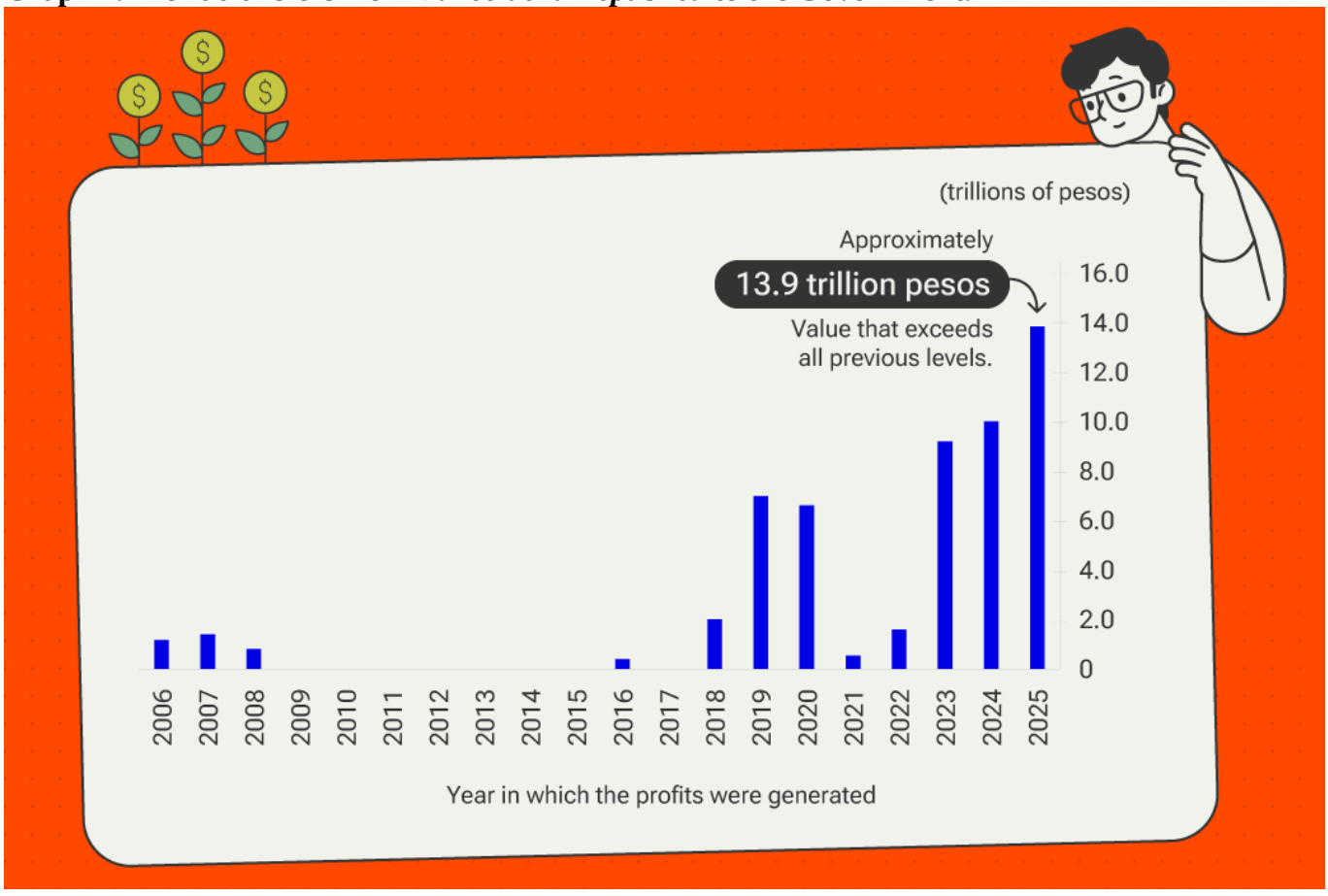
BanRep Blog: The Profits of Banco de La República and Foreign Reserves

Publication date Thursday the 5th of March, 2026

Each year, *Banco de la República* (the Central bank of Colombia) generates profits that, by law, must be transferred to the Government once the equity reserves in this same law have been deducted. In March of this year, *Banco de la República* will transfer to the National Government approximately 13.9 trillion pesos of profits generated by its operations during 2025. As shown in **Graph 1**, this level is the highest in history and exceeds the previous historical highs reached in 2023 and 2024.

