Financial Stability Report - First Semester of 2019

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The main purpose of these documents is to provide semiannual information on the vulnerabilities and risks of the financial system. The views presented and potential errors are the sole responsibility of the authors and their contents do not compromise the Board of Directors of *Banco de la República*

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This Financial Stability Report presents the appreciation of *Banco de la República* (the Central Bank of Colombia) on the recent performance of credit institutions and their debtors, as well as on the main risks and vulnerabilities that could have some effect on the financial stability of the Colombian economy. The Report intends to inform both participants in financial markets and the general public, besides promoting public debate on the trends and risks that may affect the financial system. The results herein presented also serve the monetary authority as an input in their decision-making to promote financial stability within the general context of the objectives of price stability and macroeconomic stability.

- The financial system completed the process of adjustment to the macroeconomic shocks that have been observed since 2014:
    - Credit Risk
    - Lower profitability than the historical average
    - Low credit growth
- The Colombian economy has a resilient financial system. This, together with recent advancements in prudential regulation, make it unlikely that domestic credit conditions may become a source of macroeconomic disturbance.
- The economic recovery has allowed for:
    - Lower growth of non-performing loans
    - Lower growth of risky loans
    - Recovery of profitability
    - A trend towards a slight recovery in credit growth
- The expected widening of the current account deficit of the Colombian economy and the latent risk of lower-than-expected growth for some trading partners pose vulnerabilities that, in the face of negative shocks, could affect the stability of the financial system.
- Credit risk continues to materialize in sectors such as construction and agriculture; at the same time, its intensity has reduced in housing debt.

Video of the Financial Stability Report for the first semester of 2019
This was the presentation of the #FinancialStabilityReport for the first half of 2019 by the Governor of the Central Bank, #JuanJoseEchavarria, and Daniel Osorio, Director of the Financial Stability Department, on Thursday, 23 May 2019.

Boxes included in the Report

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Daniel Osorio

- Box 2. Aggregate Vulnerability Indicator
Angélica Lizarazo
Santiago Gamba

- Box 3. Indicator of Financial Conditions
Wilmar Cabrera
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Office of the Financial Superintendent of Colombia (SFC)*

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- Box 6. Foreign Exchange Position and Capital Adequacy Ratio
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- Box 7. Considerations Regarding the Memory of Credit Bureaus
Daniel Osorio

Fuente: https://www.banrep.gov.co/en/publications-research/financial-stability-report/first-semester-2019