entered into with managers and/or employees provide for their participation in net profits, as well as other short-term benefits. The main accruals for this concept relate to the participation of employees participation in net profits and vacation bonuses. The Bank recognizes this cost based on the provisions of the aforementioned regulations during the year in which they are incurred, charged to results, according to undiscounted calculations based on labor regulations and the current collective agreement.

#### **Payroll Taxes**

Payroll taxes are established by law or based on it. They are collected by certain public entities to ensure their autonomous financing. Some of the payroll taxes are those allocated to social security, which include contributions from workers and employers to the different social protection subsystems, such as the Compulsory Social Security (SSO), the Employment Benefits Regime, the Compulsory Housing Savings Fund (FAO), the National Institute of Socialist Educational Training (INCES). These contributions are calculated based on the salary, whether normal or integral, earned by the employee.

#### **Job Security**

Job security is a measure that protects public and private sector workers from being dismissed, transferred, or having their working conditions worsened without prior authorization from the Labor Inspectorate. The National Executive has issued several job security decrees since 2002, the most recent being Decree No. 4,753, published in Extraordinary Official Gazette No. 6,723 of December 20, 2022, which establishes job security for a period of two years, from January 1, 2023, to December 31, 2024. However, there are some exceptions to job security, such as workers who hold management positions, seasonal or casual workers, and cases of definitive or partial closure of the company.

#### **j) Other assets**

This category includes assets that cannot be classified in other asset groups, such as deferred expenses, prepaid expenses, miscellaneous assets, and items pending application, along with their corresponding allowance.

Deferred expenses include organization and installation expenses of own branches and agencies, improvements to leased properties, software, and acquired licenses. These expenses are not recognized at the time of their cancellation but are distributed in future periods because their benefits extend beyond the period in which they were incurred.

Some items in this group have a maximum term of 360 days from their maturity or due date. If they are not realized within that period, they are 100% provisioned and, with prior authorization, derecognized. Miscellaneous assets, Value Added Tax (VAT) on financial leases, Income Tax (ISLR) paid in advance, the Tax on Large Financial Transactions (IGTF), tax stamps, and items required by SENIAT are excepted from this maximum term.

The Bank assesses the recoverability of items in "Other assets," assigning provisions according to their age, nature, and SUDEBAN requirements. Deferred expenses are recorded at cost and presented net of accumulated amortization, calculated using the straight-line method over a maximum period of four years.

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

#### k) Trust assets

Trust assets are valued using the same parameters as the Bank's own assets, with the following exceptions:

- General provisions are not established for the loan portfolio.
- Investments in securities are recorded at acquisition cost adjusted for premium or discount amortization.
- Foreign exchange gains, both realized and unrealized, are recorded in the income statement and not in the trust's equity.

The Bank provides custody, administration, and investment management services with various financial instruments. Trust assets are not included in the Bank's assets but are presented in the Off-Balance Sheet Accounts. As of June 30, 2024, and December 31, 2023, the Bank held Bs 572,985,430 and Bs 395,744,995, respectively, in trust assets (**Note 20**).

#### l) Financial risk management

Due to the nature of its business, the Bank is subject to market risk (price and foreign exchange), credit risk, liquidity risk, cash flow risk, and interest rate risk. The Bank controls these risks by establishing approval, supervision, and control mechanisms, under risk management policies directed by the Steering Committee.

The BCV has implemented monetary policy measures to reduce inflationary and exchange rate pressures, which directly affect the banking sector because they include significant monetary liquidity restriction measures and automatic and discretionary exchange rate intervention by the BCV that significantly limit credit intermediation, restrict the free availability of cash, and generate significant operating costs. Additionally, the stabilization of the exchange rate, which is the reference for determining the IDI in the loan portfolio, and under an environment of restrictions on active interest rates, affects the ability of banks to generate financial income from their loan portfolio.

Faced with these challenges, the Bank has created mechanisms to monitor these risks, reviews its business model when it deems appropriate, and has created provisions to cover general risks inherent to Venezuelan banking activity.

Under this context, a summary of the Bank's risk exposure is as follows:

##### Market Risk

Market risk materializes in a financial institution when market conditions change adversely, affecting the liquidity and value of financial instruments that the Bank holds in investment portfolios or contingent positions, including derivative transactions, resulting in a loss for the institution. This risk is primarily concentrated in two areas: price risk (which includes interest rate risk, currency risk, and equity price risk) and liquidity risk.

##### Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. The Bank has significant operations in US dollars. Likewise, when the Bank identifies a market opportunity, in the short or medium term, investments could be placed in instruments denominated in foreign currencies, mainly US dollars.

The Bank maintains recognized assets and liabilities denominated in currencies other than the bolivar, and its net foreign currency position is long, mainly in a currency with lower volatility than the reporting currency. The assets of the Cayman Islands Branch, whose functional currency is the US dollar, represent 66.47% (59.44% in the six months ended December 31, 2023) of the Bank's total assets.

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

## **Notes to the financial statements**

**June 30, 2024 and December 31, 2023**

### **Price Risk**

Financial assets are mainly held in cash, deposits with the BCV, domestic and foreign banks, as well as obligations in foreign companies, which are classified as available-for-sale, held-to-maturity, and restricted investments, and which in total represent 57.32% (61.07% in the six months ended December 31, 2023) of the Bank's assets. These assets are substantially independent of price fluctuations; therefore, 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 its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Bank reviews its available resources in cash, current accounts, loans, and guarantees daily. The Bank's investment strategy is aimed at guaranteeing an adequate level of liquidity. The Bank mainly maintains its investments at sight and/or with short-term maturities for liquidity risk management and performs cash flow projections to assess available liquid assets and financing needs.

### **Credit Risk**

The Bank assumes credit risk exposure as the risk that a counterparty will not be able to fully pay the debts incurred on the maturity date. Credit risk exposure is monitored by the Bank through 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 or failed internal processes, human error, system errors, and as a consequence of external events.

The operational risk measurement structure in the Bank is carried out through two approaches: qualitative and quantitative; the first based on the identification and analysis of risks before events associated with them occur; and the second based mainly on the collection of events that have occurred and the experience gained from them.

### **m) Subsequent events**

Subsequent events are those that occur between the end of the reporting period and the date the financial statements are authorized for issue. These events can be of two types: those that require adjustment and those that do not. Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events are those that indicate conditions that arose after the reporting period. Subsequent events may affect the presentation and disclosure of the financial statements.

Presidential Decree No. 4,972, published in Official Gazette No. 6,821 Extraordinary on July 12, 2024, establishes the rate of the Tax on Large Financial Transactions (IGTF) at zero percent (0%) for transactions carried out by taxpayers specified in numerals 1 to 4 of Article 4 of the IGTF Law.

The decree eliminates the IGTF for certain transactions carried out by legal entities and entities without legal personality, provided they meet the requirements established in the aforementioned numerals. However, transactions carried out by individuals and legal entities in foreign currency or cryptocurrencies remain subject to IGTF according to the rates established in Article 24 of the IGTF Law. This decree entered into force on July 15, 2024.

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

### 3. Cash

The cash balance included in Cash and Due from Banks is composed of the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Banknotes and foreign currency	24	129.518.565	154.718.925
Banknotes and national currency		36.988.710	47.625.855
Coined gold	24	75.850.996	66.554.074
Free convertibility exchange market		502.393	1.358.157
		<u>242.860.664</u>	<u>270.257.011</u>

As of June 30, 2024, and December 31, 2023, the Bank holds inventories in coins and gold bars equivalent to 897,717 ounces, which are quoted at US\$2,324 and US\$2,067 per ounce, respectively.

The balance in the BCV included in Cash and Due from Banks is composed of the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
To cover legal reserve		642.469.910	594.978.172
Currencies sold under the exchange intervention mechanism pending receipt from the BCV	10 y 24	68.565.694	60.568.001
Demand deposits		2.260.792	-
Others		49.438.515	40.263.742
		<u>762.734.911</u>	<u>695.809.915</u>

The BCV, in accordance with its legal attributions, determines the amount corresponding to the legal reserve requirement in bolivars to be maintained in the single account at that institution, according to the resolutions issued for that purpose.

#### Currency Intervention (BCV)

Currency Intervention is a monetary policy measure that the Central Bank of Venezuela (BCV) uses to influence the exchange rate of the national currency. Generally, the BCV intervenes in the foreign exchange market by buying or selling foreign currency with its own reserves. The objective is to moderate exchange rate fluctuations that may affect inflation, economic activity, or financial stability.

BCV Resolution 19-09-03, issued on September 5, 2019, and published in Official Gazette No. 41,742 of October 21, 2019, establishes that the BCV may carry out foreign currency sales operations with banking entities. These operations are carried out by debiting the single account that the entities maintain with the BCV. Banking entities must apply the foreign currency position they receive from the BCV in purchase and sale operations with their private sector clients, using the official exchange rate in effect on the transaction date. However, the banking and securities sectors are excluded.

The amount in bolivars equivalent to the amount of the foreign exchange intervention is deducted from the legal reserve requirement from the date of the operation until the last day of the following week.

In a circular sent by the BCV on October 21, 2022, it was ratified that foreign currency sales operations agreed with clients must be settled on the same value date. This implies debiting the bolivar account for the countervalue of the amount acquired and crediting the respective client's foreign currency account.

In addition, the special deposits referred to in Article 2 of Resolution No. 19-09-03 must be immediately credited to the foreign currency accounts referred to in Chapter IV of Exchange Agreement No. 1 dated August 21, 2018. These accounts are maintained by clients at the respective banking entity and are governed by the Accounting Manual for Banking Institutions issued by the Superintendency of Institutions of the Banking Sector.



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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

As of June 30, 2024, the balance of Bs 68,565,694, equivalent to US\$1,886,000 (Bs 60,568,000, equivalent to US\$1,688,570 as of December 31, 2023), corresponds to the amount of foreign currency pending receipt from the BCV, which was sold to clients under the Exchange Rate Intervention mechanism (Note 10). It is important to highlight that these amounts have already been delivered by the BCV as of the date of this report.

Furthermore, the BCV will apply an annual interest rate of 32.2% on the balance not sold in purchase and sale operations, from the date of execution of the foreign exchange intervention and for each day in which the reserve requirement deficit occurred.

In the circular dated October 7, 2021, the BCV agreed to modify the procedure regarding the balance not applied by banking institutions in operations with the public. According to this modification, if banking institutions fail to apply the totality of the foreign currency sold on the occasion of the foreign exchange intervention carried out by the BCV, the Institute will proceed, on the last banking business day of the corresponding week, to automatically carry out a purchase operation of the remaining foreign currency from the respective banking institutions. For this purpose, the exchange rate used in the respective foreign exchange intervention operation will be applied, reduced by 5.2375%. In addition, the BCV may agree to the following measures:

- a) Not apply the 5.2375% reduction in the exchange rate to banking institutions for the purchase of the balance not sold to the public of the foreign exchange intervention at the close of the respective week. Instead, the purchase exchange rate in effect for the day on which the sale of said intervention was made will be used.
- b) Not apply the charge of the rate for reserve requirement deficit provided for in Article 5 of Resolution No. 19-09-03, for those foreign currencies not sold to their clients.
- c) Extend the period in which banking institutions have the obligation to sell foreign currency to their clients, as a result of the foreign exchange intervention, and, consequently, allow the sale to the BCV of the unused foreign currency to be verified on the date determined by the latter.

### Legal Reserve Requirement

Resolution 22-01-01 of the BCV, issued on January 27, 2022, and published in the Official Gazette on February 4, 2022, establishes the rules governing the constitution of the minimum reserve requirement that banking institutions must maintain on deposit with the BCV. The reserve requirement is a percentage of net obligations and ceded investments by banks, intended to guarantee the solvency and stability of the financial system.

The key points of the Resolution are as follows:

#### 1. Minimum Reserve Requirement:

- Banking institutions must maintain a minimum legal reserve requirement:
  - 73% on net obligations in national currency and ceded investments in the money market.
  - 31% for foreign currency deposits.

#### 2. Cost for Reserve Requirement Deficit:

- If a bank presents a reserve deficit, it will incur a daily financial cost (COFIDE).
- The annual base interest rate for the reserve requirement deficit is 9 percentage points in addition to the rate set by the BCV in its ordinary discount, rediscount, and advance operations.
- Additional increases according to the following assumptions:
  - 2 percentage points if a deficit is incurred between 3 and 7 times within 30 days.
  - 4 percentage points if a deficit is incurred 8 or more times within 30 consecutive days, counted from the first non-compliance.

According to BCV Resolution 22-01-01, as of June 30, 2024, the Bank was required to maintain a legal reserve requirement of Bs 642,469,910 (required by the BCV) compared to Bs 726,331,308 as of December

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## Notes to the financial statements

June 30, 2024 and December 31, 2023

31, 2023. Available balances with the BCV amounted to Bs 644,730,701 (Bs 594,978,172 as of December 31, 2023), covering only part of the reserve requirement at that date.

During the first six months of 2024 and the second half of 2023, the Bank experienced reserve requirement deficits for several days. In the six months ended June 30, 2024, the Bank incurred financial charges from the BCV for Bs 20,013,793 (Bs 6,555,814 as of December 31, 2023). These charges include interest for legal reserve requirement deficit and IDI variation, which are presented in the category "Other operating expenses" (Note 19).

Public deposits in foreign currency derived from the Exchange Market System under current Exchange Agreement No. 1 are excluded from the calculation of the legal reserve requirement in foreign currency, which is equivalent to 31% of foreign currency deposits, according to the provisions of BCV Resolution 21-01-01. However, these deposits cannot be used for financial intermediation, unless prior authorization is granted by SUDEBAN; therefore, they are maintained in their entirety in bank accounts and/or in cash in the same currency in which they originate (Note 10).

### Foreign Banks and Correspondent Banks

Banks and correspondent banks are financial entities that act as intermediaries between different banking entities, facilitating international transactions and operations. Correspondent banks manage operations on behalf of another financial institution that does not have branches in the country and may, on behalf of a third party, accept deposits, transfer money, manage loans, among others.

The credit quality of foreign banks and correspondent banks, in which Venezolano de Crédito maintains cash and cash equivalents according to external indices, is as follows:

	June 30, 2024	December 31, 2023
	(in bolivars)	
A+	46.323.088	-
A-	230.231.117	-
AA	10.722.020	291.963.818
BB+	550.661.381	15.523.599
BBB-	8.058.949	374.200.434
Not available	164.718.148	71.020.460
	<u>1.010.714.703</u>	<u>752.708.311</u>

As of June 30, 2024, the total balance with foreign banks and correspondent banks amounted to Bs 1,010,714,703. These amounts include Bs 15,478,017 (equivalent to US\$425,745), which correspond to "Mesa de Cambio y Menudeo" transactions. As of December 31, 2023, the balance was Bs 752,708,311 and included Bs 15,813,429 (equivalent to US\$440,861) for the aforementioned transactions.

### 4. Securities

Investments in debt, equity and other securities have been classified in the financial statements in accordance with management's intention. Investments in securities include:

Note	June 30, 2024	December 31, 2023
	(in bolivars)	
Placements in the Venezuelan Central Bank and interbank operations	63.000.000	-
Securities available for sale	305.881.502	312.068.279
Held to maturity	679.767.177	665.037.734
Restricted availability	243.736.959	231.566.017
	<u>1.292.385.638</u>	<u>1.208.672.030</u>



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**a) Placements in Central Bank of Venezuela and Interbanking Transactions**

The details of these investments are as follows:

	June 30, 2024	December 31, 2023
	(in bolivars)	
Overnight placements with annual returns between 1% and 4% and maturity in July 2024	63.000.000	-

Overnight placements are short-term transactions carried out in the interbank market, generally with maturities scheduled for the next business day after the placement. During the six-month period ended June 30, 2024, interest income on interbank operations of Bs 1,074,560 (Bs 14,881,677 as of December 31, 2023) was recognized.

