

It is the *Banco de la República's* responsibility to administer the country's international reserves, including management, investment, safekeeping and disposal of reserve assets. Investment takes place principally by following the criteria of security and liquidity with the aim of facilitating national payments abroad.

The Bank, first of all, looks for security and stability in its investment and endeavours to keep liquid reserves in order to ensure timely payments to other countries.

International reserves are internationally accepted means of payment generated by, amongst others: i) The difference between income stemming from exports or sales abroad and expenditures relating to imports or purchases carried out in the rest of the world; ii) The difference between income proceeding from foreign loans or investment and expenditures in capital payments, interest and retention of profits; and iii) The difference between deposits remitted by Colombians residing abroad and those remitted to them. The purpose of international reserves is to enable the Government and private individuals and businesses to make payments abroad.

International reserves consist of freely convertible currencies, that is currencies that can legally be exchanged for other widely accepted currencies in the international market, either for gold or for Special Deposit Rights (SDR's).