Conclusions from the 84th Session of the Financial System Coordination and Monitoring Committee

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During the 84th session of the Financial System Coordination and Monitoring Committee, which was held today between the Minister of Finance and Public Credit, the Governor of *Banco de la República* (the Central Bank of Colombia), the Financial Superintendent of Colombia, the acting Director of the Financial Institutions Guarantee Fund (Fogafín in Spanish), and the representative of the Financial Regulatory Unit (URF in Spanish), the main trends of the leading indicators of the financial system and the outlook for 2023 were analyzed.

The financial system ends the year 2022 with appropriate prudential indicators and preventive risk management that will allow it to face the economic situation of 2023.

Following the joint analysis of macroeconomic conditions, the financial situation of households and the main risks to which the financial system is exposed (credit, liquidity and funding, market, currency and physical risks), the Committee concluded that the persistence of the risk factors evaluated throughout 2022 requires periodic monitoring of the main indicators of the financial system, along with active and preventive management by the authorities.

Prudential capital adequacy and liquidity indicators, which at the end of October recorded levels of 18.2% and 163.9%, respectively, have remained above the minimum regulatory requirements. Likewise, the main portfolio indicators, such as real growth and quality, show that the credit supply remains positive (4.71%) and the good payment behavior is reflected in a percentage of non-performing loan portfolio of 3.8%.

Risk Analysis for 2022 and Warning Signs for 2023
The consumer portfolio began to show signs of moderation in its growth rate, starting its convergence to its long-term trend. However, the behavior of the household financial burden and leverage ratios continue to be relevant elements in the monitoring of the credit portfolio for 2023.

Currency and external liquidity risks remain at acceptable levels, without posing a source of vulnerability for the financial system.

The domestic liquidity risk has been adequately managed as required by the context. The monitoring of the term structure of assets and liabilities and the management of the Interest Rate Risk in the Banking Book is maintained.

The effects of the rainy season do not represent systemic financial risks.

Conclusions
The members of the Committee conclude that 2022 was a year in which financial institutions maintained an adequate dynamic that was reflected in good soundness indicators and improvements in creditworthiness. This result allows adopting preventive measures, such as those provided for in External Circular 026 of 2022, to anticipate possible future impairments, without affecting the capacity of the institutions to meet the financing needs of the productive activity and households in 2023.

In addition, the progress of the public policy to promote the capital market was monitored, and the objectives and criteria of the road map to be worked on in the short and medium term were defined.

For further details on the main trends in the financial system, see the following reports:

Current Report on the Colombian Financial System (only available in Spanish)
Financial Stability Report

Fuente: https://www.banrep.gov.co/en/news/84th-session-financial-system-coordination-monitoring-committee