Graph 1. Profit transfers from *Banco de la República* to the Government.

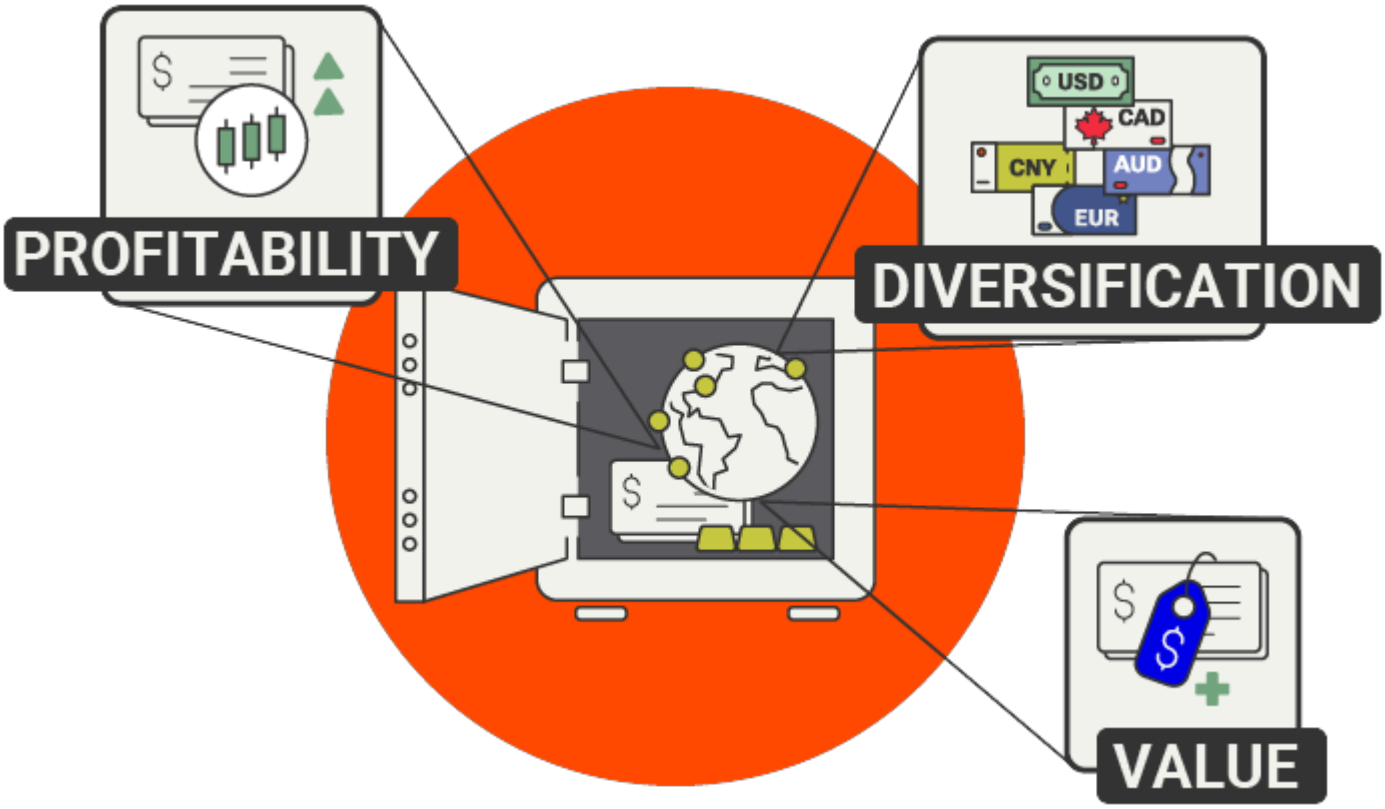


Source: *Banco de la República*

Of the total profit for 2025, 86% can be attributed to the administration of foreign reserves during the past year. Foreign reserves are the country's savings in foreign currency, which the Bank invests mainly in financial assets denominated in US dollars, although investments are also made in other currencies and gold. The Bank invests these reserves following three basic principles: safety, liquidity, and profitability. Consequently, most reserves are invested in highly safe financial assets, such as government bonds and securities issued by government-related entities that are economically sound. These investments enable the preservation of resource value and the

generation of income without placing the country’s savings at risk.

