



FINANCIAL POLICY MEETING

MAY 2026





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Financial policy session No. 9, held on 15 and 18 May 2026.

Present: Rosanna Costa, Governor; Alberto Naudon, Vice-Governor; Luis Felipe Céspedes, Board member; Claudio Soto, Board member; Kevin Cowan, Board member.

Also present: Luis Óscar Herrera, General Manager; Juan Pablo Araya, Legal Counsel and Attestor; Claudio Raddatz, Financial Policy Division Director; Elías Albagli, Monetary Policy Division Director; Ricardo Consiglio, Financial Markets Division Director; Gloria Peña, Statistics and Data Division Director; Michel Moure, Institutional Affairs Division Director; Miguel Fuentes, Financial Stability Manager; Gabriel Aparici, Payments and Financial Regulation Manager; Mauricio Calani, Financial Research Manager; Markus Kirchner, Macroeconomic Analysis Manager; Guillermo Carlomagno, International Analysis Manager; Enrique Orellana, Monetary Policy Strategy and Communication Manager; Sofía Bauducco, Economic Research Manager; Felipe Musa, Market Operations and Strategy Manager; Catherine Tornel, President of the Financial Market Commission; Alfredo Pistelli, acting General Director of the Financial Market Commission; Alejandro Guin-Po, Advisor to the Finance Minister; Matías Muñoz, acting Head of the Vulnerabilities Monitoring Department; Tatiana Vargas, Coordinator of Publications and Internal Processes; Antonio Fernandois, Senior Advisor to the Financial Stability Department; Marlys Pabst, Secretary General.

1. Background

a. The international scenario

At the time of the Financial Policy Meeting of the first half of 2026, risks to global financial stability were still high. International financial conditions had deteriorated in March with the outbreak of the war in the Middle East, but had since resumed levels consistent with a benign economic outlook. This stood in contrast to the risks, particularly those arising from an escalation of the conflict or its potential impact on global inflation and growth.

These developments were seen in a context where significant vulnerabilities persisted, associated with highly indebted fiscal accounts and high valuations of risky financial assets. Public debt in advanced economies was a source of global concern, as the war had increased pressure for military spending and called for programs to mitigate the effects of increasing energy prices. Furthermore, valuations of risky financial assets remained high by historical standards, raising the risk of a sharp price reversal.



In addition, doubts persisted regarding the growing importance of non-bank financial intermediaries (NBFIs) in global markets, particularly in the private credit segment, given the scarce information available on the quality of their loan portfolios and the extent of their interconnections with traditional banks.

Thus, the main risk facing local financial stability came from a possible sharp deterioration of global financial conditions, which could result from various combinations of adverse events in the world economy.

b. The local scenario

Locally, financial markets had evolved in line with global trends, and no anomalies had been observed in price-setting mechanisms.

Households' financial vulnerabilities had remained subdued, while the firm's remained largely unchanged at their normal levels. This meant that, should an external shock occur, the financial system would be capable of operating without major disruptions. Consumer and mortgage loan delinquency rates remained mostly unchanged, and no significant changes were observed in the corporate sector's debt-to-sales ratio. For its part, the real estate sector remained weak beyond some signs of improvement, with high delinquency and a large stock of unsold finished homes.

On the fiscal side, deficits persisting over several years had reduced fiscal headroom and driven up public debt. In addition, the duration of public debt issues had shortened, in line with global trends. Prudent management of fiscal accounts was essential to preserving adequate financing conditions for households and firms, as well as the economy's ability to mitigate the impact of shocks in the future.

Lending activity had shown signs of stronger momentum, with positive growth rates in commercial, consumer, and mortgage loan portfolios, discounting exchange rate effects. Data from our Bank Lending Survey, Business Perceptions Report, and internal estimates indicated that the recent credit cycle had been driven by demand factors, in line with economic fundamentals, and with no evidence that banks' capital was restricting credit.

For the banking system, funding cost indicators remained within normal ranges due to financing from stable sources and borrowing rates similar to those of the previous six-month period. Delinquency indicators remained stable, while provisioning expenses for new loans had declined, signaling that banks expected risk to decline going forward. Sustained profitability remained above its historical average, which had allowed for higher dividend payouts and the organic generation of capital to support credit growth. Furthermore, the sector's stock market had outperformed the average of other economic sectors.



Additionally, the banking system had capital buffers with respect to regulatory capital requirements, which would allow it not only to withstand a stress scenario but also to accommodate the convergence of the Countercyclical Capital Buffer (CCyB) over the projected horizon, while maintaining a credit flow consistent with economic developments. As of February 2026, CET1 buffers amounted to 3.2% of risk-weighted assets (RWAs).