**b) Securities Available for Sale**

Investments in securities available for sale are presented at their reasonable value and detail is as follows:

	June 30, 2024			December 31, 2023		
	Acquisition Cost	Unrealized gross profit (gross loss)	Fair market value	Acquisition Cost	Unrealized gross profit (gross loss)	Fair market value
	(in bolivars)					
<b>Bonds issued by non-financial private companies abroad -</b>						
APPLE INC, with a nominal value of US\$200,000, annual interest rate of 2.5% and maturity in February 2025	-	-	-	6.897.937	104.488	7.002.425 <b>(1)</b>
AT&T INC, with a nominal value of US\$200,000, annual interest rate of 3.8750% and maturity in January 2026	-	-	-	6.937.680	106.353	7.044.033 <b>(1)</b>
Microsoft Corporation, with a nominal value of US\$200,000, annual interest rate of 3.1250% per year and maturity in November 2025	-	-	-	6.916.087	93.511	7.009.598 <b>(1)</b>
Mondelez International Holdings, with a nominal value of US\$750,000, annual interest rate of 1.5% and maturity in May 2025, June 2024 and December 2023	25.478.843	882.229	26.361.072 <b>(3)</b>	25.138.460	536.858	25.675.318 <b>(3)</b>
Pepsico Capital Resources, Inc., with a nominal value of US\$200,000, annual interest rate of 2.75% per year and maturity in January 2025	-	-	-	6.899.300	96.668	6.995.968 <b>(1)</b>
The Procter & Gamble Company, with a nominal value of US\$750,000, annual interest rate of 2.45% and maturity in November 2026 (US\$950,000, annual interest rate between 0.55% and 2.45% with maturity between October 2025 and November 2026, for December 2023)	25.639.464	192.641	25.832.105 <b>(3)</b>	31.829.108	618.532	32.447.640 <b>(3)</b>
United Technologies Corp., with a nominal value of US\$200,000, annual interest rate of 3.125% and maturity in May 2027	-	-	-	6.734.480	101.511	6.835.991 <b>(1)</b>
Verizon Communications INC, with a nominal value of US\$650,000, annual interest rate of 0.75% per year and maturity in March 2024	-	-	-	22.495.280	575.022	23.070.302 <b>(2)</b>
	51.118.307	1.074.870	52.193.177	113.848.332	2.232.943	116.081.275

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	June 30, 2024			December 31, 2023		
	Acquisition Cost	Unrealized gross profit (gross loss)	Fair market value	Acquisition Cost	Unrealized gross profit (gross loss)	Fair market value
(in bolivars)						
<b>Bonds issued by non-financial private companies abroad -</b>						
Bank of America Corporation, with a nominal value of US\$200,000, yield of 3.0930% per annum and maturity in October 2025	-	-	-	6.910.707	123.283	7.033.990 (1)
Bank of New Zealand, with a nominal value of US\$250,000, yield of 2% per annum and maturity in February 2025	-	-	-	8.434.008	227.556	8.661.564 (1)
BNP Paribas, with a nominal value of US\$200,000, yield of 4.25% per year and maturity in October 2024	-	-	-	6.979.289	117.113	7.096.402 (1)
Canadian Imperial Bank of Commerce, with a nominal value of US\$200,000, yield of 0.95% per annum and maturity in October 2025	-	-	-	6.506.745	196.528	6.703.274 (1)
Capital One Financial Corporation, with a nominal value of US\$200,000, yield of 3.65% per annum and maturity in May 2027	-	-	-	6.681.035	176.477	6.857.512 (1)
Citigroup Inc., with a nominal value of US\$200,000, yield of 1.2810% per annum and maturity in November 2025	-	-	-	6.728.167	172.388	6.900.556 (1)
Goldman Sachs Group (B), with a nominal value of US\$200,000, yield of 3.272% per year and maturity in September 2025	-	-	-	6.937.501	124.467	7.061.968 (2)
HSBC Holdings PLC, with a nominal value of US\$200,000, yield of 4.3% per annum and maturity in March 2026	-	-	-	6.949.948	106.998	7.056.946 (1)
Hyundai Capital American (HCA), with a nominal value of US\$200,000, yield of 4.3% per year and maturity in February 2024	-	-	-	7.135.859	22.239	7.158.098 (2)
ING Groep N.V., with a nominal value of US\$200,000, yield of 3.550% per annum and maturity in April 2024	-	-	-	7.056.982	73.855	7.130.837 (1)
JPMorgan Chase & Co., with a nominal value of US\$200,000, yield of 2.3010% per annum and maturity in October 2025	-	-	-	6.835.166	150.041	6.985.207 (1)
State Street Corporation, with a nominal value of US\$200,000, yield of 2.354% per annum and maturity in November 2025	-	-	-	6.857.799	139.604	6.997.403 (1)
The Bank of New York Mellon Corporation, with a nominal value of US\$100,000, yield of 2.10% per annum and maturity in October 2024	-	-	-	3.455.084	44.694	3.499.778 (1)
Toyota Motor Credit Corp, with nominal value US\$200,000, yield of 3.2% per year and maturity in October 2025	-	-	-	7.094.107	(47.204)	7.046.903 (1)
Wells Fargo & Company, with a nominal value of US\$200,000, yield of 2.406% per annum and maturity in October 2025	-	-	-	6.844.133	143.944	6.988.077 (1)
	-	-	-	101.406.530	1.771.983	103.178.515
<b>Securities issued or guaranteed by the Nation:</b>						
U.S. Government Treasury Bills, nominal value of \$3,200,000 (\$2,620,000 in December 2023 with maturity between January and May 2024) and maturity between July and November 2024	113.749.028	1.226.471	114.975.500 (1)	92.028.253	780.236	92.808.489 (1)
U.S. Government Treasury Bills, face value of US\$3,900,000, annual interest rate between 1.375% and 3.875%, and maturity between December 2024 and May 2025.	139.489.133	(776.309)	138.712.825 (1)	-	-	-
	304.356.468	1.525.033	305.881.502	307.283.115	4.785.162	312.068.279

**Investment custodian**

- (1) Raymond James & Associates Inc.
- (2) Venecredit Securities, Inc
- (3) Brown Brothers Harriman & Co

The maturities of the investments in securities available for sale were as follows:

	June 30, 2024		December 31, 2023	
	Acquisition cost	Fair market value	Acquisition cost	Fair market value
(in bolivars)				
Up to 6 months	113.749.028	114.975.500	130.167.727	130.167.727
From 6 months to a year	164.967.976	165.073.897	10.434.373	10.596.180
From one to five years	25.639.464	25.832.105	171.304.372	171.304.372
From five to ten years			-	-
More than ten years			-	-
	304.356.468	305.881.502	311.906.472	312.068.279

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**c) Held to Maturity Securities**

Investments in securities held until maturity correspond to securities for which the Bank is firmly committed and has the ability to hold them until maturity. The details of these investments are as follows:

	June 30, 2024			December 31, 2024		
	Acquisition Cost	Amortized cost (book value)	Fair value	Acquisition Cost	Amortized cost (book value)	Fair value
(in bolívars)						
<b>Bonds issued by foreign financial institutions</b>						
B.A.T. Capital Corp., with a par value of US\$500,000, annual interest rate of 4.7% and maturity in April 2027.	17.853.800	17.907.933	17.899.426 (2)	17.615.284	17.620.557	17.780.462 (2)
Bank of America, Corp., with a nominal value of US\$1,550,000, annual interest rate of 4.183% and maturity in November 2027, June 2024 and December 2023	65.236.836	60.709.443	54.411.928 (3)	64.365.310	60.528.145	54.101.998 (3)
Barclays Bank PLC, with a nominal value of US\$1,500,000, annual interest rates between 4.375% and 5.2%, and maturity between January and May 2026, June 2024 and December 2023	62.463.125	56.881.274	53.736.450 (2)	61.628.654	56.823.948	53.233.779 (2)
Bayer US Finance II LLC, with a nominal value of US\$1,350,000, annual interest rate of 2.850% and maturity in April 2025, June 2024 and December 2023	52.095.636	49.612.515	47.832.748 (3)	51.399.669	49.281.007	46.665.912 (3)
BPCE SA, with a nominal value of US\$500,000, interest rate of 4.625% and maturity in July 2024, June 2024 and December 2023	20.300.752	18.194.201	18.164.818 (1)	20.029.546	18.223.091	17.771.495 (1)
General Electric, Corp., with a nominal value of US\$1,000,000, annual interest rate of 5.9691% and maturity in May 2026, June 2024 and December 2023	35.918.823	36.266.465	36.522.318 (3)	35.438.969	35.758.350	35.672.120 (3)
Goldman Sachs Group Inc., with a nominal value of US\$500,000, annual interest rate of 5% and maturity in June 2027	17.982.134	18.012.780	17.870.342 (2)	17.741.903	17.744.880	17.706.930 (2)
Harley-Davidson Financial Services INC REGS, with a nominal value of US\$1,000,000, annual interest rate of 3.350% and maturity in June 2025, June 2024 and December 2023	38.219.628	36.728.646	35.497.105 (4)	37.709.036	36.433.556	34.667.777 (4)
Hyundai Capital America (HCA), with a nominal value of US\$500,000, interest rate of 5.5% and maturity in March 2026	18.231.711	18.212.952	18.164.818 (2)	17.988.146	17.979.609	18.036.929 (2)
Pfizer Investment Enterprises PTE LTD, with a nominal value of US\$500,000, annual interest rate of 4.65% and maturity in May 2025	18.066.114	18.123.093	18.057.570 (1)	17.824.761	17.850.695	17.880.897 (1)
Société Générale, S.A., with a nominal value of US\$1,600,000, annual interest rate of 5% and maturity in January 2024, June 2024 and December 2023	-	-	- (3)	63.073.258	57.468.198	57.304.956 (3)
United Health Group, Inc., with a face value of US\$200,000, interest rate of 3.1% and maturity in March 2026	6.989.774	7.058.121	7.035.436 (1)	6.896.395	6.902.457	6.896.251 (1)
Wells Fargo & CO, with a nominal value of US\$500,000, annual interest rate of 4.1% and maturity in June 2026, June 2024 and December 2023						
United Health Group, Inc., with a nominal value of US\$200,000, interest rate of 3.1% and maturity in March 2026	20.759.299	19.044.293	17.717.650 (2)	20.481.966	19.011.249	17.541.931 (2)
	374.117.632	356.751.716	342.910.609	432.192.897	411.625.742	395.261.437
<b>Bonds issued by non-financial private companies abroad -</b>						
General Motors Company, with a nominal value of US\$490,000, annual interest rate of 6.125% and maturity in October 2025, June 2024 and December 2023	20.997.352	18.621.289	17.908.406 (2)	20.716.839	18.689.034	17.815.041 (2)
HP Inc., face value of US\$500,000, annual interest rate of 4% and maturity in April 2029	17.239.945	17.391.721	17.303.202 (1)	17.009.629	17.078.749	17.428.942 (1)
Micron Technology INC, with a nominal value of US\$1,000,000, annual interest rate of 4.975% and maturity in February 2026, in December and June 2023	42.589.981	38.270.999	36.075.150 (2)	42.021.004	38.346.830	35.923.206 (2)
Molson Coors Beverage Company, with a nominal value of US\$1,000,000, annual interest rate of 3% and maturity in July 2026, June 2024 and December 2023	39.104.983	37.333.907	34.802.722 (1)	38.582.563	37.071.063	34.391.582 (1)
Ralph Lauren Corp, with a nominal value of US\$1,500,000, annual interest rate of 3.750% and maturity in September 2025, June 2024 and December 2023	57.651.893	55.244.405	53.480.147 (4)	56.881.697	54.795.533	52.749.542 (4)
Walgreens Boots Alliance INC, with a nominal value of US\$1,000,000, annual interest rate of 3.450% and maturity in June 2026, June 2024 and December 2023	40.280.343	37.667.874	34.210.135 (1)	39.742.221	37.500.957	34.075.932 (1)
Amazon.com Inc, with a nominal value of US\$ 300,000, annual interest rate of 3.150% and maturity in August 2027, in June 2024.	10.469.392	10.522.570	10.361.199 (2)	-	-	-
AT&T Inc, with a nominal value of US\$ 300,000, annual interest rate of 4.250% and maturity in March 2027, in June 2024.	10.759.069	10.779.762	10.667.672 (2)	-	-	-
Adobe Inc, with a nominal value of US\$ 300,000, annual interest rate of 2.150% and maturity in February 2027, in June 2024.	10.236.428	10.331.288	10.182.332 (1)	-	-	-
American Express Co., with a nominal value of US\$ 400,000, annual interest rate of 4.990% and maturity in May 2026, in June 2024.	14.553.580	14.551.400	14.460.598 (1)	-	-	-
Microsoft Corp, with a nominal value of US\$ 300,000, annual interest rate of 3.300% and maturity in February 2027, in June 2024.	10.645.859	10.682.593	10.522.616 (1)	-	-	-
Verizon Communications Inc, with a nominal value of US\$ 135,000, annual interest rate of 4.1250% and maturity in March 2027, in June 2024.	4.787.839	4.799.067	4.785.729 (3)	-	-	-
Netflix Inc, with a nominal value of US\$ 300,000, annual interest rate of 4.375% and maturity in November 2026, in June 2024.	10.804.658	10.814.708	10.712.389 (2)	-	-	-
Starbucks Corp, with a nominal value of US\$ 350,000, annual interest rate of 4.750% and maturity in February 2026, in June 2024.	12.723.516	12.723.621	12.636.482 (2)	-	-	-
	302.844.838	289.735.204	278.108.779	214.953.953	203.482.166	192.384.245

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	June 30, 2024			December 31, 2024		
	Acquisition Cost	Amortized cost (book value)	Fair value	Acquisition Cost	Amortized cost (book value)	Fair value
<b>Certificates of deposits in financial institutions</b>						
Banco Sabadell, S.A., with a nominal value of US\$915,422, annual interest rate of 4.80% with maturity in July 2024 (US\$895,263 interest rate of 4.85% with maturity in January 2024, for December 2023)						
	33.280.255	33.280.257	33.280.255 (4)	32.112.548	32.112.548	32.112.548 (4)
<b>Securities issued or guaranteed by the Nation:</b>						
U.S. Government Treasury Bills, face value of US\$500,000, due February 2024	-	-	- (1)	17.559.507	17.817.278	17.809.158 (1)
	710.242.725	679.767.177	654.299.643	696.818.905	665.037.734	637.567.388

## Custody of investments

- (1) Raymond James & Associates Inc.
- (2) Venecredit Securities, Inc
- (3) Brown Brothers Harriman & Co
- (4) Banco de Sabadell, S.A. (Miami Branch)

Maturities of investments in securities are held at maturity as follows:

		June 30, 2024		December 31, 2023
	Amortized cost	Fair market value	Amortized cost	Fair market value
		(in bolivars)	(in bolivars)	
Less than six months	51.474.456	51.445.073	107.398.011	107.140.397
From six months to one year	104.464.254	101.387.423	18.223.091	17.771.495
From one to five years	523.828.466	501.467.148	522.337.884	495.208.800
More than five years	-	-	17.078.748	17.446.696
	679.767.177	654.299.645	665.037.734	637.567.388

During the semester ended June 30, 2024, the Bank recognized losses from the amortization of premiums of Bs 4,263,704, equivalent to US\$117,279 (Bs 5,006,363, equivalent to US\$139,572 in the second semester of 2023), which are included in the “Other Operating Expenses” category (Note 18).

**d) Restricted availability investments**

The details of the restricted investments are as follows::

	June 30, 2024					December 31, 2023				
	Cost	Nominal Value	Book Value	Market Value	Provision established	Cost	Nominal Value	Book Value	Market Value	Provision established
	(in bolivars)					(in bolivars)				
<b>Cash and Certificates of Deposit</b>										
J/P Morgan Chase Bank, with nominal value of US\$5,947,554 (US\$9,791,861 in December 2023)	216.223.828	216.223.828	216.223.828	216.223.828	-	207.750.589	207.750.589	207.750.589	207.750.589	-
PNC Bank, with a nominal value of US\$562,364 (US\$535,291 in December 2023)	20.444.791	20.444.791	20.444.791	20.444.791	-	19.682.186	19.682.186	19.682.202	19.682.186	-
	<u>236.668.619</u>	<u>236.668.619</u>	<u>236.668.619</u>	<u>236.668.619</u>	<u>-</u>	<u>227.432.775</u>	<u>227.432.775</u>	<u>227.432.791</u>	<u>227.432.775</u>	<u>-</u>
<b>Restricted funds delivered to trusts</b>										
Social contingency fund trust, held in Banco Exterior, Banco Universal ATM Transaction Guarantee Fund Trust and Mobile Payment , in Mercantil, C.A., Banco Universal	247.382	247.382	247.382	247.382	-	185.536	185.536	185.536	185.536	-
	3.891.881	3.891.881	3.891.881	3.891.881	-	1.045.682	1.045.682	1.045.682	1.045.682	-
<b>Other investments with restricted availability</b>										
MasterCard, Inc. (22,940 class "B" shares, nominal value US\$0.0001 for US\$70.574).	-	2	2.565.723	2.565.723	-	-	2	2.531.447	2.531.447	-
Swift Shares 2 shares, nominal value EUR 125 per share.	363.333	9.743	363.354	626.201	-	410.317	11.002	370.561	682.539	-
	<u>4.502.596</u>	<u>4.149.008</u>	<u>7.068.340</u>	<u>7.331.187</u>	<u>-</u>	<u>1.641.535</u>	<u>1.242.222</u>	<u>4.133.226</u>	<u>4.445.204</u>	<u>-</u>
	<u>241.171.215</u>	<u>240.817.627</u>	<u>243.736.959</u>	<u>243.998.806</u>	<u>-</u>	<u>228.074.310</u>	<u>228.674.997</u>	<u>231.566.017</u>	<u>231.877.979</u>	<u>-</u>

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

The balance of cash and certificates of deposits as of June 30, 2024, and December 31, 2023, amounting to Bs 236,668,619 and Bs 227,432,775, respectively, corresponds to deposits in accounts at JP Morgan Chase Bank and PNC Bank, which act as collateral to secure the Bank's operations with VISA and MasterCard credit cards.

The shares of MasterCard Incorporated were received by the Bank as a result of the conversion of that entity into a public company in May 2006. Class B common shares of MasterCard Inc. can only be held by Class A shareholders.

Resolution 305.11 of SUDEBAN, issued on November 28, 2011, establishes the conditions for the creation and administration of the Social Contingency Fund by banking institutions. The objective is to guarantee the payment of social benefits and compensations to their workers in the event of liquidation or intervention of the entity. Among the aspects regulated by this resolution are:

- The amount and frequency of contributions to the fund, which must be equivalent to 0.5% of the capital stock of each banking institution, until reaching ten percent (10%) of the capital stock.
- The accounting and reporting obligations that banking institutions must comply with regarding the fund, as well as the applicable penalties in case of non-compliance.