As of December 31, 2025, net foreign reserves amounted to USD 66.3 billion, and their returns resulted from the interest earned on investments and their valuation gains.



In 2025, international interest rates remained relatively high, favoring bond performance. Moreover, these rates have been declining as global inflation has fallen, thereby increasing the value of the bonds. Added to the above was the strong performance of certain markets, such as gold, amid greater global uncertainty. Finally, the greater diversification of the portfolio, through increased investments in currencies other than the US dollar, contributed to the overall investment performance insofar as its assets increased in value and reduced portfolio risk.

Foreign reserves play a fundamental role in the economy. Their main function is to protect the country when access to foreign currency is difficult. Such difficulties arise during international financial crises, exports decline, the US dollar appreciates, or it is difficult to obtain external financing. In this way, the reserves serve as a backup, allowing Colombia to pay for its imports, meet its foreign-currency obligations, and respond to difficult scenarios without significantly affecting the national economy. In addition, reserves generate international market confidence, which facilitates access to credit and foreign investment.

Finally, it is worth noting that Colombia’s level of foreign reserves is adequate. As indicated in the most recent Foreign Reserves Management Report of *Banco de la República*, the current level of foreign reserves covers more than nine months of imports and also exceeds the country’s annual external debt service, including amortizations and interest. Its level falls within the adequate range, according to a comprehensive index recommended by the International Monetary Fund (IMF). When considered as a whole, these measures indicate that Colombia has sufficient coverage to withstand external shocks and meet its international obligations without exceeding what is required.

Related Economic Concepts

- Profit

    - Profit is the gain obtained after subtracting costs and expenses from the income earned from an investment or economic activity.
- Imports
    - Imports are the goods or services that a country buys from abroad.
- Exports
    - Exports are the goods or services that a country produces and sells to other countries.
- Financial assets
    - Financial assets are instruments that represent money or that may be converted into money in the future. For example, money in a bank account, a bond, or a stock.
- Portfolio
    - A portfolio is a basket of financial assets.
- Public bonds
    - They are debt instruments issued by the Government. In Colombia, the best-known are the TES (Treasury Securities). They are traded on the financial market and have different terms and interest rates (fixed or variable).
- Foreign investment
    - Foreign investment is money that companies or individuals from other countries invest in a country to produce goods, generate employment, or buy assets.
- External shocks
    - External shocks are events that occur outside the country and affect the domestic economy. For example, an increase in oil prices, an economic crisis in a country with which there is a trade relationship, or sudden changes in international interest rates.

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Related Questions and Answers

What are foreign reserves?

Foreign reserves are the country's holdings of strong foreign currencies (such as US dollars, euros, and others) that are managed by *Banco de la República*.

Where do the profits produced by Banco de la República come from?

The profits are the product of returns on foreign reserves, among other sources, including returns on public securities held by the Bank and interest that the Bank charges financial intermediaries for liquidity supply operations. The management of foreign reserves consists of investing them following the principles of security, liquidity, and profitability. Most of the reserves are invested in highly safe and easily sellable financial assets, such as government bonds and securities issued by government-related entities that are economically sound.

Why are foreign reserves important for the country?

Foreign reserves play a fundamental role in the economy, and their main function is to protect the country when difficulties arise in accessing the foreign currency Colombia needs to make payments abroad. They function as a

backup, allowing Colombia to meet its obligations (for example, imports or foreign-currency debts) and to generate international market confidence, facilitating access to credit and foreign investment.

What is the level of the country's foreign reserves, and how much will *Banco de la República* transfer to the Government this year in profits?

As of December 31, 2025, net foreign reserves amounted to USD 66.3 billion. *Banco de la República* will transfer to the National Government in March approximately COP 13.9 trillion pesos in profits generated during its operations in 2025.

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Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/blog/profits-foreign-reserves