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Latam Daily: Colombia Debt Holdings Update

Colombia: October COLTES Holders Report—offshore investor pullback and Ministry of Finance as leading buyer

In October, markets continued to respond to the government's debt strategy. During the month, the government executed its seventh liability management operation (LMO) of the year in fixed-rate COLTES. For the first time in history, this operation included short-term debt (TCOs) with a 1-year maturity, targeting securities maturing in December 2025, March, and June 2026. It also involved long-term COLTES maturing in 2025, 2026, 2027, 2028, 2034, and 2050, totaling COP 43.3 tn.

In exchange, the government issued COLTES maturing in 2029, 2035, and 2058 for a total of COP 35.3 tn. This transaction reduced the outstanding stock of domestic debt by COP 8 tn. Including all LMOs conducted this year (excluding Treasury portfolio operations), the total reduction in outstanding debt amounts to COP 16 tn. In terms of market performance, the COLTES peso curve depreciated by 16 basis points, with a mixed movement concentrated in the belly of the curve.

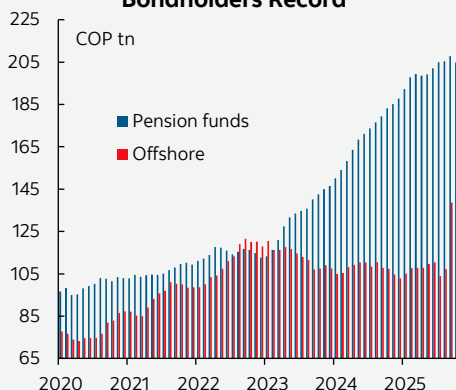
During the period, the largest holders of public debt (chart 1) registered significant sales, while the Ministry of Finance remained active as a buyer in the market. Pension funds led the sales of COLTES, divesting COP 3.1 tn (chart 2), followed by foreign capital funds with sales of COP 2.5 tn (chart 3). This contrasts with the strong purchases observed in September, driven by the formation of the Total Return Swap (TRS) with Public Credit, which confirms that in the absence of such an operation, foreign investor appetite remains subdued. Conversely, the Ministry of Finance was the largest buyer of public debt (chart 4), acquiring COP 4.0 tn in COLTES as part of the creation of a liquidity reserve. This strategy unfolds in a context where the peso cash position remains at historically low levels, with a DTN of COP 10.2 tn as of October 31st—53% below year-ago levels.

Key takeaways:

- The Ministry of Finance was the largest buyer of COLTES.** In October, the Ministry of Finance emerged as the largest buyer of COLTES, increasing its holdings by COP 4.0 tn, reaching a total portfolio of COP 14.0 tn. This behaviour reflects the continuation of COLTES purchases in the secondary market as part of the Ministry's debt strategy. The activity of other market participants suggests that, in the absence of the TRS structured with six international banks, the Ministry of Finance would remain the most active player in the COLTES market. Year-to-date, the Ministry's share as a holder of COLTES has increased by 1.8 percentage points (ppts), reaching 2% of the total outstanding amount.

Chart 1

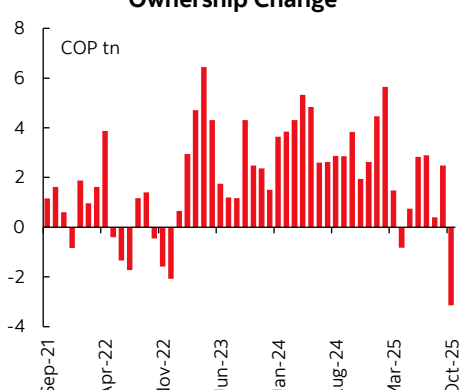
Colombia: COLTES Bondholders Record



Sources: Scotiabank Economics, Ministry of Finance.