Additionally, through Resolution No. 18-12-01 of the BCV, the Guarantee Fund for Payment Systems and Non-Banking Payment Service Providers was created. This fund aims to protect users of payment systems and non-banking payment service providers against the risk of non-compliance with payment obligations by any of the participants.

Corporación Suiche 7B, C.A., in its capacity as Administrator of a Payment System, requested the Bank to establish a new Guarantee Fund for ATM and Mobile Payment Transactions for an initial amount of Bs 8,365,455, payable in eight (8) variable installments, adjustable quarterly based on transaction volume. As of June 30, 2024, the Bank has made payments of Bs 3,891,881 (Bs 1,045,682 as of December 31, 2023) into an account at Mercantil C.A., Banco Universal at the BCV.

In addition, as of June 30, 2024, the bank maintains Bs 4,139,263 (Bs 1,231,219 as of December 31, 2023) in trusts.

### e) Concentration of investments

The Bank has directed its investment activities as follows::

Note	June 30, 2024		December 31, 2023	
	Book value	%	Book value	%
	(in bolivars)			
Securities issued by the US government	253.688.324	19,63	110.625.787	9,15
Obligations issued by several foreign financial entities	356.751.715	27,60	514.804.263	42,59
Non-financial private companies abroad	341.928.381	26,46	319.563.428	26,44
Term deposits in national financial institutions-		0,00	-	0,00
Term deposits in foreign financial institutions-	332.948.878	25,76	259.545.310	21,47
Shares and others	7.068.340	0,55	4.133.242	0,34
	<u>1.292.385.638</u>	<u>100,00</u>	<u>1.208.672.030</u>	<u>100,00</u>

The Bank's branch in the Cayman Islands maintains placements and obligations issued by financial institutions and various private companies abroad, denominated in US dollars. The obligations issued by financial and non-financial companies are with companies listed on the New York Stock Exchange.

As of June 30, 2024, 78.85% of the investments in securities, including the branch, are concentrated in fifteen (15) issuers.

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

### 5. Loan portfolio

The loan portfolio, consolidated with the foreign Branch, is classified as follows:

	June 30, 2024				December 31, 2023			
	Current	Expired	Under litigation	Total	Current	Expired	Under litigation	Total
(in bolivars)								
<b>By type of financial activity - Operations in Venezuela</b>								
Agriculture and fishing	135.457.871	-	-	135.457.871	169.263.594	-	-	169.263.594
Mining and quarrying	-	-	-	-	-	-	19.641.451	19.641.451
Manufacturing industries	110.582.224	-	-	110.582.224	145.116.470	-	-	145.116.470
Wholesale and retail trade, restaurants and hotels	96.654.021	3.458.626	-	100.112.647	237.453.815	-	-	237.453.815
Community, social and personal services	120.463.025	523.520	628.038	121.614.583	97.115.936	251.331	-	97.367.267
Construction, engineering and related services	33.920.159	-	-	33.920.159	33.891.478	-	-	33.891.478
Financial institutions, insurance, real estate.	1.910.401	-	-	1.910.401	2.999.440	-	-	2.999.440
Transportation, storage, communication and other services	14.620.997	40.237	-	14.661.234	21.718.937	144.363	-	21.863.300
	<u>513.608.698</u>	<u>4.022.383</u>	<u>628.038</u>	<u>518.259.119</u>	<u>707.559.670</u>	<u>395.694</u>	<u>19.641.451</u>	<u>727.596.815</u>
<b>By type of financial activity - Cayman Islands Branch</b>								
<b>Operations</b>								
Wholesale and retail trade, restaurants and hotels	909.472.766	-	-	909.472.766	452.394.857	-	-	452.394.857
Community, social and personal services	277.902.496	4.508.030	-	282.410.526	178.342.163	-	-	178.342.163
Agriculture and fishing	91.165.382	8.852.464	-	100.017.846	141.080.644	-	-	141.080.644
Mining and quarrying	38.899.940	-	-	38.899.940	-	-	-	-
Construction	152.926.207	-	-	152.926.207	76.266.166	120.370	-	76.386.536
Manufacturing industry	94.471.717	-	-	94.471.717	33.155.284	-	-	33.155.284
Financial institutions, insurance, real estate.	23.267.254	-	-	23.267.254	-	-	-	-
Transport, storage, communication and other services	107.530.257	-	-	107.530.257	102.870.453	-	-	102.870.453
	<u>1.695.636.019</u>	<u>13.360.494</u>	<u>-</u>	<u>1.708.996.513</u>	<u>984.109.567</u>	<u>120.370</u>	<u>-</u>	<u>984.229.937</u>
	<u>2.209.244.717</u>	<u>17.382.877</u>	<u>628.038</u>	<u>2.227.255.632</u>	<u>1.691.669.237</u>	<u>516.064</u>	<u>19.641.451</u>	<u>1.711.826.752</u>
Provision for credit portfolio	-	-	-	(42.140.875)	-	-	-	(44.314.628)
	<u>2.209.244.717</u>	<u>17.382.877</u>	<u>628.038</u>	<u>2.185.114.757</u>	<u>1.691.669.237</u>	<u>516.064</u>	<u>19.641.451</u>	<u>1.667.512.124</u>
<b>By type of guarantee - Operations in Venezuela</b>								
Guarantee deposits	216.343.035	552.229	628.038	217.523.302	10.883.439	-	-	10.883.439
Collateral pledged	4.341.191	-	-	4.341.191	115.951.762	-	-	115.951.762
Secured pledge	85.973.682	3.061.033	-	89.034.715	12.265.878	-	-	12.265.878
Mortgage and guarantee	27.670.488	-	-	27.670.488	310.054.690	379.534	19.641.451	330.075.675
Commercial	179.280.302	409.121	-	179.689.423	-	-	-	-
No guarantee	-	-	-	-	258.403.901	16.160	-	258.420.061
Total	<u>513.608.698</u>	<u>4.022.383</u>	<u>628.038</u>	<u>518.259.119</u>	<u>707.559.670</u>	<u>395.694</u>	<u>19.641.451</u>	<u>727.596.815</u>
<b>By type of guarantee - Operations in Cayman Islands Branch</b>								
Guarantee deposits	315.494.405	8.852.464	-	324.346.869	203.748.956	-	-	203.748.956
Collateral pledged	224.936.480	3.635.508	-	228.571.988	480.598.870	-	-	480.598.870
Secured pledge	1.007.799.058	872.522	-	1.008.671.580	255.655.320	120.370	-	255.775.690
No guarantee	147.406.076	-	-	147.406.076	44.106.421	-	-	44.106.421
	<u>1.695.636.019</u>	<u>13.360.494</u>	<u>-</u>	<u>1.708.996.513</u>	<u>984.109.567</u>	<u>120.370</u>	<u>-</u>	<u>984.229.937</u>
	<u>2.209.244.717</u>	<u>17.382.877</u>	<u>628.038</u>	<u>2.227.255.632</u>	<u>1.691.669.237</u>	<u>516.064</u>	<u>19.641.451</u>	<u>1.711.826.752</u>

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

	June 30, 2024				December 31, 2023			
	Current	Expired	Under litigation	Total	Current	Expired	Under litigation	Total
	(in bolivars)							
<b>At maturity - Venezuela operations</b>								
Up to 30 days	15.920.482	101.077	-	16.021.559	14.870.418	16.160	-	14.886.578
From 31 to 60 days	-	-	-	-	7.800.024	-	-	7.800.024
From 61 to 90 days	35.756.198	-	-	35.756.198	44.019.527	-	19.641.451	63.660.978
From 91 to 180 days	155.373.697	2.516.650	-	157.890.347	264.054.775	-	-	264.054.775
From 181 to 360 days	180.550.121	1.202.435	628.038	182.380.594	190.790.315	379.534	-	191.169.849
More than 360 days	126.008.200	202.221	-	126.210.421	186.024.611	-	-	186.024.611
	<u>513.608.698</u>	<u>4.022.383</u>	<u>628.038</u>	<u>518.259.119</u>	<u>707.559.670</u>	<u>395.694</u>	<u>19.641.451</u>	<u>727.596.815</u>
<b>By maturity - Cayman Islands branch operations</b>								
Up to 30 days	10.906.525	-	-	10.906.525	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-	-
From 61 to 90 days	290.558.379	872.522	-	291.430.901	134.287.866	-	-	134.287.866
From 91 to 180 days	335.986.327	-	-	335.986.327	206.330.410	-	-	206.330.410
From 181 to 360 days	455.487.005	3.635.508	-	459.122.513	373.685.262	120.370	-	373.805.632
More than 360 days	602.697.783	8.852.464	-	611.550.247	269.806.029	-	-	269.806.029
	<u>1.695.636.019</u>	<u>13.360.494</u>	<u>-</u>	<u>1.708.996.513</u>	<u>984.109.567</u>	<u>120.370</u>	<u>-</u>	<u>984.229.937</u>
	<u>2.209.244.717</u>	<u>17.382.877</u>	<u>628.038</u>	<u>2.227.255.632</u>	<u>1.691.669.237</u>	<u>516.064</u>	<u>19.641.451</u>	<u>1.711.826.752</u>
<b>By type of credit - Venezuela Operations</b>								
Fixed term loans	158.201.090	2.516.650	-	160.717.740	183.725.048	-	19.641.451	203.366.499
Installment credits	147.990.293	1.238.201	-	149.228.494	327.225.214	144.363	-	327.369.577
Agricultural	139.479.859	-	-	139.479.859	151.529.543	-	-	151.529.543
Microcredits	24.346.487	166.456	628.038	25.140.981	17.240.449	235.171	-	17.475.620
Consumer credits	15.390.583	94.182	-	15.484.765	14.870.418	15.014	-	14.885.432
Mortgage loans	27.670.488	-	-	27.670.488	12.968.998	-	-	12.968.998
Current account credits	529.898	6.894	-	536.792	-	1.146	-	1.146
	<u>513.608.698</u>	<u>4.022.383</u>	<u>628.038</u>	<u>518.259.119</u>	<u>707.559.670</u>	<u>395.694</u>	<u>19.641.451</u>	<u>727.596.815</u>
<b>By type of credit - Cayman Islands Branch Operations</b>								
Fixed term loans	830.369.402	9.724.985	-	840.094.387	516.624.051	120.370	-	516.744.421
Installment credits	834.322.416	3.635.509	-	837.957.925	452.666.634	-	-	452.666.634
Consumer credits	-	-	-	-	1.744.679	-	-	1.744.679
Mortgage loans	26.988.473	-	-	26.988.473	13.074.203	-	-	13.074.203
Current account credits	3.955.728	-	-	3.955.728	-	-	-	-
	<u>1.695.636.019</u>	<u>13.360.494</u>	<u>-</u>	<u>1.708.996.513</u>	<u>984.109.567</u>	<u>120.370</u>	<u>-</u>	<u>984.229.937</u>
	<u>2.209.244.717</u>	<u>17.382.877</u>	<u>628.038</u>	<u>2.227.255.632</u>	<u>1.691.669.237</u>	<u>516.064</u>	<u>19.641.451</u>	<u>1.711.826.752</u>

Banking institutions may carry out active and contingent operations up to a limit of 10% of their equity per person or entity, and up to 20% in the case of a single entity. This limit may be increased by up to an additional 10% if the excess is backed by guarantees from solvent banks or guarantees accepted by the Superintendency of Institutions of the Banking Sector. As of June 30, 2024, and December 31, 2023, the Bank has loans to one debtor that slightly exceed 10% of equity; however, the excess is covered by a pledge.

### Regulatory Portfolios

In accordance with current legal regulations, the Bank must allocate a minimum nominal percentage for granting loans to the National Productive Single Portfolio and the microenterprise sector, as detailed below:

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

Activity						June 30, 2024
	Balance held in bolivars	Held	Requested	Number of debtors	Number of credits	Maximum annual interest rate
National Single Productive Portfolio (Note 1)	<u>151.364.742</u>	28,09%	25,00%	84	89	6%
Microcredits (Note 1)	<u>25.140.981</u>	3,46%	3,00%	175	177	16%

Activity						December 31, 2023
	Balance held in bolivars	Held	Requested	Number of debtors	Number of credits	Maximum annual interest rate
National Single Productive Portfolio (Note 1)	<u>151.529.543</u>	30,24%	25,00%	14	22	6%
Microcredits (Note 1)	<u>17.475.621</u>	4,14%	3,00%	139	141	16%

The single national productive portfolio is allocated as follows:

Activity	December 31, 2023			Nota		
	Balance held in bolivars	Held	Requested	Balance held in bolivars	Held	Requested
Agricultural	139.479.859	92,15%	85%	151.529.543	100,00%	100,00%
Credimujer	<u>11.884.884</u>	7,85%	15%	-	-	-
	<u>151.364.743</u>			<u>151.529.543</u>		

The gross microloan credit portfolio is allocated as follows:

Activity	June 30, 2024			December 31, 2023		
	Balance held in bolivars	Held	Requested	Balance held in bolivars	Held	Requested
Marketing	13.299.435	52,90%	40%	7.172.959	41,05%	40%
Provision of services (Public transportation for urban and trunk routes; community, social and personal services)	9.615.002	38,24%	40%	8.058.907	46,12%	40%
Other activities	<u>2.226.543</u>	8,86%	20%	<u>2.243.755</u>	12,84%	20%
	<u>25.140.980</u>			<u>17.475.621</u>		

The minimum nominal percentage for granting loans to the National Productive Single Portfolio is 25% of the gross loan portfolio balance at the close of the immediately preceding quarter, discounting the increase due to capital updating, resulting from the application of the Credit Value Unit (UVC), which is generated on commercial loans. As of June 30, 2024, and December 31, 2023, the calculation was made based on the gross loan portfolio as of March 31, 2024, and September 30, 2023, respectively.

The minimum nominal percentage for granting loans to the country's microfinance sector is at least 3% of the loan portfolio, based on the immediately preceding semester. As of June 30, 2024, and December 31, 2023, the calculation was made based on the gross loan portfolio as of December 31 and June 30, 2023, respectively.

Through Circular No. 00919 of February 28, 2024, the Superintendency of Institutions of the Banking Sector (SUDEBAN) ratified Circular No. SIB-II-GGR-GNP-00335, dated January 18, 2023. This circular establishes that Banking Institutions may grant loans in national currency to their clients using resources from foreign currency funds. The key aspects are detailed below:

- **Limit on Loans in National Currency:** Banking institutions may grant loans in national currency to their clients using resources raised in foreign currency. The maximum amount allowed is equivalent to 30% of the foreign currency balance recorded in the account called "Current accounts according



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

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June 30, 2024 and December 31, 2023

to the Free Convertibility Market System" as of December 31, 2022. It is important to note that this provision excludes foreign currency custody accounts.

- **Settlement in Bolivars:** The foreign currency corresponding to the aforementioned percentage must be offered in the Exchange Market System for subsequent settlement in bolivars. The different credit modalities provided for in the Law and other complementary regulations must be applied in this process.

These loans must be measured and expressed solely through the use of UVC, as established in Resolution No. 22-03-01 of March 17, 2022. Likewise, banking institutions that intend to enter into the aforementioned loan operations must submit a draft contract to SUDEBAN for subsequent approval.

During the six-month periods ended June 30, 2024, and December 31, 2023, neither the Bank nor its foreign branch carried out repurchase agreements or portfolio purchase-sale transactions.

### Allowance for Loan Losses

The Bank maintains allowances for loan losses that exceed the minimum requirements established by SUDEBAN. The movement in the balance of the allowance for loan losses is shown below:

	June 30, 2024	December 31, 2023
	(in bolivars)	
Balance at the beginning of the six-month period	44.314.628	27.235.144
<b>Increased provision-</b>		
Charged to results	14.115.331	17.227.635
Charged to equity	16	4.212.536
Reclassifications allowed and others	1.276.959	-
<b>Decrease in provision-</b>		
Credit to equity	16	(4.360.687)
Write-off applied	(16.669.194)	-
Balance at the end of the six-month period	<u>42.140.875</u>	<u>44.314.628</u>

The allowance for loans losses is distributed as follows:

	June 30, 2024	December 31, 2023
	(in bolivars)	
Generic provision, equivalent to 1% of the capital balance of credit portfolio, except for microcredit portfolio balance, which holds a generic provision of 2%	5.434.001	7.674.290
Countercyclical provision, equivalent to 0.75% of the gross credit portfolio	3.886.942	5.662.088
Provision held by Branch abroad amounting to US\$859,173 (US\$480,288 in December 2023), for the loan portfolio	31.235.307	17.224.024
Specific provisions	<u>1.584.625</u>	<u>13.754.226</u>
	<u>42.140.875</u>	<u>44.314.628</u>

During the semester ended June 30, 2024, reclassifications were made from the general and countercyclical allowances to the allowance for uncollected interest. The increase in the allowance for loan losses corresponds to an increase of Bs 14,115,331 in the Branch, charged to the results of the six-month period and presented in the account "Expenses for uncollectibility and impairment of financial assets." In addition, a decrease of Bs 896,849 was recorded, charged to equity, presented in the account "Adjustments to equity," as permitted by SUDEBAN Resolution No. 070.19 of December 20, 2019. Additionally, write-offs of Bs 16,669,194 were made and charged directly to the allowance.

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

During the semester ended December 31, 2023, reclassifications were made between the general and countercyclical allowances to the specific allowances. As of December 31, 2023, the increases in the allowance for loan losses include the increase in the countercyclical allowance by Bs 3,342,691, charged to the results of the six-month period and presented in the account "Expenses for uncollectibility and impairment of financial assets," and Bs 26,406, charged to equity, presented in the account "Adjustments to equity," as permitted by SUDEBAN Resolution No. 070.19 of December 20, 2019.

