



Banks to Indicate Receivables Only Through Use of Credit Value Unit

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The Venezuelan Central Bank (BCV) implemented a methodology for the indexing of bank loans based on an "Investment Index" (IDI) that considers the fluctuation of the dollar price in the official market – as part of the country's current unofficial dollarization process – and with the purpose of reactivating the granting of loans through the banking sector. Thus, the BCV will publish the Investment Index daily, an indicator that will increase in proportion to the dollar price increase. The Index is determined by dividing the day's exchange rate by a base value and then multiplying by 100. The indexing mechanism implies that the amount to be paid for principal and interest increases when the dollar increases in the official market, and will remain the same if the dollar decreases.

The BCV issued Resolution No. 21-01-02 establishing that credits must be only expressed through the Credit Value Unit (UVC). This Resolution took effect on Feb. 1, 2021. Among the most critical aspects of such Resolution are:

- Banking institutions must express the obligation in terms of UVC, on the date the loan is granted, resulting from the division of the amount in bolívars soberanos to be settled of the loan granted by the valid IDI on such date, determined by the BCV considering the variation of the market reference exchange rate published daily on its website.
- Loans granted within the framework of the National Single Productive Portfolio (CPUN), which aims to finance the agri-food, manufacturing, tourism, health and mortgage sectors, will have an annual interest rate of 2 percent on the balance resulting from its expression in UVC, in order to promote and strengthen the economic sovereignty of the country.
- Banking institutions must charge their clients an annual interest rate that may not exceed 10 percent or less than 4 percent, once expressed in UVC, for accounts receivable and microcredits in local currency.
- Banks may charge a maximum of 0.80 percent per annum for late payments in addition to the established annual interest rate for the respective transaction. In the case of loans other than those expressed in UVC, banks may charge their customers a maximum of 3 percent per annum for late payments.
- Banking institutions may not pay an interest rate lower than 32 percent per annum on savings deposits they receive, including liquid asset accounts. Said percentage shall be calculated according to the daily balance.
- Banking institutions may not pay an interest rate of less than 36 percent per annum on time deposits received and operations through which time share certificates are issued.
- Banking institutions must send periodic information to the BCV on their clients' interest rates for lending and deposit transactions.



- The annual interest rate to be applied by the BCV in its discount, rediscount and advance transactions are established at 12 percent.

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