



FINANCIAL POLICY MEETING

NOVEMBER 2025





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Financial policy session No. 8, held on 10–11 November 2025.

Present: Rosanna Costa, Governor; Stepanka Novy, Vice Governor; Alberto Naudon, Board member; Luis Felipe Céspedes, Board member; Claudio Soto, Board member.

Also present, Juan Pablo Araya, Legal Counsel and Attestor and acting General Manager; 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, Infrastructure 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; Solange Berstein, President of the Financial Market Commission (CMF) and Nancy Silva, CMF General Research Director; Alejandro Puente, Advisor to the Finance Minister; Antonio Fernandois, Head of Financial Policy Implementation Group; Marlys Pabst, Secretary General.

1. Background

a. The international scenario

Compared with the previous Financial Policy Meeting (RPF), valuations of risky financial assets in developed economies were high and continued to rise. This, coupled with lower implied volatility, reflected greater risk appetite, which contrasted with the high uncertainty associated with trade, geopolitical, and institutional tensions. At the same time, global debt remained high, particularly sovereign debt, in a context in which market agents expected that the increased fiscal stimulus approved in the United States and the announced increases in public defense spending in NATO member countries would result in significant deficits. It was considered that the persistence of these deficits could compromise fiscal sustainability and put pressure on the functioning of sovereign debt markets. In turn, the growth of non-bank financial intermediaries (NBFIs) in advanced economies and their interconnection with the rest of the financial system constituted a potential source of shock amplification. Thus, the overall picture suggested that the vulnerabilities of international financial markets had deepened since the previous meeting.



Therefore, the main risk facing local financial stability was related to a sudden change in global financial conditions due to the materialization of a risk event or some sign pointing opposite the markets' favorable expectations.

b. The domestic scenario

Local financial conditions had improved slightly compared to the previous meeting. Similarly to other emerging economies, long-term interest rates had declined slightly, while sovereign and corporate bond spreads had also narrowed. Moreover, stock prices had risen and capital flows into Chile had increased in recent months.

The correction of macroeconomic imbalances from previous years contributed to improving the financial position of local agents. Household vulnerabilities remained stable at low levels, with debt falling slightly and financial burdens and defaults remaining stable.

Meanwhile, firms were in a better position to withstand a possible deterioration of the economic scenario. Their debt, financial burden, and default indicators had declined, which was most visible in the trade and manufacturing sectors as a result of higher sales. The residential real estate sector remained weak, with high default rates and the stock of finished homes remaining close to historic highs, despite some early signs of improvement, such as recent increases in sales and the stock market performance of companies in the sector. However, some business segments were still in a weakened financial position, particularly smaller firms and a fraction of those that had obtained Fogape loans during the pandemic, although somewhat improved compared with the previous six months.

Lending activity showed some signs of recovery in recent months. Total credit grew 1.4% in real annual terms during the third quarter, with positive rates across the various portfolios, albeit limited. This moderate growth took place in the context of slightly lower interest rates on loans, in line with their benchmark rates, suggesting that demand for credit remained weak but with some signs of dynamism, consistent with the findings of the Bank Lending Surveys and the Business Perceptions Survey.

For the banking system, profitability was slightly higher than historical averages, while portfolio delinquency showed some stabilization, remaining covered by provisions and guarantees. Banks continued to adapt to the new Basel III requirements. Additional capital from perpetual bonds and regulatory buffers had strengthened their ability to absorb shocks, and their funding structure had remained stable since the previous half year. Thus, local banks had capital and liquidity levels that allowed them to remain solvent in a scenario of severe stress.



2. Background analysis and discussion

In line with the information published in the Financial Stability Report (IEF) for the second half of 2025, all the Board members agreed that the main financial risks facing the Chilean economy were fundamentally associated with the external scenario, particularly a possible abrupt tightening of global financing conditions.

It was noted that, despite a highly uncertain scenario, the price of risky assets in developed economies continued to rise. This contrasted with ongoing commercial, geopolitical, and fiscal tensions. The sensitivity and exposure of the national economy to external developments highlighted the importance of being well prepared to deal with adverse shocks, reducing vulnerabilities, and building mitigators.

Locally, the Board members agreed that the firms' financial situation enabled them to weather shocks better than in the previous six months. Household savings remained stable, and financial vulnerability indicators had stayed unchanged since the previous meeting.

The Board members highlighted the importance of continuing to monitor the evolution of pension funds, which have extended the duration of their portfolios through their asset and liability positions in interest rate derivatives in dollars at different terms. This change in the investment portfolio had boosted returns, but it had also increased exposure to a steepening of the US yield curve, which, given the external risk scenario described in the IEF, it was a situation worth analyzing.

It was noted that bank lending activity was showing some signs of recovery, which were still considered to be in their early stages. Analysis of the credit cycle needed to be further deepened in order to assess the degree of persistence and the sources of this incipient dynamism.

Bank stress tests showed that the local banking system maintained capital buffers within a severe stress scenario. Additional capital, coming from perpetual bonds and regulatory buffers, had strengthened the banking sector's ability to absorb financial shocks. In a scenario of sharp contraction in activity, rising funding costs, and deteriorating financial conditions, banks retained the capacity to absorb shocks under the most demanding Common Equity Tier 1 (CET1) capital metric. In this case, some institutions would make use of part of the regulatory capital buffers set aside for these purposes. In addition, the results of the test showed that the system had adequate levels to complete the final stage of implementation of the new Basel capital requirements by the end of 2025.



3. Analysis of policy options

Regarding policy options, all five Board members considered that maintaining the countercyclical capital buffer (CCyB) requirement at 0.5% of risk-weighted assets (RWAs) was the only feasible option at this meeting. This was consistent with the macro-financial conditions and risk scenario facing the financial system, as analyzed in detail in the IEF for the second half of the year. This option was also consistent with the preventive nature of the CCyB, as considered in its updated policy framework, i.e., one in which these resources can be released in conditions of significant stress. It was emphasized that this risk environment underscored the importance of banks having a previously constituted capital buffer, which would increase their capacity to withstand shocks and could be reduced or released in the event of severe financial stress, thereby helping to mitigate its impact on the provision of credit to households and businesses.

One Board member pointed out that the scenario analyzed in the IEF had several elements consistent with a risk status that the updated framework describes as standard risk, a status in which the CCyB is at its neutral level. In this risk state, bank balance sheets show activity and results within normal ranges, the credit market functions without major deviations, and local asset prices are aligned with their fundamentals. Considering that the risk state is standard, and the implications this has for the CCyB level, it would be one of the considerations that should be covered in the May 2026 financial policy meeting.

Finally, the Board added that their November 2024 statement, which announced the updated Framework for the implementation of the CCyB remained in effect. Thus, considering that the Basel III capital requirements will be fully implemented in December 2025, it was established that, starting in the first half of 2026, an assessment would be made as to whether macro-financial and lending conditions would allow convergence towards the neutral level of 1% of RWAs defined for the CCyB to begin, in which case a period of at least one year would be given for compliance.

4. Financial policy decision

Governor Costa, Vice-Governor Novy, and Board members Naudon, Céspedes, and Soto voted for maintaining the Countercyclical Capital Buffer at a level of 0.5% of risk-weighted assets.

