

# Conclusions from the 94<sup>th</sup> Session of the Financial System Coordination and Monitoring Committee

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Bogotá, 20 June 2025.

During the 94th session held on Friday, June 20, the Financial System Coordination and Monitoring Committee, comprising the Deputy General Minister of the Ministry of Finance and Public Credit, the Governor of *Banco de la República* (the Central Bank of Colombia), the Financial Superintendent, the Director of the Financial Institutions Guarantee Fund (Fogafín in Spanish), and the Deputy Director of Prudential Regulation at the *Unidad de Proyección Normativa y Estudios de Regulación Financiera* - URF (Financial Regulatory Unit) as a guest, analyzed the main outlooks and trends in the financial system's performance indicators during the first four months of 2025.

Committee members highlighted that credit institutions continued to exhibit sound short- and long-term prudential capital adequacy and liquidity indicators, above regulatory minimums. The loan portfolio, the main asset of these institutions, has shown signs of recovery since mid-2024, and positive growth is expected to resume in the second half of 2025. This recovery trend is explained by improvements across all loan types, although consumer loans continue to register real annual contractions. Notably, the corporate loan portfolio, which represents the largest share of the total loan portfolio, began to reverse its contractionary growth trend, recording positive growth after two consecutive years of decline. Mortgage loan portfolios and microcredit have also shown increased dynamism. This favorable trend was associated with a rebound in economic growth, lower inflation and interest rates as well as improved credit demand and supply outlooks, which have translated into more dynamic loan disbursements.

As a result of the ongoing adjustment process in the credit market, the non-performing loan portfolio continued to decline, particularly in consumer loans and microcredit. The ratio of the non-performing loan portfolio to the total loan portfolio is trending toward its 5-year average. This trend has been supported by an adequate level of provisions relative to the credit risk of these loan portfolios.

In assessing the main risks facing the financial system, the Committee highlighted vulnerabilities associated with local fiscal challenges amid increased sovereign risk perception. These risk factors could be further exacerbated by greater global uncertainty and persistent geopolitical tensions. Nonetheless, sensitivity analyses confirm the robustness of Colombia's financial system and suggest that, in aggregate terms, credit institutions have sufficient capacity to absorb potential material shocks.

## Conclusions

Based on the joint analysis of financial institutions' indicators, Committee members concluded that the system has remained resilient, supported by the current prudential regulation, forward-looking risk-based supervision, and the strengthening of risk management by credit institutions in an environment of greater uncertainty. They also noted that the leading indicators of the financial system during the first four months of 2025 align with the recovery expectations projected since the end of the previous year.

For more details on the main trends in the financial system, please refer to the following reports:

- Financial Stability Report – first half of 2025 (only in Spanish)
- Financial System Update Report – April 2025 (only in Spanish)