The total amount of the portfolio, which includes past-due and in litigation portfolios, on which interest was not accrued, amounts to Bs 18,010,915 as of June 30, 2024 (Bs 20,157,514 as of December 31, 2023). In addition, the unrecognized interest on that portfolio totals Bs 79,417 (Bs 880,371 in the six-month period ended December 31, 2023). Also, the non-performing loan portfolio represents 0.8087% of the gross loan portfolio and 3.2017% of the Bank's total equity.

As of June 30, 2024, and December 31, 2023, the coverage ratio of the allowance for loan losses in relation to the non-performing loan portfolio is 233.97% and 219.84%, respectively, complying with the requirements established by the Superintendency.

During the semester ended June 30, 2024, and December 31, 2023, there were no loan recoveries through the foreclosure of assets.

## 6. Financial Statements of the Foreign Branch

As of June 30, 2024, and December 31, 2023, the Branch has an assigned capital of US\$13,500,000, which comes from contributions made by the Bank and approved by the Board of Directors. A summary of the financial statements of the Branch in the Cayman Islands that have been consolidated with the Bank's financial statements, prior eliminations, is shown below:

	June 30, 2024		December 31, 2023	
	US\$	Equivalent in bolivars	US\$	Equivalent in bolivars
<b>Asset:</b>				
Availability	24.880.973	904.549.875	18.345.886	658.055.955
Investments in securities	33.631.628	1.222.680.651	33.591.565	1.204.909.340
Credit portfolio	46.149.286	1.677.761.205	26.958.975	967.002.305
Interest and commissions receivable	826.194	30.036.366	548.076	19.659.158
Other assets	8.163.320	296.778.187	9.624.885	345.238.867
	<u>113.651.401</u>	<u>4.131.806.284</u>	<u>89.069.387</u>	<u>3.194.865.625</u>
<b>Memoranda accounts</b>				
Other debtor memorandum accounts	<u>53.266.110</u>	<u>1.936.493.930</u>	<u>30.372.261</u>	<u>1.089.434.832</u>
<b>Liabilities:</b>				
Public deposits	83.467.095	3.034.453.290	61.415.292	2.202.929.782
Accruals and other liabilities	922.394	33.533.710	835.130	29.955.613
	<u>84.389.489</u>	<u>3.067.987.000</u>	<u>62.250.422</u>	<u>2.232.885.395</u>
Assigned capital and accumulated surplus	29.261.912	1.063.819.284	26.818.965	961.980.230
	<u>113.651.401</u>	<u>4.131.806.284</u>	<u>89.069.387</u>	<u>3.194.865.625</u>
<b>Per contra memorandum accounts:</b>				
Other memorandum accounts payable	<u>53.266.110</u>	<u>1.910.623.499</u>	<u>30.372.261</u>	<u>1.089.434.832</u>
<b>Income statements:</b>				
Financial income	4.140.820	150.539.849	2.439.597	87.506.885
Financial expenses	(2.707)	(98.407)	(2.084)	(74.752)
	<u>4.138.113</u>	<u>150.441.442</u>	<u>2.437.513</u>	<u>87.432.133</u>
Other operating income	4.460.454	162.160.196	2.954.196	105.965.243
Other operating expenses	(515.205)	(18.730.332)	(446.308)	(16.008.801)
Transformation expenses	(1.732.283)	(62.977.284)	(1.132.633)	(40.626.868)
Other income or expenses, net	(388.049)	(14.107.563)	(407.909)	(14.631.452)
	<u>1.824.917</u>	<u>66.345.017</u>	<u>967.346</u>	<u>34.698.122</u>
Net profit for the semester	<u>5.963.030</u>	<u>216.786.459</u>	<u>3.404.859</u>	<u>122.130.255</u>

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
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**June 30, 2024 and December 31, 2023**

**Interests and commissions receivable**

The details of the interest and commissions receivable are as follows:

	Note	June 30, 2024	December 31, 2023
(in bolivars)			
<b>Income receivable from investments in securities</b>			
In securities available for sale		1.221.553	1.255.533
In securities held to maturity		6.318.758	6.515.799
For placements in the Central Bank of Venezuela and interbank operations		16.500	-
		<u>7.556.811</u>	<u>7.771.332</u>
<b>Income receivable from credit portfolio</b>			
Current credits		26.611.856	16.793.095
Overdue credits		586.969	1.722
Due to default		204.583	6.124
Microcredits and other financing instruments		185.033	132.119
		<u>27.588.441</u>	<u>16.933.060</u>
<b>Commissions receivable</b>			
Trust		2.528.430	1.537.346
Others		-	-
		<u>2.528.430</u>	<u>1.537.346</u>
<b>Provision for income receivable and others</b>			
		<u>(584.743)</u>	<u>-</u>
		<u>37.088.939</u>	<u>26.241.738</u>

## 7. Premises and Equipment

The Premises and Equipment are represented by:

	Note	Buildings	Computing equipment	Office equipment	Vehicles	Furniture	Total
(in bolivars)							
<b>Cost</b>							
Balance at July 1, 2023		-	7.529.782	5.256.060	2.097	212.502	13.000.441
Additions		-	1.997.671	6.338.969	-	490.232	8.826.872
		-	<u>9.527.453</u>	<u>11.595.029</u>	<u>2.097</u>	<u>702.734</u>	<u>21.827.313</u>
<b>Depreciation</b>							
Balance at July 1, 2023		-	(1.154.420)	(756.853)	(2.086)	(6.965)	(1.920.324)
Six-month period expenses		-	(1.088.190)	(853.986)	(11)	(18.133)	(1.960.320)
Others		-	-	-	-	-	-
		-	<u>(2.242.610)</u>	<u>(1.610.839)</u>	<u>(2.097)</u>	<u>(25.098)</u>	<u>(3.880.644)</u>
Balance at December 31, 2023		-	<u>7.284.843</u>	<u>9.984.190</u>	<u>-</u>	<u>677.636</u>	<u>17.946.669</u>
<b>Cost</b>							
Balance at December 31, 2023		-	9.527.453	11.595.029	2.097	702.734	21.827.313
Additions		1.992.094	6.192.787	10.058.765	-	669.722	18.913.368
		<u>1.992.094</u>	<u>15.720.240</u>	<u>21.653.794</u>	<u>2.097</u>	<u>1.372.456</u>	<u>40.740.681</u>
<b>Depreciation</b>							
Balance at December 31, 2023		-	(2.242.610)	(1.610.839)	(2.097)	(25.098)	(3.880.644)
Six-month expense		(20.751)	(1.677.830)	(2.334.162)	-	(49.062)	(4.081.805)
Others		-	-	-	-	-	-
		<u>(20.751)</u>	<u>(3.920.440)</u>	<u>(3.945.001)</u>	<u>(2.097)</u>	<u>(74.160)</u>	<u>(7.962.449)</u>
Balance at June 30, 2024		<u>1.971.343</u>	<u>11.799.800</u>	<u>17.708.793</u>	<u>-</u>	<u>1.298.296</u>	<u>32.778.232</u>

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During the semester ended June 30, 2024, the Bank recorded depreciation expense for premises and equipment of Bs 4,081,805 (Bs 1,960,320 in the six-month period ended December 31, 2023), which is included in the "General and administrative expenses" account (Note 17)

## 8. Other assets

Other assets comprise the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Prepaid expenses:			
Prepaid maintenance contracts		20.753.854	10.678.793
Prepaid insurance premiums		18.804.832	20.356.199
Advance payment to sundry service providers		18.036.540	10.262.156
Professional fees paid in advance		16.703.766	3.163.778
Prepaid rentals		3.190.046	1.916.664
Taxes paid in advance	13	9.852.007	19.097.981
		87.341.045	65.475.571
Pending collections immediate credits received		45.755.446	-
Advances to suppliers		33.616.712	29.640.716
Cost of foreign currency acquired at point-of-sale terminals US\$473,830 (US\$658,331 at December 2023)	10	17.382.478	23.726.555
Deferred expenses		11.385.959	11.461.231
Items to apply		3.904.067	15.905.170
Employee accounts receivable		3.316.605	1.635.264
Stationery stock		1.897.939	4.911.711
Recoverable expenditures		982.700	807.715
Accounts receivable from other banks for P2P operations		46.651	34.134
Debit card claims		45.619	101.463
IGTF ME cost settled to TN		28.508	786.957
Others		3.598.821	579.201
		209.302.550	155.065.688
Provision for other assets		(79.222)	(78.787)
		209.223.328	154.986.901

"Pending immediate credit collections" received correspond to transfers received by the Bank's client through various digital channels that have not been settled or cleared by the BCV. These settlements are made twice a day, with the second settlement pending at the end of the day.

Prepaid taxes are mainly comprised of:

1. Income tax advances for special taxpayers: Bs 8,454,303 (Bs 18,654,323 as of December 31, 2023).
2. VAT tax credits: Bs 67,653 (Bs 443,658 as of December 31, 2023).
3. Taxes paid by the branch related to the annual operating license in the Cayman Islands: Bs 1,330,064 equivalent to US\$36,585 in the first half of 2024.
4. Estimated contribution to the National Sports Fund: Bs 670,357

Prepaid technological maintenance contracts and others are mainly comprised of maintenance and support services for technological platform equipment, as well as the renewal of software and internet licenses that cover a one-year period.

Advances to suppliers for various services represent expenses for maintenance and repair services paid in advance to suppliers. These advances are amortized as the contracted good or service is received.

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
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Prepaid insurance premiums consist of advance payments for the banking crime policy, whose coverage extends to the following period.

Advances to suppliers are payments made to suppliers for goods and services acquired that have not yet been received.

Items pending application are mainly comprised of receivables for customer transactions with debit and credit cards. These accounts are mostly applied to the corresponding accounts during the first days of the month following the closing.

The balance of Bs 3,904,067 as of June 30, 2024 (Bs 15,905,170 as of December 31, 2023) is comprised of the following items:

- Bs 10,967,812 as of December 31, 2023, for payments to suppliers pending application.
- Bs 957,836 (Bs 475,414 as of December 31, 2023) for current and regular savings account transactions settled the following business day.
- Bs 2,761,136 (Bs 2,979,975 as of December 31, 2023) for debit card purchase transactions pending application to affiliated businesses, which were also settled the following business day.

Penalty expenses applied by the BCV related to foreign exchange intervention, as explained in Note 3, are charged to results, in accordance with instructions received from SUDEBAN in Official Letter No. SIB-II-GGIBPV-GIBPV6-02729 dated May 22, 2020. For the six-month periods ended June 30, 2024, and December 31, 2023, no expenses were recorded for these penalties.

The costs of foreign currency acquired at point-of-sale terminals correspond to purchases made at commercial establishments by individuals with foreign debit and credit cards in foreign currency through point-of-sale terminals. This foreign currency is available to be sold to the Bank's clients, in accordance with what is permitted by the Central Bank of Venezuela (BCV) in a communication dated May 14, 2019.

During the six-month period ended June 30, 2024, the Bank sold US\$14,163,253 (US\$17,354,844 as of December 31, 2023) and, consequently, recognized net realized foreign exchange gains of Bs 1,811,910 (Bs 21,700,378 as of December 31, 2023)

The Deferred expenses movement are as follows:

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

	Note	Licenses	Software for monetary reconversion	Improvements to leased property	Other software	Advertising for monetary reconversion	Other	Total
((in bolivars) (in bolivars))								
<b>Cost</b>								
Balance at July 1, 2023		3.787.409	94.900	1.300.704	133.939	11.204	5.726.360	11.054.516
Additions		209.848	-	2.408.798	1.289.299	-	282.042	4.189.987
Withdrawals		-	-	-	-	-	-	-
		<u>3.997.257</u>	<u>94.900</u>	<u>3.709.502</u>	<u>1.423.238</u>	<u>11.204</u>	<u>6.008.402</u>	<u>15.244.503</u>
<b>Amortization</b>								
Balance at July 1, 2023		(249.213)	(30.358)	(170.614)	(24.868)	(6.224)	(1.122.000)	(1.603.277)
Six-month period expenses		(485.646)	(9.490)	(262.954)	(16.742)	(1.867)	(1.403.296)	(2.179.995)
Withdrawals		-	-	-	-	-	-	-
		<u>(734.859)</u>	<u>(39.848)</u>	<u>(433.568)</u>	<u>(41.610)</u>	<u>(8.091)</u>	<u>(2.525.296)</u>	<u>(3.783.272)</u>
Balance at December 31, 2023		<u>3.262.398</u>	<u>55.052</u>	<u>3.275.934</u>	<u>1.381.628</u>	<u>3.113</u>	<u>3.483.106</u>	<u>11.461.231</u>
<b>Cost</b>								
Balance at December 31, 2023		3.997.257	94.900	3.709.502	1.423.238	11.204	6.008.402	15.244.503
Additions		2.366.493	-	-	278.977	-	-	2.645.470
Withdrawals		-	-	-	-	-	-	-
		<u>6.363.750</u>	<u>94.900</u>	<u>3.709.502</u>	<u>1.702.215</u>	<u>11.204</u>	<u>6.008.402</u>	<u>17.889.973</u>
<b>Amortization</b>								
Balance at December 31, 2023		(734.859)	(39.848)	(433.568)	(41.610)	(8.091)	(2.525.296)	(3.783.272)
Six-month period expenses		(621.985)	(9.490)	(463.688)	(183.717)	(1.867)	(1.439.993)	(2.720.740)
Withdrawals		-	-	-	-	-	-	-
		<u>(1.356.844)</u>	<u>(49.338)</u>	<u>(897.256)</u>	<u>(225.327)</u>	<u>(9.958)</u>	<u>(3.965.289)</u>	<u>(6.504.012)</u>
Balance at June 30, 2024		<u>5.006.906</u>	<u>45.562</u>	<u>2.812.246</u>	<u>1.476.888</u>	<u>1.246</u>	<u>2.043.113</u>	<u>11.385.961</u>

During the six-month period ended June 30, 2024, the Bank made disbursements of Bs 2,645,470 (Bs 4,189,987 in the six-month period ended December 31, 2023), mainly for the maintenance of licenses (for the maintenance of licenses and improvements to some of its leased properties at the Charallave agency in December 2023).

The Bank recognized amortization expense on deferred charges totaling Bs 2,720,740 (Bs 2,179,995 as of December 31, 2023) (Note 17).

The Bank provides for other assets based on specific recoverability and aging analyses, in accordance with SUDEBAN parameters. The movement in the allowance for other assets is shown below:

	Note	June 30, 2024	December 31, 2023
(in bolivars)			
Balance at the beginning of semester		(78.787)	(71.700)
Increased supply			
Effect of translation of the balance of the provision held in the Branch		(435)	(7.087)
Charged to assets		-	-
Balance at the end of the six-month period		<u>(79.222)</u>	<u>(78.787)</u>

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

### 9. Customers' Deposits

The Customers' Deposits include the following:

	Note	June 30, 2024	December 21, 2023
		(in bolivars)	
<b>Demand deposits</b>			
Unpaid checking accounts		785.560.230	633.452.550
Remunerated checking accounts include US\$67,948,723 from Branch clients (US\$50,980,856 in December 2023)		2.736.191.027	2.080.034.333
Demand deposits and certificates include US\$25,000 from Branch clients (US\$30,000 in December 2023)		21.544.062	54.618.631
Current accounts according to the Free Convertibility Foreign Exchange Market System, equivalent to US\$5,342,084 (US\$4,248,069 in December 2023)	3	194.211.911	152.375.705
		<u>3.737.507.230</u>	<u>2.920.481.219</u>
<b>Other demand obligations</b>			
Cashier's checks sold		5.549.759	50.706.029
Trust obligations include US\$23,603 (US\$108,099 in December 2023) deposited in current accounts of the Branch	20	15.532.290	18.955.777
Money orders and transfers payable	9	32.920.585	39.098.744
Others		1.511.141	1.203.592
		<u>55.513.775</u>	<u>109.964.142</u>
<b>Savings deposits</b>		<u>58.534.584</u>	<u>47.170.429</u>
Restricted public deposits include US\$15,469,715 from Branch clients (US\$10,296,337 in December 2023) that guarantee credit operations		566.687.239	370.827.768
		<u>4.418.242.828</u>	<u>3.448.443.558</u>

99% of public deposits come from individuals and legal entities in the private sector.

The Free Convertibility Exchange Market System is a system for buying and selling foreign currency in bolivars, in which buyers and sellers participate without any restrictions. This system was established by Exchange Agreement No. 1 of September 7, 2018. Under this system, individuals and legal entities can carry out foreign exchange transactions through exchange desks authorized by the BCV, which must publish daily the average exchange rate resulting from the transactions carried out. The most relevant aspects of the agreement are:

1. It establishes the free convertibility of the currency throughout the national territory.
2. It repeals the exchange control regime that began to be implemented in 2003.
3. It establishes two mechanisms for carrying out foreign exchange transactions: the mechanism applicable to the public sector and the mechanism applicable to the private sector:
  - The public sector mechanism centralizes the purchase and sale of foreign currency and foreign currencies in the BCV.
  - The private sector mechanism allows individuals to carry out foreign exchange transactions directly, without the need to go through the BCV, through the Exchange Market System.
4. It regulates retail operations and securities transactions.