Chart 2

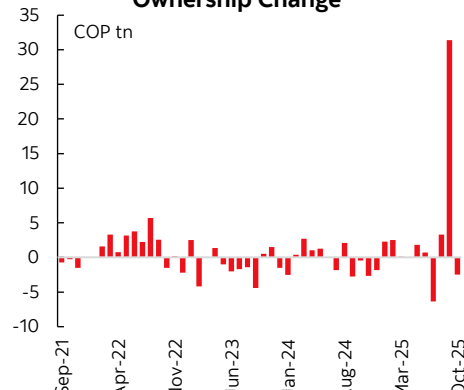
Colombia: Pension Funds - Ownership Change



Sources: Scotiabank Economics, Ministry of Finance.

Chart 3

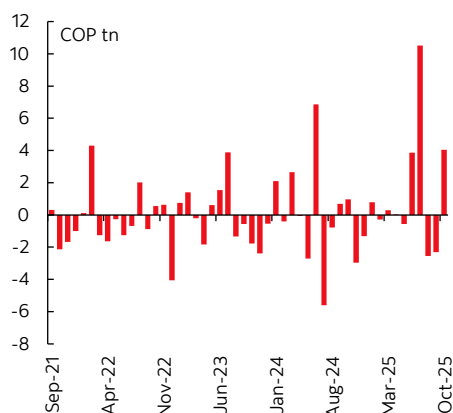
Colombia: Offshore - Ownership Change



Sources: Scotiabank Economics, Ministry of Finance.

Chart 4

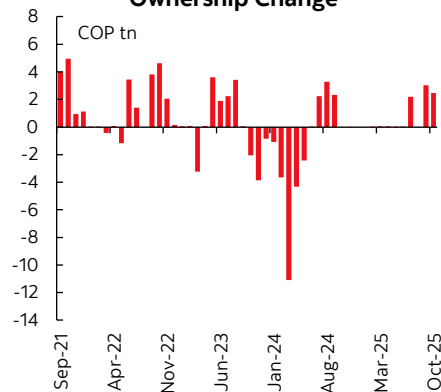
Colombia: MoF - Ownership Change



Sources: Scotiabank Economics, Ministry of Finance.

Chart 5

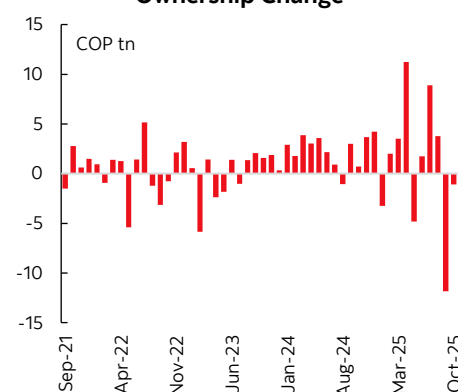
Colombia: BanRep - Ownership Change



Sources: Scotiabank Economics, Ministry of Finance.

Chart 6

Colombia: Local Banks - Ownership Change



Sources: Scotiabank Economics, Ministry of Finance.

- BanRep was the second-largest buyer of COLTES during the period.** Purchases of peso-denominated COLTES totaled COP 2.1 tn (chart 5), while UVR-denominated COLTES amounted to COP 400 bn. In total, BanRep recorded net purchases of COP 2.5 tn in October. These operations were carried out to meet the economy's increased liquidity needs, likely in response to the operations executed by Treasury, and to help align the overnight IBR with the monetary policy rate.
- Pension funds were the largest sellers of COLTES during the period.** On one hand, sales of peso-denominated COLTES totaled COP 2.9 tn, while UVR-denominated COLTES sales amounted to COP 200 bn. In total, pension funds recorded sales of COP 3.1 tn in October—levels not seen since March 2020. According to reports from BanRep, the bulk of these sales were concentrated in the short-to-mid segment of the curve (2–5 years) and the mid-to-long segment (10–15 years), respectively. Pension fund portfolios now total COP 204.7 tn, representing 29.5% of the total outstanding.
- Changes in offshore portfolios reflected the lack of appetite among these investors.** Offshore accounts reduced their COLTES holdings by COP 2.5 tn, contrasting with the COP 31.4 tn in purchases recorded in September amid the structuring of the Total Return Swap (TRS) with Public Credit. Additionally, October saw a reduction in the positioning by some agents who prefer to operate through Non-Deliverable Forwards (NDFs). Year-to-date, offshore investors have reported net purchases of COP 33.3 tn, of which, according to our estimates, COP 33.6 tn were driven by the TRS operation with Public Credit. Currently, foreign investors hold 19.6% of the total COLTES outstanding.
- Total COLTES outstanding rose by COP 1.4 tn in October.** Nominal bonds now account for 69.6% of the total outstanding. Year-to-date through October, the total outstanding amount has increased by COP 111.4 tn. In terms of composition, COP 8.72 tn of the monthly increase was driven by auctions (TCOs and long-term COLTES). However, debt management operations and other portfolio adjustments by the Treasury offset this increase by COP 7.29 tn during the month.

