



CMF eases treatment of provisions required from banks when rescheduling loan installments

- *These are transitional measures to facilitate the rescheduling of loans in the commercial, consumer, and mortgage portfolios.*
- *The new measures are intended to give banks an accounting framework for the renegotiation of their loans. Each entity, according to the assessment made of its client portfolio, may take the easements it deems appropriate.*
- *The Commission stresses the importance of financial institutions providing individuals with clear, accurate information on the various loan alternatives and their associated costs.*

April 2, 2020.- The Financial Market Commission (CMF) announces additional transitional measures for the treatment of provisions to facilitate the flow of credit to households and businesses. These measures seek to mitigate the impact of the shock on the economy due to the spread of Covid-19.

The special treatment provided by the Commission avoids the inclusion of further provisions due to non-payments of the installments associated with the granted easements. This will facilitate the rescheduling conditions offered by banks to their customers. The alternatives granted by the CMF for the treatment of provisions are not a limit to the flexible payment options offered by banks. Furthermore, it does not relieve them of their responsibility to maintain an adequate assessment of their credit and liquidity risk management so as not to compromise their financial soundness.

The exceptional treatment will be in force until July 31, 2020 and considers freezing provisions in the following situations:

- **Mortgage Loans:** The maximum grace or installments deferment period will be six months for debtors who are up to date or in arrears for no more than 30 days within the indicated validity period.
- **Commercial Loans:** The maximum grace or deferment period will be four months for debtors who are up to date or in arrears for no more than 30 days or one installment within the indicated validity period.

- **Consumer Loans:** The maximum grace or deferment period will be three months for debtors who are up to date or in arrears for no more than 30 days within the indicated validity period.

Banking institutions must report regularly to the CMF on the extent and impact of granted rescheduling.

The Financial Market Commission stresses the importance of financial institutions providing their customers with clear, accurate information about their offers: credit conditions; insurance involved; associated costs; and any relevant data to assess the rescheduling of loans. It also continues to analyze the best alternatives to help mitigate the impact of the economic shock of the coronavirus on the financial system.

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