Current accounts under the Free Convertibility Exchange Market System correspond to public deposits in foreign currency, held in Venezuela (Notes 3 and 24), of which Bs 68,565,694 (Bs 60,568,001 as of



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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

December 31, 2023) are pending receipt from the BCV and the rest is held in cash in the Bank's vaults. Additionally, the Bank charged its clients between 3% and 3.8% of the amount of cash in foreign currency withdrawn at branches and teller windows, earning income for this concept during the six-month period ended June 30, 2024, of Bs 17,718,023 (Bs 19,285,164 in the six-month period ended December 31, 2023), which is included in other operating income (Note 18).

As of June 30, 2024, and December 31, 2023, interest-bearing checking accounts generated returns at an annual interest rate of 0.01%, with the exception of the trust interest-bearing account, which had an annual interest rate of 21%.

Cashier's check sold correspond to obligations for funds received from the public in exchange for manager's checks, mainly for payments to the National Treasury by large clients.

Draft and transfers payable are made up of two concepts. The first, for US\$431,699 as of June 30, 2024, and December 31, 2023, equivalent to Bs 15,694,466 (equivalent to Bs 15,484,797 as of December 31, 2023), corresponds to interest on Sovereign Bonds, the payment of which is suspended for the Bank's clients. The second concept, for US\$473,830, equivalent to Bs 17,226,119 (US\$658,331, equivalent to Bs 23,613,947 as of December 31, 2023), corresponds to foreign currency acquired through point-of-sale terminals from cards issued by foreign banks. This foreign currency will be sold to the Bank's clients, with prior authorization from the BCV.

The deposits of the Bank's branch in the Cayman Islands are susceptible to the Venezuelan market and in recent semesters have experienced variations typical of the needs derived from the inflationary effects of the country. Consequently, the Bank monitors its liquidity risks and modifies its investment strategy as necessary.

### 10. Other financing obtained

The detail of Other financing obtained is as follows:

	Note	June 30, 2024	December 31, 2023
			(in bolivars)
"Overnight" obligations with annual interest between 13.5% and 14% and maturity in January 2024		-	67.576.000
Deposits from foreign financial institutions in national currency		99.341	39.026
		<u>99.341</u>	<u>67.615.026</u>

In the first semester of 2024, the Bank recorded interest expenses amounting to Bs 904,696, compared to Bs 1,311,564 in the second half of 2023. These expenses are included in the category "Financial expenses"

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

### 11. Accruals and Other liabilities

Accruals and other liabilities include the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Provision for contingencies, including US\$14,401,741 (US\$ 14,334,465 in December 2023)		524.097.012	515.093.470
Items to apply		142.158.850	73.329.109
Profits payable to managers and employees, including US\$838,085 (US\$1,367,381 in December 2023)		31.275.419	49.047.122
Visa Growth Agreement		21.573.980	21.521.641
Contracted services to be paid		21.120.694	8.309.400
Accumulations to social benefits	14	17.507.940	21.086.334
Dividends payable	16	9.125.780	18.998.682
Provisions for the social protection of personnel		7.985.263	3.527.949
Tax withholding		5.957.452	5.876.506
TDD provision and Other claims		883.999	923.684
Cashier's checks		2.477.146	2.005.273
Other miscellaneous accounts payable		1.729.458	1.706.353
Contribution payable by Sports Law	1	1.052.357	2.681.429
Contribution payable by Organic Drug Law	1	617.759	3.027.898
Provision for income tax	13	538.538	30.789.000
Other taxes		44.493	2.705.117
Others		3.257.443	1.564.232
		<u>791.403.583</u>	<u>762.193.199</u>

"Provisions for contingency" include estimates made by Management to cover tax, work, administrative and/or civil contingencies, and voluntary provisions to cover general risks typical of bank activity. The movement of the provisions is as follows:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Balances, at the beginning of the six-month period		515.093.470	409.608.729
Effects of exchange fluctuations due to valuation of balances in foreign currency, which is presented in equity	16	6.557.045	106.963.771
Increases charged to results		2.908.407	6.663.637
Decrease due to payments and others		(461.910)	(8.142.667)
Balances, at the end of the six-month period		<u>524.097.012</u>	<u>515.093.470</u>

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

Items pending application comprise the following:

	Note	June 30, 2024	June 30, 2024
		(in bolivars)	
P2P payments pending to Suiche 7B		67.181.125	46.908.743
Payment orders to apply to the BCV		5.406.282	1.410.231
Point of sales operations payable - Clearing accounts		22.779.116	21.513.476
National fundraising		4.019.822	-
Immediate credits to the Electronic Clearing House		40.294.264	1.481.117
Others		2.778.241	2.015.542
		<u>142.458.850</u>	<u>73.329.109</u>

P2P payments (person-to-person) are money transfers between individuals via mobile devices, which are made effective instantly from any bank affiliated with Suiche 7B. These payments are known as “pago movil” and serve as an alternative for settling transactions in stores and between individuals. The pending P2P payments to Suiche 7B as of June 30, 2024, and December 31, 2023, correspond to “pago movil” operations that are typically settled the day after the transaction.

Point-of-sale operations are transactions made with debit or credit cards through electronic devices (POS) that allow merchants to charge customers for a sale transaction. As of June 30, 2024, and December 31, 2023, the balance for payable point-of-sale operations corresponds to the use of point-of-sale systems from other financial institutions by clients of Venezolano de Crédito, which are mostly settled during the first days of the month following each monthly closing.

The payment orders to be applied as of June 30, 2024, and December 31, 2023, correspond to transfers made by Bank clients to other financial institutions in the last days of June 2024 and December 2023, respectively, which become effective on the first days of July and January 2024, respectively.

“Accrued liabilities for employees and executives” are calculated based on the net profits of the semester, according to the provisions of the current collective agreement and the Bank’s bylaws. According to the approval of the Executive Committee, the currency of payment for amounts owed for labor and statutory benefits will be the US dollar, to avoid, as much as possible, the effects of inflation on the purchasing power from the time the obligation is incurred until it is settled. During the semester ending June 30, 2024, bonuses were paid to employees and executives amounting to Bs 106,997,722, of which Bs 57,477,389 (equivalent to US\$1,581,000) were through its branch (US\$1,044,318 equivalent to Bs 37,459,059 in December 2023).

In September 2023, Visa International Payment Services Spain, S.R.L.U. (VISA) signed a “growth agreement” with Venezolano de Crédito S.A. Banco Universal to promote the use of Visa Debit through contactless technology in Venezuela, offering innovative, secure, and efficient payment solutions to merchants and consumers. The agreement is valid for 10 years starting from October 1, 2023. It includes a signing bonus of US\$300,000 and an incentive for the purchase of cards for US\$300,000; both incentives were received by Venezolano de Crédito S.A. Banco Universal in October 2023, considering that if the provisions established by Visa in the growth agreement are not met, both the signing bonus and the incentive for the purchase of cards must be returned.

Additionally, a participation bonus of US\$100,000 is proposed if 50% of the proposed target is reached within 4 years, and an additional US\$100,000 if 80% of the target is reached within 6 years. If the established targets are not met, this incentive will not be received.

## 12. Income Tax

The Income Tax Law contemplates the regime for the payment of taxes related to operating income and capital gains, the worldwide income system, the international tax transparency regime, the transfer pricing regime, and the inflation adjustment system, among other aspects.

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

## Notes to the financial statements

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The Bank's fiscal year ends on December 31 of each year, and it files its tax returns on an annual basis. The current Income Tax Law establishes, among other aspects for institutions engaged in banking and financial activities, a proportional tax of 40% on taxable income, and the exclusion from the tax inflation adjustment system. The Law additionally establishes that net operating losses may be carried forward for the following three fiscal years and offset only up to a maximum of 25% of annual enrichment.

As of June 30, 2024, the Bank did not create a provision for ISLR for the fiscal year ending December 31, 2024. As of December 31, 2023, the Bank closed with a provision to cover the income tax for the 2023 fiscal year amounting to Bs 30,789,000.

The reconciliation between book income and taxable income for the fiscal year ended June 30, 2024, is as follows:

	June 30, 2024	December 31, 2023
Applicable tax rate	40%	40%
Book profit before taxes	105.235.733	302.355.671
<b>Tax expenses as determined by accounting profit</b>	<b>42.094.293</b>	<b>120.942.268</b>
Tax effect on prepaid expenses	(27.631.492)	(21.923.366)
Income tax effect not available at the end of the semester	(21.059.515)	(57.427.128)
Tax effect on exempted income	(3.933.683)	(236.280)
Tax effect on released income year 2023	5.986.556	-
Tax effect on adjustments made to undistributed earning accounts	-	(5.745.667)
Other net effects	(19.171.299)	(4.821.820)
	(23.715.140)	30.788.007
Estimated income tax expense	-	30.789.000

On February 26, 2024, the Final Income Tax Return for the 2023 fiscal year was submitted, and a definitive tax payable of Bs 30,644,249 was determined. This amount was partially offset by payments made in advance up to the date of submission, totaling Bs 22,472,068, resulting in a tax payable of Bs 8,172,181.

### Deferred Income Tax

The Bank has not recorded the effect of income tax that could arise from temporary differences between taxable income and accounting profit, because there is no reasonable certainty in the foreseeable future about the occurrence of the availability of that income, which would increase or decrease taxable profit subject to income tax.

As of June 30, 2024, and December 31, 2023, the deferred tax asset resulting from certain loan loss allowances and the deferred tax liability resulting from valuations with an effect on equity accounts are not recognized, in accordance with the accounting interpretation of the accounting instructions contained in the Accounting Manual for Banks and Resolutions No. 198 of June 17, 1999, No. 025.17 of March 28, 2017, and No. 101.17 of September 12, 2017, issued by SUDEBAN.

### Income Tax Prepayment Regime

On August 21, 2018, the National Constituent Assembly published a Decree establishing the temporary regime for the payment of income tax prepayments for special taxpayers who carry out economic activities other than the exploitation of mines and hydrocarbons, and who do not receive royalties from these. The tax prepayments provided for in this Constituent Decree are determined:

- on gross income obtained in the previous fortnightly period with a rate of 2% for financial institutions, the banking sector, insurance, and reinsurance.
- on sales of goods and services declared in the Value Added Tax for each fortnightly period with a rate of 1%.

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These prepayments are deductible in the final income tax return. This regime will remain in force until the National Executive decides to repeal it. As of June 30, 2024, the Bank has settled income tax prepayments totaling Bs 8,454,303 (Bs 18,654,323 as of December 31, 2023).

### Transfer Pricing Regime

The Income Tax Law establishes for taxpayers subject to the transfer pricing obligation, who carry out transactions with shareholder or related companies domiciled abroad, the obligation to determine the income, costs, and deductions of said transactions, applying the methodology established in the Law, and the filing of an Informative Return on Investments in Low-Tax Jurisdictions. The evaluation of the Bank's activities and the applicable regulations on transfer pricing carried out by Management and its tax advisors concluded that the Bank does not carry out activities subject to the aforementioned regime.

### Capital Gains Tax

The Income Tax Law establishes a tax on dividends, the tax base of which is represented by the excess of the Company's net financial income, not exempt or exonerated, over its taxable income taxed with income tax. The applicable tax rate is 34% and must be withheld in its entirety by the Bank when it pays or credits dividends that are attributed to the aforementioned excess. The Bank is subject to this regime as a withholding agent for the dividends it pays to its shareholders.

### Organic Tax Code

The current Organic Tax Code, published by Decree of the National Constituent Assembly in Extraordinary Official Gazette No. 6,507 dated January 29, 2020, is the highest-ranking rule after the National Constitution that regulates national taxation, containing the principles, sources, classification, characteristics, procedures, and sanctions of Venezuelan tax law.

The current COT introduced several modifications with respect to the previous one, among which the following stand out:

- It is established that the value of the Tax Unit (UT) applicable to taxes that are settled for annual periods will be the one in force at the end of the respective fiscal year.
- The maximum term of the exemption benefit is reduced to one year with the possibility of renewal by the National Executive for the same maximum term.
- The UT is eliminated as a factor for calculating fines for formal and material offenses and is replaced by the official exchange rate of the highest value currency published by the Central Bank of Venezuela.
- Sanctions for tax offenses are strengthened, increasing fines and charges indexed to the euro.
- It is established that national tax exemptions will be contained in a single administrative act that will be called the General Decree of National Tax Exemptions and will be published for each fiscal year."

## 13. Employee Benefits and Employee Benefit Plan

The labor benefits and the benefits plan for staff include the following:

### a) Accrual for Employee Benefits

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Guarantee for social benefits		7.201.350	10.469.666
Additional obligation for social benefits		10.306.590	10.616.668
	12	<u>17.507.940</u>	<u>21.086.334</u>

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The Bank has calculated the severance payment guarantee for each employee, which corresponds to the equivalent of fifteen days of salary for each quarter, based on the last salary earned in the respective quarter. Additionally, an additional amount has been determined, corresponding to the difference between the severance payments calculated based on 30 days for each year of service or fraction greater than six months, calculated at the last salary.

To determine the additional amount, the Bank has relied on the assessment of an independent actuary, who has applied the principles of a defined benefit plan. This approach ensures that the calculations accurately reflect the Bank's future obligations in terms of severance payments, in accordance with current actuarial practices and regulations. The present value of the defined benefit obligation and the service cost were determined using the projected unit credit method.

The entity has provided advances of up to 75% of severance payments for specific purposes such as housing, education, and medical expenses, in accordance with established policies.

The defined benefit plan for the Bank's employee severance payments exposes it to actuarial risks such as: interest rate risk, mortality risk, and salary risk.

The main long-term assumptions used for the purposes of the actuarial study as of June 30, 2024, and December 31, 2023, are as follows:

	June 30, 2024	December 31, 2023
Turnover rate	22,12%	22,12%
Mortality rate	GAM83	GAM83
Salary increase rate	0,00%	0,00%
Discount rate	8,00%	8,00%
Long-term geometric average inflation rate	150%	150%

- The turnover rate is the estimated percentage of workers who retire or are dismissed from the company each year. This rate affects the number of workers who are entitled to receive social benefits and the time they must wait to collect them.
- The mortality rate is the probability that a worker will die before receiving his or her social benefits. This rate is usually expressed by a mortality table that indicates the life expectancy of workers according to their age and sex. The GAM83 table is a mortality table used to estimate the probability of survival and death of a group of people receiving an annuity.
- The rate of salary increase is the percentage of annual increase in workers' salaries. This rate affects the amount of social benefits, since they are calculated based on the last salary earned by the worker. A high rate of wage increase implies that more workers receive higher benefits.
- The discount rate is the interest rate used to calculate the present value of future payments. This rate reflects the opportunity cost of investing the money in another asset. A high discount rate implies that future payments have a lower present value.
- The long-term geometric average inflation rate is the annual percentage increase in the general price level. This rate affects the purchasing power of workers receiving social benefits. A high inflation rate implies that workers lose purchasing power over time.

During the first six-month period of 2024 and the second six-month period of 2023, reconciliation of movement in the current value of the obligation of benefits defined and presented in the Benefit plan account comprise the following:

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	June 30, 2024	December 31, 2023
	(in bolivars)	
Current value of obligations at the beginning of the six-month period	10.616.668	6.530.927
Interest cost (a)	424.667	261.237
Cost of services (a)	249.660	162.577
Benefits paid	(138.247)	(343.525)
Actuarial losses (gains) on obligations (b)	(984.406)	4.005.452
Balance at the end of the six-month period	<u>10.168.342</u>	<u>10.616.668</u>

(a) Presented in the Personnel expenses account in the income statement.

(b) Presented in the Surplus account to apply.

### b) Provisional retirement plan

Since 2017, the Bank has maintained a plan for its employees called the "Pre-Retirement Plan," which replaced the defined benefit plan called the "Retirement Plan."

The Pre-Retirement Plan is contributory in nature and allows employees to make monthly and extraordinary contributions, and the Bank is obligated to make contributions for the benefit of each employee, both determined based on the employees' monthly base salary under certain conditions. The contributions are managed by a civil association created, by mutual agreement, by the employees for this purpose, which is responsible for investing the funds received and distributing the income generated, if any, among the beneficiary employees during the employment relationship, and can only be withdrawn at the end of the employment relationship. The Bank is only responsible for making its contributions and assumes no responsibility for the administration and/or disposal of the plan's funds.

As of June 30, 2024, and December 31, 2023, the Bank has made the extraordinary and ordinary contributions established in the contractual agreement. The Bank's expense in the six-month period ended June 30, 2024, related to this Plan, is Bs 1,916,738 (Bs 2,893,530 in the six-month period ended December 31, 2023), which is presented in "Personnel expenses."

The Retirement Plan funds are managed by a financial institution in the country through a Trust agreement, the objective of which is to manage and invest the resources received from the Bank related to pension payments. Management and its actuaries believe that the Trust for the social fund for contingencies also covers post-retirement benefits for employees of the ongoing business and, therefore, forms part of the assets of the pension and retirement plan."

## 14. Regulatory contributions

### Contribution for Communal Council Projects

According to Resolution No. 233.11 of August 22, 2011, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 39,741 of August 23, 2011, contributions for communal council projects are resources allocated to communal councils or other forms of social organization to finance projects aimed at responding to the needs, potential, and aspirations of communities. The Banking Institutions Law establishes that financial institutions must allocate 5% of their gross profit before tax to the fulfillment of social responsibility by contributing to communal councils. This contribution must be made within 30 days after the end of the semester and is amortized over the 6 months of the semester in which it is paid.

