

Standards relating to the application of revaluation of assets in Bank Institutions



The Superintendence of Banking Sector Institutions (Sudeban, for its acronym in Spanish) published Resolution N° 025.17 in **Official Gazette N° 41123** of March 28th, 2017 in order to establish the parameters to be considered by Bank Institutions in the **application of revaluation of assets** recorded as property and equipment.

The most important aspects of the Resolution include:

1. Bank Institutions shall apply the mandatory measure of revaluation of assets, upon prior process of evaluation and authorization by the Sudeban, in the following terms:
 - The revaluation will be made for goods owned by the Bank Institution recorded, to the effective date of this Resolution, in group 170.00 "Property and Equipment", and that are in operations, except for balances of accounts 171.00 "Lands", 176.00 "Works in progress" and 177.00 "Other assets".
 - Appraisals shall be conducted by appraisers registered with the Sudeban. Appraisers and the methodology used shall meet the specific requirements established in this Resolution.
 - The recording value shall be determined based on the appraisal's fair value, which shall be certified through a report from and External Auditor registered with the Sudeban. The report shall include detailed information, corresponding to the useful life determined for each one of property and equipment subject to revaluation.
 - The amount of the first revaluation shall not exceed total primary Equity (Level I) of the Bank Institution, considering the parameters established in the standard regulating the calculation of the total capital adequacy index. Subsequently, the revaluation of assets will be permitted according to the guidelines established by the Sudeban.
 - The first revaluation of property and equipment shall be based on the financial statements corresponding to the closing of the six-month period ended December 31, 2016.

- Historical cost, accumulated depreciation and the respective goodwill, as applicable, shall be considered to record the revaluation.
2. Bank Institutions shall request prior authorization from the Sudeban to record in books the amount resulting from the application of the revaluation of these assets, enclosing the External Auditor's report.
 3. Upon completion of the asset revaluation recording process, the Sudeban, in a general or in a particular manner depending on the economic and financial considerations of the Bank Institutions, will be able to request a plan for gradual capitalization with cash contributions.
 4. The asset revaluation amount will be recorded in the assets caption through the accounts and sub-accounts established in the Accounting Manual for Bank Institutions, with a counter item in the account of equity caption 351.00 "Adjustment for Revaluation of Goods". The balance kept in account 351.00 may not be capitalize, used or reclassified for capitalization, dividends distribution, provisions, clearing losses or for any other purpose.
 5. Bank Institutions shall submit the authorization request and the report prepared by External Auditors for the first revaluation within a time frame that shall not exceed 30 continuous days from the date of issuance of this Resolution.
 6. The failure to comply with the standards established in this Resolution will entail sanctions in conformity with provisions set forth in Decree-Law of the Banking Sector Institutions, without

detriment to administrative measures and instructions that may be established by the Sudeban according to its powers.

- 7.** The Resolution N° 025.17 is effective from March 28th, 2017.

Contacts

Alejandro Gómez R.
algoomez@deloitte.com

Marianne Carrillo
macarrillo@deloitte.com

Marketing Department
vemercadeo@deloitte.com

Offices

Caracas

Av. Blandín, Torre BOD,
Piso 21. La Castellana.
Telephone: +58 (212) 2068502
Fax: +58 (212) 206 8740

Pto. La Cruz

Av. Principal de Lechería,
Centro Comercial Anna,
Piso 02, Ofc. 41, Lechería.
Telephone: +58 (281) 286
7175
Fax: +58 (281) 286 9122

Pto. Ordaz

Av. Guayana, Torre Colón,
Piso 2, Ofc. 1, Urb. Alta Vista.
Telephone: +58 (286) 961 1383
Fax: +58 (286) 962 7234

Valencia

Torre Venezuela, Piso 3,
Oficinas A y D, Av. Bolívar
Norte, Urb. La Alegría.
Telephone: +58 (241) 824
2790
Fax: +58 (241) 823 4119

For further information, visit our website www.deloitte.com/ve

Deloitte refers to one or more member firms of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please visit www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

© 2017 Lara Marambio & Asociados RIF J-00327665-0

© 2017 Gómez Rutmann y Asociados Despacho de Abogados RIF J-30947327-1

