

Friday, 16 May 2025

## Financial Policy Meeting – first half 2025

**At today's Financial Policy Meeting, the Board of the Central Bank of Chile decided to keep the level of the Countercyclical Capital Buffer at 0.5% of risk-weighted assets. The decision was adopted with the unanimous vote of the Board members.**

In recent months, a number of political and commercial developments have taken place in the external scene. The most intense moment came in early April, when the US government announced significantly higher than expected tariffs on a broad group of economies. This caused strong movements in the prices of financial assets and a major increase in volatility. Despite the magnitude of the movements, global financial markets have functioned without major disruptions.

Overall, global uncertainty has increased considerably. Despite recent moves that have improved the market sentiment, doubts persist about the timing and magnitude of the measures and their impact on the world economy. Scenarios in which these effects generate significant impacts on local activity, the labor market and the payment capacity of households and firms cannot be ruled out, with repercussions that will worsen if commercial and geopolitical tensions intensify.

The significant rise in trade tensions occurs in a scenario where other risks have not dissipated. Global vulnerabilities persist associated with the permanence of high long-term interest rates and high sovereign and corporate debt. Also, the valuation of financial assets in some segments remains high. At the same time, structural vulnerabilities in the Chinese economy and various sources of geopolitical conflicts remain. All this has led to downward corrections in activity projections for several economies, while the risk of a deterioration in financial conditions for emerging economies persists.

In emerging economies, financial markets have performed favorably compared to previous stress episodes. Sovereign interest rates have fallen slightly, currencies have appreciated against the dollar and stock markets have shown positive returns. Chilean financial assets have shown similar trends to those in other emerging countries.

The deterioration of the external scenario finds the Chilean economy in a better position than in previous years. Significant macroeconomic imbalances have been corrected, and the financial situation of credit borrowers has been improving in recent quarters.

Lending activity has seen no major changes, reflecting a weak demand and stable supply conditions, in line with our first-quarter Bank Lending Survey and May's Business Perceptions Survey. Credit interest rates have continued to evolve in line with their benchmark rates.

The banking system is well prepared to face a more negative scenario. Banks have liquidity buffers in their liquidity indicators and have constituted provisions and guarantees in accordance with the quality of their portfolios. Banks have continued to strengthen their capital

base and their solvency indicators have risen in line with the process of convergence to Basel III standards. Since the previous Financial Policy Meeting --in November 2024--, new perpetual bond issuances have materialized, and banks' profitability has remained above its historical averages.

The Board has decided to maintain the CCyB at its current level of 0.5% of risk-weighted assets (RWA) consistent with the macro-financial and risk conditions facing the financial system, which were assessed at this Meeting and are discussed in greater detail in the Financial Stability Report for the first half of 2025. This risk environment highlights the importance of having a capital buffer previously constituted by the banks, which enhances their capacity to withstand shocks and can be released in the event of a financial stress event, which would help mitigate its impact on the provision of credit to households and firms. As was communicated in November 2024, the first Financial Policy Meeting of 2026 will evaluate the beginning of the convergence towards the neutral level of 1% of RWAs, as macro-financial conditions allow, and considering a period of at least one year for its construction.

The minutes of this Financial Policy Meeting will be published at 18:00 hours of Tuesday, 3 June 2025. The next meeting will be held on 10–11 November 2025, and the statement thereof will be released at 18:00 hours of the second day. For more details on the Countercyclical Capital Buffer (CCyB), click here: [Link](#).

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\*The Spanish original prevails.