Table 1: Colombia - COLTES Holdings (October 2025, COP tn)

Agent	COLTES Holdings			% Outstanding			Monthly Change			YTD Change		
	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL
Pension Funds	130.1	74.7	204.7	26.9	35.3	29.5	-2.9	-0.2	-3.1	13.5	3.5	16.9
Banks	80.2	22.7	102.9	16.6	10.7	14.8	-0.2	-0.9	-1.1	10.4	-0.2	10.2
Offshore Funds	128.5	7.6	136.2	26.6	3.6	19.6	-2.5	0.0	-2.5	32.3	1.0	33.3
Insurance and Capitalization Companies	16.4	67.2	83.6	3.4	31.8	12.0	0.2	1.1	1.3	2.4	12.6	15.0
Public Trusts	22.6	14.8	37.4	4.7	7.0	5.4	0.2	0.5	0.6	-7.4	0.5	-6.9
BanRep	32.8	7.4	40.2	6.8	3.5	5.8	2.1	0.4	2.5	6.6	1.4	8.0
Infrastructure Companies	20.5	5.6	26.1	4.2	2.7	3.8	-0.2	0.2	0.0	4.8	0.3	5.0
Local Retail Funds	16.5	6.3	22.9	3.4	3.0	3.3	-0.9	2.3	1.4	7.7	3.4	11.2
MoF	13.4	0.5	14.0	2.8	0.3	2.0	4.0	0.0	4.0	13.3	0.5	13.8
Commercial Financing Companies	6.2	0.0	6.2	1.3	0.0	0.9	-0.9	0.0	-0.9	5.0	0.0	5.0
Financial Corporations	3.2	0.9	4.1	0.7	0.4	0.6	-0.4	-0.5	-0.9	0.4	-1.1	-0.7
Public Pension Fund (Colpensiones)	2.1	1.6	3.7	0.4	0.7	0.5	0.0	0.0	0.0	0.3	-0.2	0.1
Businesses	2.5	0.6	3.1	0.5	0.3	0.4	0.1	0.0	0.1	1.0	0.3	1.3
Public Entities	1.6	0.3	1.9	0.3	0.1	0.3	-0.5	0.0	-0.5	-3.1	0.0	-3.0
Funds and Pension Funds Administered by Others	1.2	0.3	1.5	0.2	0.1	0.2	0.0	0.0	0.0	0.6	0.0	0.6
Stockbrokers	1.8	0.3	2.1	0.4	0.1	0.3	0.4	0.0	0.4	1.0	0.2	1.2
Non-Profit Entities	0.4	0.4	0.8	0.1	0.2	0.1	0.0	0.0	0.0	0.1	0.2	0.3
Individuals	0.5	0.0	0.5	0.1	0.0	0.1	0.0	0.0	0.0	0.3	0.0	0.3
Other Funds	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total	482.9	211.4	694.3				-1.4	2.8	1.4	89.2	22.2	111.4

Sources: Scotiabank Economics, Ministry of Finance.

—Jackeline Piraján & Valentina Guio

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