The Bank recognized expenses for this concept for Bs 9,657,702 (Bs 5,460,081 for the six-month period ended December 31, 2023), which is presented as "Miscellaneous operating expenses" (Note 18).

### Contribution to SUDEBAN

For the fiscal years ended June 30, 2024, and December 31, 2023, financial institutions must make special contributions to support SUDEBAN's operations, calculated based on 0.8 per thousand of the average



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assets for the two months prior to the two-month period, respectively. The Bank recognized expenses for this concept for Bs 6,832,384 (Bs 5,728,149 for the six-month period ended December 31, 2023), which are presented separately under "Transformation Expenses" in the accompanying income statements.

#### Contribution to FOGADE

Financial institutions must 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 for Bs 7,783,181 (Bs 4,022,043 for the six-month period ended December 31, 2023), which are presented separately under "Transformation Expenses" in the accompanying income statements.

### 15. Shareholders' equity

#### Paid-in Capital stock

The Bank's paid-in capital as of June 30, 2024, and December 31, 2023, is Bs 12,368,918, represented by 1,902,910,464 common shares with a par value of Bs 0.0065 each, fully subscribed and paid.

Resolution No. 029.23, published in Official Gazette No. 42,664 on July 4, 2023, establishes new rules regarding the minimum capital stock required for the incorporation, operation, and functioning of banking institutions, including universal banks. Universal banks must maintain a minimum capital stock, subscribed and paid in cash, equivalent to 3% of their total assets (1.5% for public banks) and may not be less than the equivalent of 1,200,000 times the official exchange rate of the highest value currency published by the BCV. This amount is calculated based on the financial statements at the end of the previous fiscal year.

In compliance with Resolution No. 029.23, and based on the financial statements as of December 31, 2023, the Bank determined that the minimum required capital was Bs 87,194,424. To reach this amount, at the Extraordinary General Meeting of Shareholders held on March 12, 2024, it was approved to increase the Bank's subscribed and paid-in capital stock by Bs 74,831,953.97, to bring it to the amount of Bs 87,200,872. This will be done through the following operations:

- a) Increase in the par value of existing shares to Bs 0.02223, from Restricted Surplus as of December 31, 2023, for an amount of Bs 29,932,781.58.
- b) Issuance of 2,019,755,843 new shares with a par value of Bs 0.02223 each, which were paid in cash as of June 30, 2024, equivalent to Bs 44,899,172.39.

As of June 30, 2024, the capital increase had not been authorized by SUDEBAN, so it remains at Bs 12,368,918.

On February 14, 2024, Official Letter No. SIB-II-GGR-GA-00638 was received, through which the Superintendency of Banking Institutions considered the request for authorization to increase the Bank's capital stock by Bs 26,193,373, agreed at the Extraordinary General Meeting of Shareholders held on May 16, 2023, to be inadmissible. At that Meeting, it had been approved to increase the Bank's subscribed and paid-in capital stock by Bs 26,193,373.13, to bring it to Bs 38,562,291.16, through the following operations:

- a) The issuance of 2,381,788,554 new ordinary shares with a par value of Bs 0.0065 each, for a total value of Bs 15,481,625.60, which would be subscribed and paid in full by existing shareholders.
- b) The increase in the par value of existing and newly issued shares from Bs 0.0065 to Bs 0.009 each, for a total value of Bs 10,711,747.53, which would be charged to the "Restricted surplus" subaccount as of December 31, 2022.

With this capital increase, the Bank complied with the requirements of SUDEBAN Resolution No. 014.22 of March 10, 2022, which established that the minimum required capital stock that banking institutions had to maintain should be the equivalent of 3% of total assets as of December 31, 2021, or the equivalent of 1,200,000 times the official exchange rate of the highest value currency, published by the BCV. This resolution was repealed by Resolution No. 029.23 of June 30, 2023, which issued the "Rules Regarding Minimum Capital Stock for the Incorporation, Functioning, and Operation of Banking Institutions and Exchange Houses."

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As of June 30, 2024, and December 31, 2023, the shares subscribed by the shareholders are identified as registered common shares distributed as follows:

	June 30, 2024		December 31, 2023	
	Number of shares	Holding %	Number of shares	Holding %
Vencred, S.A.	355.120.579	18,7%	304.336.294	16,0%
Tabay Netherlands B.V.	188.009.824	9,9%	188.009.824	9,9%
Parthena Investments, B.V.	96.498.064	5,1%	94.498.064	5,0%
Kamalei Investments, B.V.	95.229.910	5,0%	95.229.910	5,0%
Barbina Investments, B.V.	79.876.029	4,2%	79.876.029	4,2%
Great White Investment Fund, Ltd	59.458.954	3,1%	59.458.954	3,1%
Green View Investment Enterprises L	59.205.048	3,1%	59.205.048	3,1%
Alivium, Inc.	58.622.554	3,1%	58.622.554	3,1%
Addendum, Inc.	57.651.735	3,0%	57.651.735	3,0%
Inversiones Bonorum, C.A.	36.039.761	1,9%	36.039.761	1,9%
Inversiones Invema 2000, C.A.	30.921.606	1,6%	30.921.606	1,6%
Other minor	786.276.400	41,3%	839.060.685	44,1%
	<u>1.902.910.464</u>	<u>100,0%</u>	<u>1.902.910.464</u>	<u>100,0%</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 for each period until it reaches 50% of the capital stock. When this limit has been reached, no less than 10% of the net profits for each six-month period must be allocated to increase the legal reserve fund until it reaches 100% of the capital stock. As of June 30, 2024, and December 31, 2023, the Bank maintains Bs 12,368,918 recorded in the legal reserve account, which represents 100% of the capital stock.

### b) Adjustments to Equity

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

	June 30, 2024			December 31, 2023		
	Gain in exchange	UVC Income	Total	Gain in exchange	UVC Income	Total
	(in bolivars)					
<b>Initial balance</b>	86.476.436	94.065.794	180.542.230	53.761.559	136.534.492	190.296.051
Unrealized foreign exchange gain for the six-month period, net	2.422.057	-	2.422.057	32.714.877	-	32.714.877
Transfer to results of net exchange gains by SUDEBAN	-	-	-	-	-	-
Income earned from UVC credits	-	4.759.378	4.759.378	-	139.702.340	139.702.340
Transfer of collected income to results	-	(52.863.141)	(52.863.141)	-	(186.531.725)	(186.531.725)
Transfer to generic and countercyclical provisions	-	178.665	178.665	-	4.360.687	4.360.687
<b>Final balance</b>	<u>88.898.493</u>	<u>46.140.696</u>	<u>135.039.189</u>	<u>86.476.436</u>	<u>94.065.794</u>	<u>180.542.230</u>

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

Foreign exchange gains may only be used for:

- offsetting operational losses or deficits maintained in equity accounts,
- establishing or covering deficit balances in allowances for asset contingencies, adjustments, or determined losses,

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- increasing capital stock,
- offsetting amounts paid to domestic suppliers for inputs necessary for the institution's operations, such as hardware, software, among others, and
- establishing a provision for income tax generated by the sale of the foreign currency position, depending on the origin of these gains and subject to prior approval by SUDEBAN.

Unrealized gains from the valuation of UVC loans may be used to cover general and countercyclical loan loss allowances, as established by SUDEBAN in Resolution No. 070.19 dated December 20, 2019. During the six-month period ended June 30, 2024, the Bank established loan loss allowances charged to these gains for the amount of Bs 301,852 (Bs 2,436,072 in December 2023).

### Retained Earnings

#### a) Restriction of Profits

"Undistributable and restricted surplus" is comprised as follows:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Restricted surplus, according to Resolution No. 329-99		170.148.732	117.561.787
Accumulated results of foreign branch		75.873.941	75.873.941
		<u>246.022.673</u>	<u>193.435.728</u>

As of December 31, 2023, the Bank, in response to the observations made by SUDEBAN in Official Letter No. SIB-II-GGIBPV-GIBPV1-04285, proceeded to make, in the second half of 2023, several proposed adjustments that would affect the "Restricted surplus" and "Undistributed profits" accounts for a total of Bs 15,082,952, distributed as follows:

	December 31, 2023
	(in bolivars)
Reversals of income on loans	10.159.664
Increase in loan portfolio provision	4.212.534
Reimbursement of interest on credits from mobile payment and immediate credit operations.	710.753
	<u>15.082.951</u>

SUDEBAN Circular SIB-II-GGR-GNP-03660 is a document issued by the Superintendency of Banking Sector Institutions on February 3, 2015, which establishes the parameters that banking institutions must consider for the application of restricted surplus constituted on the occasion of the equity allocation of fifty percent (50%) of the results of each six-month period.

Restricted surplus is the balance maintained in subaccount 361.02 derived from the aforementioned equity allocation, which is made in compliance with Resolution No. 329.99, issued by SUDEBAN on December 28, 1999.

Circular SIB-II-GGR-GNP-03660 indicates that restricted surplus may be applied or used according to the following order of priority:

- Increase in capital stock.
- Cover losses or deficits arising from operations carried out and maintained in equity accounts.
- Establishment or coverage of deficit balances in allowances for asset contingencies, adjustments, or losses determined by SUDEBAN.

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- Offset deferred expenses based on special plans approved by SUDEBAN; additionally, costs and capital gains generated in mergers or transformations that were reflected at the time in accordance with the provisions of the repealed Decree with Rank, Value, and Force of Law of Partial Reform of the Banking Sector Institutions Law will be offset.

Circular SIB-II-GGR-GNP-03660 also establishes the conditions and requirements that banking institutions must meet to request authorization from SUDEBAN to apply restricted surplus, as well as the deadlines and procedures for doing so.

On December 28, 1999, SUDEBAN issued Resolution No. 329-99, which establishes that 50% of the six-monthly results, as well as 50% of the balance of the "Surplus to be applied" account from semesters prior to December 31, 1999, must be presented as "Restricted surplus" and may only be distributed with prior authorization from SUDEBAN. During the six-month period ended June 30, 2024, the Bank restricted a total of Bs 52,586,944 (Bs 81,901,602 in December 2023), equivalent to 50% of its consolidated net income available for the six-month period, after deducting those profits that must be restricted in their entirety.

Until the six-month period ended June 30, 2023, the Bank restricted 100% of its Branch's six-monthly profit. As of June 30, 2024, and December 31, 2023, the amount of profits that are restricted is Bs 75,873,941 and will be available for distribution as dividends when they are transferred to the retained earnings of its Head Office.

#### b) Decree and Payment of Cash Dividends

At the Ordinary General Meeting of Shareholders held on February 15, 2024, it was resolved to delegate to the Steering Committee the approval of cash dividends, up to a maximum equivalent to Bs 0.025 per share. These dividends will be paid from the "Surplus to be applied" as of December 31, 2023.

At the Ordinary General Meeting of Shareholders held on August 17, 2023, it was resolved to delegate to the Steering Committee the approval of cash dividends, up to a maximum equivalent to Bs 0.0051 per share. These dividends will be paid from the "Surplus to be applied" as of June 30, 2023.

In accordance with the authorization granted by the Ordinary General Meeting of Shareholders dated August 17, 2023, the Steering Committee authorized the declaration of dividends 710 and 711 of Bs 0.001949 and Bs 0.003151 per share, respectively, each for a total of Bs 9,704,844. This dividend was not approved by SUDEBAN, so the decree was reversed.

At the Ordinary General Meeting of Shareholders held on February 16, 2023, it was resolved to delegate to the Steering Committee the approval of cash dividends, up to a maximum equivalent to Bs 0.006470 per share.

#### c) Capital Adequacy Ratios

The ratios maintained, calculated by the Bank based on the figures presented in its financial statements, and the minimum required ratios, according to SUDEBAN regulations, are indicated below:

	Required	Maintained	
		June 30, 2024	December 31, 2023
Total equity adequacy	12	17,94%	19,60%
Statement of solvency	6	17,94%	19,60%
Adequacy of shareholders' equity accounting	9	11,20%	12,10%

For the calculation of capital adequacy ratios, SUDEBAN's prudential regulations establish the following regulatory exceptions, depending on the applicable ratio:

- Exclusion from total assets of balances with the BCV and PDVSA bonds.
- Inclusion in equity of general and countercyclical provisions as Level 1 equity.

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- Exclusion from total assets and/or "zero" weighting of participation certificates of the " Fondo Simón Bolívar para la Reconstrucción, S.A." and " Certificado Participación BANDES Agrícola."

As of June 30, 2024, and December 31, 2023, the Bank has no amounts to deduct for investments in securities in this category.

### 16. Administrative and general expenses

Administrative and general expenses include the following:

	Note	June 30,2024	December 31 2023
		(in bolivars)	
Transportation and communications		22.746.059	19.153.715
Professional fees		27.169.981	17.933.972
Maintenance and repairs		30.162.101	26.427.283
Rentals		12.145.937	6.357.193
Software licenses		9.939.867	7.373.519
Other external services		16.176.715	14.747.761
Other taxes		2.633.937	3.749.822
Surveillance		7.562.668	6.551.787
Business Activities Tax		7.227.903	8.620.466
Insurances		18.410.358	12.460.242
Large Financial Transactions Tax	1	8.020.005	5.849.134
Services and supplies		13.642.860	11.097.958
Depreciation and amortization	8	6.811.783	4.140.316
Contribution Organic Law of			
Science, Technology and Innovation	1	3.526.314	3.290.303
Tax on Large Wealth	1	-	15.526
Other expenses		3.994.717	3.528.520
		<u>190.171.205</u>	<u>151.297.517</u>

### 17. Other operating income and expenses

"Other operating income" and "Other operating expenses" show in the income statements are represented by the following concepts:

	Note	June 30,2024	December 31, 2023
		(in bolivars)	
<b>Other operating income</b>			
Commissions for services, including US\$4,226,859 (US\$2,842,749 in December 2023) from its Branch	18	354.866.626	301.840.994
Exchange earnings	9 y 16	27.831.961	45.301.771
Gains on securities		8.003.093	3.647.777
		390.701.680	350.790.542
<b>Other operating expenses</b>			
Exchange losses		1.231.075	3.703.247
Commissions for services		54.372.859	50.508.379
Losses on securities	4	4.226.451	5.464.487
		59.830.385	59.676.113

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Commissions for service rendered include the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
Commissions for drafts and transfers		106.284.602	61.442.916
Commissions charged for the use of points of sale		38.467.239	43.854.430
Cash withdrawal fees		37.064.035	41.895.300
Commissions for exchange operations		17.718.023	19.285.164
Commissions for consignment of funds		18.738.574	17.059.253
Commissions for trust assignments and assigned investments		23.870.100	16.775.576
Trust commissions		14.838.314	15.343.521
Collection commissions		21.060.668	14.957.668
Commissions for using and holding debit cards		15.798.138	14.539.954
Commissions for payment to suppliers		13.581.762	14.406.952
Commissions for P2P payments sent		9.245.208	8.149.877
Commissions for issuing credit cards		8.275.472	7.667.852
Mobile payment commissions		8.917.122	7.277.035
Current account maintenance fees		7.718.112	6.286.634
Commissions for payroll service		2.501.518	2.522.942
Commission for issuance of cashier's checks		1.697.142	2.202.636
Commissions for telephone recharging		1.403.394	1.153.348
Commissions for service payments		1.219.285	1.008.840
Other commissions		6.467.918	6.011.096
		<u>354.866.626</u>	<u>301.840.994</u>

## 18. Miscellaneous Operating Income and Expenses

Sundry operating income and expenses include the following:

	Note	June 30, 2024	December 31, 2023
		(in bolivars)	
<b>Other miscellaneous operating income</b>			
Decrease in other liability provisions		-	16.244.300
Others		<u>167.540</u>	<u>853.903</u>
		<u>167.540</u>	<u>17.098.203</u>
<b>Other miscellaneous operating expenses</b>			
Provision for various and other contingencies		5.585.037	15.124.436
Refund interest according to SUDEBAN requirement		4.050.899	-
Contribution to the National Anti-Drug Fund	1	617.759	1.932.262
Contribution to community council projects	15	9.657.702	5.460.081
Contribution to the Organic Sports Law	1	1.052.357	1.638.650
Comprehensive prevention expenses against money laundering		1.101.444	880.986
Costs related to legal reserve deficits	3	20.013.793	6.555.814
Others		<u>609.285</u>	<u>2.913.149</u>
		<u>42.688.276</u>	<u>34.505.378</u>

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
**Notes to the financial statements**  
**June 30, 2024 and December 31, 2023**

**19. Memorandum Accounts**

“Memorandum accounts” in the balance sheets correspond to the following operations:

	Note	June 30, 2024	December 31 2023
(in bolivars)			
<b>Contingent accounts receivable:</b>			
Guarantees provided		14.452.299	13.292.087
Automatic credit line		14.605.012	10.221.043
		<u>29.057.311</u>	<u>23.513.130</u>
<b>Trust assets</b>		<u>572.985.430</u>	<u>395.744.995</u>
<b>Other trusted assignments</b>		<u>73.929.929</u>	<u>24.695.707</u>
<b>Other debtor memorandum accounts:</b>			
Guarantees received		2.441.525.670	1.696.054.881
Custodies received		147.675.335	105.001.031
Other memorandum accounts		85.261.226	46.948.774
		<u>2.674.462.231</u>	<u>1.848.004.686</u>
		<u>3.350.434.901</u>	<u>2.291.958.518</u>

**a) Guarantees granted**

The Bank grants, after analyzing credit risk and within the credit line, guarantees at the request of certain customers. Such guarantees are issued under the name of a beneficiary and are executed by such a beneficiary if customer does not comply with conditions set forth in the contract.