2. Background analysis and discussion

In line with the background information published in our Financial Stability Report (IEF) for the first half of 2026, there was agreement that the main financial risks facing the Chilean economy was originated abroad, particularly the possibility of an abrupt tightening of global financial conditions, which reflected a relatively benign outlook compared to the scenario of potential impacts of an escalation of the conflict in the Middle East.

Locally, so far the increased external risk had not translated into an episode of financial stress; the financial market was operating normally, there was no evidence that local asset prices were out of line with their fundamentals, and price-setting mechanisms had functioned well. In addition, credit showed a gradual recovery, and its performance continued to be driven by demand-side factors.

As noted in the Financial Stability Report of the first half, there was no significant risk build-up among financial intermediaries, whether in terms of credit, market, or liquidity risk. It was also noted that both borrowers and lenders were well positioned to weather a shock.

There was agreement that the banking system was operating normally. The system's positive profitability and liquidity indicators stood out, as were its capital buffers. This would not only allow banks to remain solvent in the event of severe stress but would also give them the flexibility to manage the transition to a higher CCyB. It was mentioned that expectations for the banking system were also positive.

About the capital buffers, it was noted that they were several times the size of the increase required to reach the neutral level of the CCyB defined in the Bank's policy. Furthermore, the staff's analysis showed that in the coming years, banks could accommodate a higher CCyB while maintaining a credit growth rate consistent with economic developments and their own internal projections. This exercise assumed that earnings and dividend payout would remain at historical averages, allowing banks to maintain, by the end of 2027, voluntary capital buffers similar to current levels. It was also noted that there was no evidence that capital was acting as a constraint on credit supply, nor was it expected to become a constraint in the next 24 months.



Based on the data presented in the first-half IEF, the risk assessment, and the state of macro-financial conditions, the Board saw no reason not to continue the convergence of the CCyB toward its neutral level. This was consistent with the policy framework established by the Central Bank of Chile and had received a favorable preliminary report from the Financial Market Commission (CMF).

Finally, the role of the CCyB as a preventive tool to boost the banking system's resilience to financial stress was emphasized, as was the importance of having an additional buffer that could be released should a systemic financial shock occur. It was noted, in line with the update to the CCyB's methodological framework, that a level of 1% of RWAs would allow the financial system to effectively address most risky situations.

3. Analysis of policy options

As announced in November 2024 with the publication of the CCyB implementation framework and reiterated at the latest Financial Policy Meeting, it was established that, once the Basel III capital requirements came into full effect in December 2025, that is, starting in the first half of 2026, an assessment would be made as to whether macro-financial conditions would allow initiating the convergence toward the neutral level of the CCyB, established at 1% of RWAs.

All five Board members considered that the sole option possible was to continue with the convergence of the CCyB to its neutral level of 1% of RWAs over a period of 24 months. There were no indications of any anomaly in the financial system. On the contrary, macro-financial conditions were consistent with continued convergence toward neutral; local financial markets had been able to absorb the movements associated with increased international uncertainty without major disruptions; the banking system enjoyed profitability and favorable financial conditions, as well as capital buffers that would allow it to finance the increase without damaging its lending capability. Regarding the convergence timeline, there was consensus in the Board that the 24-month horizon provided adequate flexibility and certainty for the banking sector's capital planning. This option had received a prior favorable report from the CMF regarding both the level and its timeline.

One Board member pointed at the importance of being aware of three conceptual precisions for a CCyB discussion. First, given its methodological framework, the CCyB is not a tool for managing the credit cycle, as other instruments—primarily monetary policy—serve that purpose. Second, the CCyB is not a structural tool designed to support credit. Third, the CCyB does not necessarily require the financial system to hold more capital; rather, it provides the system with greater flexibility to utilize that regulatory capital.



The Board unanimously agreed that the activation of the CCyB supported the Central Bank’s strategy to ensure greater resilience of the local financial system in the face of external risks unfolding, through a well-capitalized banking system—a measure that complemented other policies the Bank has pursued in recent periods, including its regulatory agenda and the hoarding of international reserves. One Board member pointed out that the countercyclical buffers in the Chilean economy were currently smaller than they were prior to the pandemic, highlighting the Central Bank’s call to rebuild those buffers. Some Board members added that it was important to note that the banking system had sufficient capital to absorb the increase in the CCyB toward its neutral level without affecting credit dynamics.

Finally, It was noted that, in accordance with the policy framework published in November 2024, the Board will continue to regularly assess macro-financial conditions, the risk environment, and their potential implications for the CCyB.

4. Financial policy decision

Governor Costa, Vice-Governor Naudon and Board members Céspedes, Soto, and Cowan voted in favor of moving ahead with the convergence of the countercyclical capital buffer to its neutral level, setting it at 1% of risk-weighted assets from its current 0.5% over a period of 24 months.

