

To report computed consumer loan provisions

CMF issues regulation amending Information Systems Manual Files

The regulation amends Files C11, C12 and C13, as well as Table 34 of the Information Systems Manual for Banks.

October 14, 2024 – The Financial Market Commission (CMF) issued today a regulation amending the Information Systems Manual for Banks (ISMB) to report computed consumer loan provisions according to the standardized methodology incorporated to the Compendium of Accounting Standards for Banks.

The Commission has developed standardized methodologies to determine 12-month default probabilities (12DP) and loss given defaults (LGD). The product of said factors allows an estimation of the provisions which banks must report in their financial statements.

Until 2023, these methodologies only applied to consumer and housing portfolios. The CMF expanded the regulation in March 2024 to include a new standardized methodology for consumer loans.

The regulation amends the ISMB to collect information on computed consumer loan provisions under the standardized methodology, as well as internal methodologies developed by supervised institutions. Under public consultation between July and August 2024, feedback regarding a test timeframe from November to December of this year; definition of risk factors for the standard matrix; and the validation process for new information was collected and addressed.

Main changes to the ISMB are as follows:

- File C12: Adds a new registry to report consumer loan provisions using both standard and internal methodologies.
- File C13: Adds a new registry similar to that of File C12 for consumer leasing operations.
- ISMB Table 34: Adds a new code to specifically identify loans to finance vehicles for private use.

- ISMB General Background Information: To validate risk factors for the standard matrix, File C11 to be submitted by subsidiaries and branches abroad is moved to quarterly reporting.

These amendments will allow the CMF to effectively supervise and compute provisions, ensuring a uniform and robust credit risk management in the banking sector.

The regulation becomes effective as of December 2024, allowing entities to perform operational tests and validations before officially implementing this standard in January 2025.

Interested parties can access the [Rules and Norms section](#) on the CMF website to check the new regulation in detail. The Commission also makes available the corresponding [Regulatory Report](#) which, among other things, assesses its impact.

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