**b) Trust assets**

The Bank administers trust assets on account of and on behalf of third parties. Balance sheets combined by the Bank Trust Division are presented as follows:



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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

	Note	June 30, 2024	December 31, 2023
(in bolivars)			
<b>Assets:</b>			
Availability, includes US\$1,129,500 (US\$1,084,600 in December 2023)		55.737.413	53.982.355
Investments in securities		75.689.964	50.225.338
Loan portfolio, net		439.921.835	289.075.701
Interest and commissions receivable		1.636.218	1.292.706
Other assets		-	1.168.895
		<u>572.985.430</u>	<u>395.744.995</u>
<b>Liabilities and equity:</b>			
Liability		<u>2.747.884</u>	<u>1.770.067</u>
Total liabilities		<u>2.747.884</u>	<u>1.770.067</u>
Equity of trusts:			
Assets assigned to trusts		557.798.020	384.289.739
Adjustment to assets		420.853	387.076
Accumulated results		<u>12.018.673</u>	<u>9.298.113</u>
Total equity		<u>570.237.546</u>	<u>393.974.928</u>
Total liabilities and equity		<u>572.985.430</u>	<u>395.744.995</u>

Trust availabilities include the following:

	June 30, 2024	December 31, 2023
(in bolivars)		
Deposits in institutions abroad amounting to US\$1,098,502 (US\$871,106 in December 2023)	39.936.149	31.246.045
Deposits in the institution including US\$23,603 (including US\$108,099 in December 2023)	15.532.290	18.955.777
Other cash availabilities for US\$7,395 (US\$105,395 in December 2023)	268.846	3.780.456
Deposits in other national currency institutions	<u>128</u>	<u>77</u>
	<u>55.737.413</u>	<u>53.982.355</u>

Classification of trusts, according to their purpose and type of hiring entity, is presented below:

	June 30, 2024					December 31, 2023				
	%	Investment	Administration	Securities	Total	%	Investment	Administration	Securities	Total
Body corporate	97,69%	31	544.867.268	63.265	544.930.564	96,81%	31	371.977.560	55.988	372.033.579
Individuals	0,00%	-	4.178	-	4.178	0,00%	-	-	-	-
Decentralized entities and other organizations with special regime	2,31%	-	12.863.278	-	12.863.278	3,19%	-	12.256.160	-	12.256.160
	<u>100,00%</u>	<u>31</u>	<u>557.734.724</u>	<u>63.265</u>	<u>557.798.020</u>	<u>100,00%</u>	<u>31</u>	<u>384.233.720</u>	<u>55.988</u>	<u>384.289.739</u>

According to Resolution N°083.12 of Official Gazette N° 39.941 dated June 11, 2012 trust funds at June 30, 2024 and December 31, 2023 do not exceed the quintuple of Bank equity.

**Venezolano de Crédito, S.A. Banco Universal and its Cayman Islands Branch**  
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Investments in securities included in Trust accounts comprise the following:

	30 de June 30, 2024		December 31, 2023	
	Amortization cost/book value	Fair value	Amortization cost/book value	Fair value
(in bolivars)				
<b><i>Demand and time deposits in financial institutions in the country</i></b>				
Mercantil, C.A., Banco Universal, with an annual interest rate of 15%, par value amounting to Bs 5,892,725 and maturity from 28 to 29 days, by June 2024. (annual interest rate from 25% to 35%, par value amounting to Bs 11,745,755 and maturity from 28 to 29 days by December 2023)	5.892.725	5.892.725	11.745.755	11.745.755
Banco del Caribe, C.A., Banco Universal, with an annual interest rate of 15%, par value amounting to Bs 3,342,771, and maturity from 21 to 27 days by June 2024. (Annual interest rate from 35% to 55%, par value amounting to Bs 17,646,356 and maturity from 27 to 29 days by December 2023)	3.342.771	3.342.771	17.646.356	17.646.356
Bancrerer S.A., Banco Microfinanciero, with an annual interest rate of 30%, par value amounting to Bs 2,979,404 and maturity from 27 to 28 days, by June 2024. (annual interest rate of 30%, nominal value of Bs 1,354,174 and with maturity between 27 and 28 days by December 2023)	2.979.404	2.979.404	1.354.174	1.354.174
Banco Exterior, C.A., Banco Universal, with an annual interest rate of 25%, par value amounting to Bs 19,996,728 and maturity from 27 to 29 days, by June 2024. (annual interest rate from 25% to 45 %, par value amounting to Bs 7,408,032 and with maturity from 27 to 28 days for December 2023)	19.996.728	19.996.728	7.408.032	7.408.032
Banco Provincial, S.A., Banco Universal, with an annual interest rate of 15%, par value amounting to Bs 508,435 with maturity of 27 days, by June 2024. (annual interest rate of 15%, par value of Bs 469,752 and maturity of 28 days by December 2023)	508.435	508.435	469.752	469.752
Banco Nacional de Crédito, C.A., Banco Universal, with an annual interest rate of 30%, par value amounting to Bs 29,955,000 and maturity from 27 to 28 days by June 2024.	29.955.000	29.955.000	-	-
	<u>62.675.063</u>	<u>62.675.063</u>	<u>38.624.069</u>	<u>38.624.069</u>

	30 de June 30, 2024		December 31, 2023	
	Amortization cost/book value	Fair value	Amortization cost/book value	Fair value
(in bolivars)				
<b><i>Corporate commercial papers issued by private companies in the country.</i></b>				
Mercantil Servicios Financieros, C.A., with an annual interest rate from 43% to 55%, par value amounting to Bs 10,015,000 and with maturity from 102 to 117 days, by June 2024. (Annual interest rate from 65% to 70%, par value amounting to Bs10,800,000 and maturity from 104 to 120 days by December 2023).	10.015.000	10.015.000	10.791.269	10.791.269
Calox International, C.A., with an annual interest rate of 80%, par value amounting to Bs 660,000 and maturity from 148 to 149 days by December 2023.	-	-	660.000	660.000
Laboratorios Vincenti, C.A., with an annual interest rate of 55%, par value amounting to Bs 150,000 and with maturity of 149 days by December 2023.	-	-	150.000	150.000
Corporación Grupo Quimico, C.A., with an annual interest rate of 12%, par value amounting to Bs 999,982 and with maturity of 173 days by June 2024.	999.982	999.982	-	-
Purolomo, C.A., with an annual interest rate of 12%, par value amounting to Bs 1,999,919 and maturity from 163 to 180 days by June 2024.	1.999.919	1.999.919	-	-
	<u>13.014.901</u>	<u>13.014.901</u>	<u>11.601.269</u>	<u>11.601.269</u>
	<u>75.689.964</u>	<u>75.689.964</u>	<u>50.225.338</u>	<u>50.225.338</u>

Investments in securities have maturity lesser tan six (6) months.

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

## Notes to the financial statements

June 30, 2024 and December 31, 2023

Loan portfolio of the Trust Division includes the following:

	December 31 2023	December 31 2023
	(in bolivars)	
Loans receivable from beneficiaries	439.921.835	289.075.701

The Loans to beneficiaries account correspond to loans granted to employees with guarantees on balances of their social benefits, which are deposited in the trust. These loans neither earn interests nor a specific maturity term. The Trust Division does not hold provision for credit portfolio as these loans have no maturity or have a variable maturity. The total payment of such loans shall occur when the beneficiary ends its work or contractual relationship with settlor or employer.

### c) Other Trust Allocations

Other Trust Allocations amounting to Bs 73.929.929 (Bs 24.695.707 at December 31, 2023) correspond to customer credit securities (principals) received by the Bank, in its capacity as commission agent, with the commitment of placing them with a third party, pursuant to the provisions of commission agreements. Such agreements empower the Bank to negotiate such securities with other clients in exchange for collecting a commission and shall only be responsible before the commission agent for willful intent, negligence, imprudence or noncompliance with contractual obligations. During the six-month period ended June 30, 2024 the Bank had income from commissions amounting to Bs 14.838.314 (Bs 15.343.521 at December 31, 2023) which are included under the account "Other operating income" in the income statement.

### d) Custodial Services Received

Values and goods received from clients in simple custody, such as: jewels, precious metals, securities, goods, checks to third parties, documents and gold under the care and custody of the BCV as well as other securities and goods. At June 30, 2024 custodies received mainly correspond to securities received from clients under the care and custody of Raymond James & Associates Inc., and the Bank had income for custody commissions amounting to Bs 1.129.666 (Bs 978.701 at December 31, 2023)

## 20. Fair Value of Financial Instruments

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

	June 30, 2024		December 31, 2023	
	Book value	Par value	Book value	Par value
	(in bolivars)			
<b>Assets:</b>				
Availabilities	2.016.365.243	2.016.365.243	1.718.822.467	1.718.822.467
Investments in securities	1.292.385.638	1.267.180.953	1.208.672.030	1.181.513.645
Credit portfolio	2.185.114.757	2.185.114.757	1.667.512.124	1.667.512.124
Interest and commissions receivable	37.088.939	37.088.939	26.241.738	26.241.738
	<u>5.530.954.577</u>	<u>5.505.749.892</u>	<u>4.621.248.359</u>	<u>4.594.089.974</u>
<b>Liabilities:</b>				
Public deposits	4.418.242.828	4.418.242.828	3.448.443.558	3.448.443.558
Other financing obtained	99.341	99.341	67.615.026	67.615.026
Interest and commissions payable	671.246	671.246	1.545.051	1.545.051
	<u>4.419.013.415</u>	<u>4.419.013.415</u>	<u>3.517.603.635</u>	<u>3.517.603.635</u>
<b>Memorandum accounts</b>				
Debtor contingent accounts	<u>29.057.311</u>	<u>29.057.311</u>	<u>23.513.130</u>	<u>23.513.130</u>

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

### Notes to the financial statements

June 30, 2024 and December 31, 2023

#### Short-Term Financial Instruments

Short-term financial instruments, both assets and liabilities, have been presented at their carrying amounts in the balance sheet, which do not differ materially from their fair values, given the relatively short maturity of these instruments. This category includes cash and cash equivalents, demand deposits and short-term deposits from the public, other short-term borrowings, other short-term financial liabilities, and interest receivable and payable.

#### Investments in Securities

The fair value of available-for-sale and held-to-maturity investments in securities was determined using market prices reported by market transactions compiled by Bloomberg. Investments in other securities were measured at their nominal value, which was assumed to be their fair value. For instruments denominated in foreign currencies, the official exchange rate was applied to the fair value.

#### Loan Portfolio

The loan portfolio accrues interest at variable rates that are reviewed frequently. As a consequence of the foregoing and the provisions established for uncollectibility risks in the loan portfolio, in the opinion of the Bank's management, the carrying amount of said loan portfolio approximates its fair value.

#### Deposits, Long-Term Obligations, and Other Financing Obtained

Deposits, long-term obligations, and other financing obtained bear interest at variable rates, which are reviewed frequently, so the Bank's management has considered their carrying amount to be their fair value.

### 21. Contingencies and commitments

Under IAS 37, the disclosure and recognition of contingent losses depend on whether they are contingent liabilities or provisions. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A provision is a liability of uncertain timing or amount that arises as a result of a past event.

IAS 37 prohibits the recognition of contingent liabilities, unless they have been assumed in a business combination. However, contingent liabilities shall be disclosed when an outflow of resources embodying economic benefits is probable. The disclosures shall include a description of the nature of the contingent liability, an estimate of its financial effect, the uncertainties relating to the amount or timing of the outflow, and the possibility of any reimbursement.

IAS 37 requires that a provision be recognized when three conditions are met: a present obligation (legal or constructive) exists as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision shall be measured at the amount that the entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, taking into account risks and uncertainties, present value, and future events.

#### Litigation, Regulation, and Other Contingencies

In the ordinary course of their activities, Venezolano de Crédito, S.A. Banco Universal and its branch in the Cayman Islands are subject to governmental and regulatory examinations, information gathering requests, investigations, and proceedings (both formal and informal), some of which may result in adverse judgments, settlements, fines, penalties, restitution, refunds, injunctions, or other remedial measures. In connection with formal and informal inquiries from these regulators, the Bank and its Branch receive numerous requests and orders seeking documents, testimony, and other information relating to various aspects of their regulated activities and their customers.

In December 2022, SUDEBAN ordered Ubii Pagos, C.A. and Banco Venezolano de Crédito, S.A., Banco Universal to cease offering the financial product called "Ubii MasterCard Prepaid Card" and to reimburse commissions charged to customers for transactions carried out in connection with the financial product called "Ubii MasterCard Prepaid Card." Through official letter SIB-DSB-CJ-OD-00183 dated January 16, 2024, SUDEBAN formally notified the Bank of the content of Resolution No. 002.24 dated January 12, 2024, which maintains in force and extends for ninety (90) banking business days the administrative measures previously

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

### Notes to the financial statements

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imposed on the Bank. On May 28, 2024, official letter No. SIB-DSB-CJ-OD-03380 was received from SUDEBAN, which enclosed Resolution No. 008.24 of the same date, through which it resolves to lift the administrative measures relating to Ubii Pagos, C.A.

## 22. Balances and transactions with related parties

The Bank and its Branch have carried out transactions and maintain balances with related parties, the effects of which are included in their financial statements.

The most important transactions carried out by the Bank with shareholders and other related parties are mainly represented by deposit-taking operations and banking and security services, the most significant effects of which are presented below:

	Note	June 30,2024	December 31, 2023
		(in bolivars)	
<b>Transformation costs:</b>			
Vencred, S.A.		294.244	235.788
Inversiones 120915, C.A.		1.100.659	655.752
Inversiones Las Monjas, C.A.		1.161.402	1.113.716
Others		23	3
		<u>2.556.328</u>	<u>2.005.259</u>

As a product of these transactions and other transactions of less importance are shown in the following balances included in different items of the balance sheets:

	Note	June 30,2024	December 31, 2023
		(in bolivars)	
<b>Public deposits and other demand obligations</b>			
Venezolana de Bienes, S.A.		712.932	221.139
Vencred, S.A.		800.616	130.822
Inversiones Las Monjas, C.A.		29.657	23.873
Inversiones Modigliani, C.A.		37.478	73.577
Promociones Markowitz, C.A.		72.478	566
Inversiones Bonorum, C.A.		103.433	9.484
Inversiones Vencred, C.A.		2.323	28
Valores Vencred Casa de Bolsa, S.A.		1.531.469	33.978
Inversiones 120915, C.A.		20.613	19.205
Ingeniería y Construcciones Vencred, C.A.		71.994	1.192
Promociones Vencred, S.A		41.174	323
		<u>3.424.167</u>	<u>514.187</u>

## 23. Assets and liabilities in foreign currency

Resolution No. 19-04-01, published in Official Gazette No. 41,611, establishes the Rules Regarding Foreign Currency Positions of Banking Institutions. The most relevant aspects are as follows:

- The resolution establishes the rules that regulate the purchase and sale of foreign currencies by individuals and legal entities through the exchange desks of banking institutions authorized as foreign exchange operators.
- The resolution provides that banking institutions may agree on foreign currency purchase and sale transactions between their clients or in interbank transactions, at the exchange rate resulting from supply and demand.

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- The resolution establishes the requirements that individuals and legal entities must meet to participate in foreign exchange transactions, as well as the maximum and minimum limits thereof.
- The resolution also determines the information, registration, and control obligations that banking institutions and participants in the foreign exchange market must comply with, as well as the applicable sanctions in case of non-compliance.
- The BCV will determine the maximum limit that the net global position in foreign currency of each banking institution can reach at the close of operations each day.
- The BCV will review at least every six months the limits determined for each banking institution and may modify them whenever the situation and circumstances so warrant.
- The percentage of interest that banking institutions that exceed the limits must pay.
- The BCV may authorize banking institutions to exclude certain transactions from the calculation of the authorized foreign currency position for this purpose or to maintain in any way a total risk position above that resulting from the established maximum limit.

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

The foreign currency balances included in the balance sheets are detailed below:

	June 30, 2024				December 31, 2023			
	Venezuela	Cayman Islands Branch	Total	Equivalent in bolivars	Venezuela	Cayman Island Branch	Total	Equivalent in bolivars
<b>Assets:</b>								
Availability	10.469.030	24.880.973	35.350.003	1.285.152.346	10.534.090	18.345.886	28.879.976	1.035.907.462
Investments in securities	70.574	33.631.628	33.702.202	1.225.246.402	70.574	33.591.566	33.662.140	1.207.440.823
Credit portfolio	-	46.149.286	46.149.286	1.677.761.192	-	26.958.975	26.958.975	967.002.305
Interest and commissions receivable	-	826.194	826.194	30.036.353	-	548.076	548.076	19.659.158
Other assets	300	55.883	56.183	2.042.538	1.276	1.522	2.798	100.363
	<u>10.539.904</u>	<u>105.543.964</u>	<u>116.083.868</u>	<u>4.220.238.831</u>	<u>10.605.940</u>	<u>79.446.025</u>	<u>90.051.965</u>	<u>3.230.110.111</u>
<b>Liabilities:</b>								
Public deposits	6.322.613	83.467.095	89.789.708	3.264.312.422	5.338.100	61.415.292	66.753.392	2.394.404.236
Accruals and other liabilities	15.277.719	922.394	16.200.113	588.956.477	16.096.118	835.130	16.931.248	607.313.737
	<u>21.600.332</u>	<u>84.389.489</u>	<u>105.989.821</u>	<u>3.853.268.899</u>	<u>21.434.218</u>	<u>62.250.422</u>	<u>83.684.640</u>	<u>3.001.717.973</u>
Active accounting position, net	<u>(11.060.428)</u>	<u>21.154.475</u>	<u>10.094.047</u>	<u>366.969.932</u>	<u>(10.828.278)</u>	<u>17.195.603</u>	<u>6.367.325</u>	<u>228.392.138</u>
Other debit memorandum accounts, net	<u>3.278.027</u>	<u>-</u>	<u>3.278.027</u>	<u>119.172.949</u>	<u>3.694.820</u>	<u>-</u>	<u>3.694.820</u>	<u>132.530.983</u>

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

As of June 30, 2024, the net unrealized foreign exchange gain amounted to Bs 88,898,493 (Bs 86,476,436 as of December 31, 2023), which is included in the "Adjustments to equity" account (Note 16).

