



Basel III Standards

CMF reports on rating of systemically important banks

- *Based on the information provided by financial institutions for the year 2020, the Commission declared the following banks are systemic: Banco de Chile; Banco de Crédito e Inversiones; Banco del Estado de Chile; Banco Santander – Chile; Itaú-Corpbanca; and Scotiabank Chile.*
- *Chile's systemic bank regulations includes building a systemic importance index by entity based on four factors: size, interconnectedness, substitution, and complexity of the institution.*
- *Considering the sanitary crisis, the Board of the CMF postponed the implementation of some of the requirements associated with the Basel III framework in Chile. The core capital requirements resulting from the identification of systemic banks will be gradually increased from December 2022 to December 2025 at a rate of an additional 25 percent per year.*

March 31, 2021 – The Board of the Financial Market Commission (CMF) approved the resolution on the qualification of systemically important banks, as established by the General Banking Act (LGB) and its regulations for the identification of systemic banks contained in Chapter 21-11 of the Updated Compilation of Rules for Banks (RAN). The regulations published by the CMF for the implementation of Basel III standards in Chile require building a systemic importance index for each entity, based on four factors that reflect the impact that its financial deterioration or eventual insolvency would have. Said factors are as follows:

- **Size** of the bank.
- **Interconnection** of the bank with other financial entities.
- **Degree of substitution** in its provision of financial services.
- **Complexity** of its business model and operating structure.

The identification of systemic banks, as well as the determination of additional applicable requirements, will be carried out annually and based on the information to be reported by the banks themselves.

Six Systemic Banks

According to this methodology, the Commission decided that six banks – in alphabetical order – qualify as systemic: **Banco de Chile; Banco de Crédito e Inversiones; Banco del Estado de Chile; Banco Santander – Chile; Itaú-Corpbanca; and Scotiabank Chile.**

Considering the Covid-19 pandemic, the Board of the CMF postponed the implementation of some of the requirements associated with the Basel III framework in Chile. The core capital requirements resulting from the identification of systemic banks were delayed by a year and will gradually increase at a rate of an additional 25 percent per year between December 2022 and December 2025.

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