Exchange Agreement No. 1 issued by the BCV and published in Official Gazette No. 6405 of September 7, 2018, aims to establish the free convertibility of the currency throughout the national territory, with the purpose of promoting the development of economic activity, in an orderly exchange market in which actions can be taken to ensure its optimal functioning. The agreement establishes that the exchange rate that will

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govern the purchase and sale of foreign currencies will fluctuate freely according to the supply and demand of individuals or legal entities, through the Exchange Market System.

Exchange Agreement No. 1 authorizes individuals and legal entities interested in carrying out foreign currency sales transactions for amounts equal to or less than eight thousand five hundred euros (€8,500) or its equivalent in another foreign currency, per transaction, whether in banknotes, traveler's checks, encrypted checks, transfers, account credits, or electronic money order services, to do so through authorized exchange operators. The agreement repealed all previous exchange agreements and establishes a new regulatory framework for foreign exchange transactions in the country, in which the BCV continues to have the power to regulate, authorize, and supervise foreign exchange transactions, as well as to set the limits and requirements for accessing foreign currency.

During the six-month period ended June 30, 2024, the Bank recognized realized gains, mainly from the Bank's operations, in its capacity as a foreign exchange operator, and from its foreign Branch, for Bs 27,831,961 (Bs 45,301,771 for the six-month period ended December 31, 2023), and losses for Bs 1,231,075 (Bs 3,703,247 for the six-month period ended December 31, 2023), which are presented under "Other operating income" and "Other operating expenses," respectively, in the accompanying income statements (Note 18).

"Deposits from the public" come from customer transactions in legally permitted foreign exchange markets in which the Bank acts as a foreign exchange operator, which are fully covered by demand deposits presented in "Cash and cash equivalents" (Note 3).

Circular No. VOI-GOC-DNPC-004 issued by the BCV on April 8, 2019, reports on the rules related to the foreign currency positions of banking institutions, establishing the following:

- When the result of the net global position in foreign currency is short, the maximum limit will be considered exceeded and the excess amount will be charged the corresponding rate.
- All assets and liabilities in foreign currency will be part of the net global position.
- The net long global position in foreign currency will not be subject to a maximum limit temporarily.
- Banking entities must continue to send the BCV the information corresponding to their own resources reflected in their balance sheet at the end of the financial statements for the month in question, within the first five (5) business days following said closing.

As of June 30, 2024, the net position in foreign currency maintained by the Bank, calculated based on its individual financial statements, amounts to US\$10,094,047 (US\$6,367,325 as of December 31, 2023).

### Valuation of Assets and Liabilities in Foreign Currency

SUDEBAN Circular SIB-II-GGR-GNP-03636, dated June 5, 2023, establishes the aspects to be considered in the application of net profits arising from the effect of the valuation of assets and liabilities in foreign currency, at the free convertibility exchange rate set by Exchange Agreement No. 1 of August 21, 2018, for transactions held as of June 30, 2023. This circular repeals Circulars SIB-II-GGR-GNP-03578 and SIB-DSB-CJ-OD-05294 dated March 29, 2019, and July 14, 2021, respectively. The new circular establishes that the balance originated and maintained as of June 30, 2023, from said valuation will be applied as follows:

1. The amount corresponding to the gains or losses arising from holding assets and liabilities in foreign currency on the exchange rate applied for the valuation and accounting recognition of transactions, other than those specified in other accounts of Group 350.00 "Adjustments to equity," must be recorded in account 352.00 "Gain or loss from exchange fluctuations due to holding assets and liabilities in foreign currency."
2. The net credit balance reflected as of June 30, 2023, in account 352.00 "Gain or loss from exchange fluctuations due to holding assets and liabilities in foreign currency" must only be applied according to the following order of priority:
  - Offset operating losses or deficits.



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### Notes to the financial statements

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- Establishment or coverage of deficit balances in allowances for asset contingencies, adjustments, or losses determined by the Supervisory Authority.
- Establishment or coverage of deficit balances in allowances for contingencies, adjustments, or losses directly related to the assets in foreign currency that generate said effect.

In any case, the Bank must request authorization from SUDEBAN for the application of the aforementioned concepts, and upon approval, the Bank must make an allocation equivalent to fifty percent (50%) of the approved amount and record it in account 361.02 "Restricted Surplus." For the six-month period ending June 30, 2024, and subsequent periods, it may only be applied following the order described in numeral 2 above, upon request for authorization from SUDEBAN, and the required allocation must also be made.

3. When the Bank, by virtue of its financial situation, does not need to apply the balance recorded in account 352.00 to the concepts indicated in numeral 2 of the Circular; or in any case, if after applying said concepts in the corresponding six-month period there are amounts that are the product of realized gains; SUDEBAN, upon request and evaluation, may authorize their recognition in the results of the period. Notwithstanding the foregoing, once said application is authorized, the Bank must allocate fifty percent (50%) of the results to subaccount 361.02 "Restricted Surplus" in accordance with the provisions of Resolution No. 329.99 of December 28, 1999.
4. The balance maintained in account 352.00 "Gain or loss from exchange fluctuations due to holding assets and liabilities in foreign currency" must be considered among the items to determine Tier 1 capital, which is used in the calculation of the "Total Capital Adequacy Ratio."
5. The gain and/or loss of Item 700.00 "Trusts and Trust Assignments" of the trusts that is generated, once the month of June 2023 is closed, due to the valuation and recognition of assets and liabilities in foreign currency, must be accounted for in account 733.00 "Adjustments to equity," and once said gain and/or loss is actually realized, as a result of transactions carried out with the assets and/or liabilities that originated them or when they are determined.
6. In the event that the Bank has generated gains or losses from exchange fluctuations at the free convertibility exchange rate, due to holding assets and liabilities in foreign currency, other than those specified in other accounts of Group 350.00 "Adjustments to equity," which are not recorded in the respective subaccount of account 352.00 "Gain or loss from exchange fluctuations due to holding assets and liabilities in foreign currency" and which are related to what is indicated in the description of this account, they must be reclassified to it.

#### 24. Communications from SUDEBAN

- a) Through Official Letter SIB-DSB-CJ-OD-03380 dated May 28, 2024, SUDEBAN lifted the administrative measures imposed on the Bank related to the financial product called "Ubii MasterCard Prepaid Card" as of the same date as the official letter.
- b) Official Letter SIB-II-GGIBPV-GIBPV1-03101 dated May 20, 2024, regarding the response to Official Letter SIB-II-GGIBPV-GIBPV1-07427 dated November 15, 2023, on observations to the Ordinary General Meeting of Shareholders of August 15, 2023. SUDEBAN indicated that the methodology used in the valuation of investments in securities of the Cayman Branch does not conform to the dynamics of the accounting manual for banking institutions, so the relevant reclassifications must be made. On the other hand, regarding the certifications of custody of securities and the report with the results of the accounting and administrative internal control letter as of June 30, 2023, the considerations in this regard are found in official letters: SIB-II-GGIBPV-GIBPV1-00830 and SIB-II-GGIBPV1-08671 of February 2024 and December 2023; likewise, regarding the clarification on the recognition of actuarial gains or losses on severance payments, this entity informs you that it has taken due note.
- c) Official Letter SIB-DSB-OPCLC-03023 dated May 17, 2024, refers to the responses given by the Bank regarding the findings determined in official letter SIB-DSB-OPCLC-#00757 on the General Inspection carried out at the Bank. SUDEBAN determined: that the internal audit area must submit a statement guaranteeing that the progress described in Circular SIB-DSB-OPCLC-#00757 has been adjusted to

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current legal regulations; on the other hand, regarding the training program for the prevention of money laundering, it reported that the scope and effectiveness thereof will be verified in future inspections.

- d) On May 8, 2024, Official Letter SIB-II-GGIBPV-GIBPV1-02729 was received regarding the follow-up of the results of the General Inspection with a cutoff date of September 30, 2022, which was updated on May 31, 2023. Said official letter indicates that the Bank complied with the correction of errors for the recognition of unrealized income in the six-month period ended June 30, 2023.
- e) On March 22, 2024, Official Letter SIB-DSB-OPCLC-01592 was received in response to Official Letter SIB-DSB-OPCLC-#00636, in relation to the Independent Limited Assurance Report on AML/CFT/FPADM for the six-month period ended 2023. Said official letter indicates that once the information sent by the Bank to SUDEBAN was reviewed, it was determined: that there is no subordination of the compliance officer to the board of directors, steering committee, as indicated in numeral 1 of article 17 of Resolution 083.18; on the other hand, regarding the arguments presented, action plan, and copy of the certification of the board of directors meeting of February 2024, there is no objection to make.
- f) Official Letter SIB-II-GGIBPV-GIBPV1-00830 of February 23, 2024, gave its observations to the response to Official Letter SIB-II-GGIBPV-GIBPV1-04285 on the results of the General Inspection as of September 30, 2022, and updated as of May 31, 2023. The Bank must comply with the instructions issued by SUDEBAN and submit the required information.
- g) In Official Letter SIB-II-GGR-GA-00638 dated February 14, 2024, SUDEBAN considered the capital stock increase of Bs 26,193,373.13 inadmissible because the contribution of one of the shareholders was made by another shareholder who does not have the liquidity or capacity to generate income to meet the Bank's minimum capital stock requirements.
- h) In Official Letter SIB-II-GGIBPV-GIBPV1-00618 dated February 8, 2024, SUDEBAN gives its considerations to the documentation of the Extraordinary General Meeting of Shareholders of February 15, 2024.
- i) In Official Letter SIB-II-GGIBPV-GIBPV1-00611 dated February 7, 2024, SUDEBAN gives its observations on the documentation of the Ordinary General Meeting of Shareholders of February 15, 2024.
- j) On January 12, 2024, official letter SIB-DSB-CJ-OD-00183 was received, which decided to maintain and extend the administrative measures imposed on the Bank regarding the financial product "Ubii MasterCard Prepaid Card" for 90 business days from January 13, 2024.
- k) On November 15, 2023, the Bank received Official Letter No. SIB-II-GGIBPV-GIBPV1-07427 from SUDEBAN, informing it that, after analyzing the explanations and information provided, related to the dividend distribution approved at the Ordinary General Meeting of Shareholders of August 17, 2023, on the financial statements as of June 30, 2023, the dividend decree for Bs 9,704,843.37 is not authorized until the Bank demonstrates that it has sold and/or realized the assets that originated the gain from the exchange rate differential. In addition, it is instructed to finalize the review of the documentation on the adjustments made and to be made as a result of the inspection visit with a cutoff date of September 30, 2022, and updated as of May 31, 2023, according to Official Letter No. SIB-II-GGIBPV-GIBPV1-04285.
- l) On August 31, 2023, SUDEBAN sent the Bank Official Letter SIB-II-GCR-GA-05633, authorizing the launch of the "Interbank Mobile Payment/B2B" financial service. This service is aimed at legal entities that wish to optimize their payment and collection processes, as well as individuals who need to make payments to suppliers or customers.
- m) On August 30, 2023, SUDEBAN issued Resolution No. 037.23, which provides that the administrative measures imposed on the Bank, related to the prohibition of offering the financial product "Ubii MasterCard Prepaid Card" and the reimbursement of commissions charged to customers for said product, will remain in force for ninety (90) banking business days from August 31, 2023, the deadline expiring on January 8, 2024 (Note 21).
- n) On August 17, 2023, the Bank received Official Letter No. SIB-II-GGIBPV-GIBPV1-05317 from SUDEBAN, which makes some observations on some notes to the financial statements as of June 30,

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2023, of the audit report. Among them, it is indicated that the responses to the observations of Official Letter No. SIB-II-GGIBPV-GIBPV1-04285 dated July 7, 2023, received on August 2, 2023, are in the process of being evaluated.

- o) On August 16, 2023, SUDEBAN sent the Bank Official Letter No. SIB-II-GGIBPV-GIBPV1-05305, which refers to the request for authorization to apply Bs 10,711,747.53 of restricted surplus to the capital stock increase, agreed at the Extraordinary General Meeting of Shareholders of May 16, 2023. In the official letter, SUDEBAN points out that the correct amount to be applied should have been Bs 10,477,349.25 and that it has no objection to the Bank using that amount of restricted surplus. It also indicates that the Bank must await SUDEBAN's pronouncement before registering the Minutes of the Extraordinary General Meeting of Shareholders, in which the capital stock increase of Bs 26,193,373.13 was approved.
- p) On July 7, 2023, Official Letter No. SIB-II-GGIBPV-GIBPV1-04285 was received from SUDEBAN containing the results obtained in the general inspection carried out at the Bank with a cutoff date of September 30, 2022, and updated as of May 31, 2023. The purpose of the review was to evaluate the Bank's main assets, the adequacy of provisions, the quality of guarantees, and compliance with the legal provisions that regulate them. The highlights are as follows:
- The Bank must reclassify the balances maintained in accounts 112.06.202 and 112.06.203, resulting from foreign currency positions held in its accounts with foreign correspondent banks acquired to be traded through the "Exchange Desk and Retail" mechanisms, to account 114.00 "Foreign Banks and Correspondent Banks," considering that the balances are available in accounts abroad and not in the national financial system.
  - The Bank was instructed to suspend foreign currency sales transactions through the exchange desk, charged to "Current Accounts according to Exchange Agreement No. 20" (subaccount 211.03) because it constitutes a mechanism enabled for Exchange Agreement No. 1; until the opinion of the issuing entity is requested and its express authorization to carry out these operations is obtained, which must be duly reported to SUDEBAN.
  - Based on the evaluation of the loan loss provision as of May 31, 2023, the Bank must increase the provisions for the loan portfolio and its yields by a total of Bs 31,206,860.
  - The Bank was instructed to reverse income of Bs 9,440,880 on loans granted under the financing modality expressed in UVC, considering that the debts that generated said interest have not been effectively collected by the Bank, as required by the "Rules Regarding the Application and Recognition of Net Profits Generated by Increases or Decreases in the Variation of Capital of Commercial Credits" framed in BCV Resolution No. 19-09-01.
  - The Bank was instructed to review the loan portfolio to determine if there are other loans that have not been repaid in order to reconcile the balances of the equity accounts and make the necessary adjustments.
  - The Bank was instructed to reimburse customers under the "Classic installment loans" figure for the interest charged. These loans are granted through the use of funds not available to the Bank from Interbank Mobile Payment and Immediate Credit operations, which have not been received by the Bank and are available in customer accounts.

On July 31, 2023, the Bank proceeded to respond to each of the points mentioned in the aforementioned official letter, and SUDEBAN, on August 17, 2023, received Official Letter No. SIB-II-GGIBPV-GIBPV1-05317 from SUDEBAN, which indicates that the responses sent are in the process of being evaluated.

- q) On May 15, 2023, Official Letter No. SIB-II-GGIBPV-GIBPV1-02993 was received, through which SUDEBAN points out that:
- The amount for the capital increase, included in the draft Minutes, must be updated according to the official exchange rate of the highest value currency in effect on the date of the Meeting.

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- Under no circumstances may the distribution of dividends be decreed on the resources released charged to account 352.00 "Gain or loss from exchange fluctuations due to holding assets and liabilities in foreign currency" until they are considered liquid and collected resources.
- r) On February 15, 2023, Official Letter No. SIB-II-GGIBPV-GIBPV1-02994 was received from SUDEBAN, through which SUDEBAN indicates that the Bank must reconsider and/or reformulate the amount of dividends to be distributed approved at the Ordinary General Meeting of Shareholders dated February 16, 2023, of Bs 12,311,830.70, considering that only Bs 7,905,444.68 were available for distribution.
- s) On February 15, 2023, Official Letter No. SIB-II-GGIBPV-GIBPV1-00875 was received from SUDEBAN, through which SUDEBAN indicates, among other matters, that:
- The accounting for the Social Contingency Fund must be subsequent to the equity allocations described in Resolution No. 329.99.
  - It is the Bank's responsibility that the Superintendency has not received the custodian certifications and account statements that identify the balances corresponding to investments in available-for-sale and restricted securities, so it urges the submission of evidence to support said custody.
- t) On January 19, 2023, Official Letter No. SIB-II-GGR-GA-00326 was received, through which SUDEBAN authorizes the launch of the "V. Pagos BVC" financial service, which is a service offered by the Bank to facilitate the payment of purchases, consumption, and services from any commercial establishment that is registered on the portal. It is a platform that allows the use of different means of payment in one place, such as Mobile Payment, debit to BVC accounts, national and international credit cards, Visa Superefactiva, and Visa CheckCard.