

Economics Colombia

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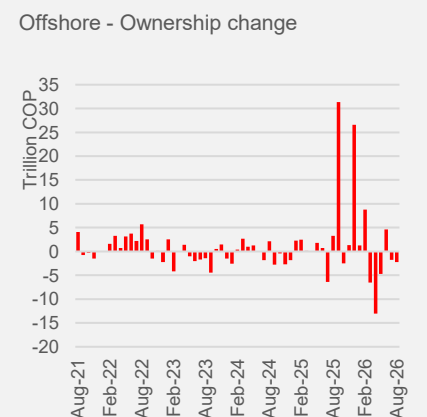
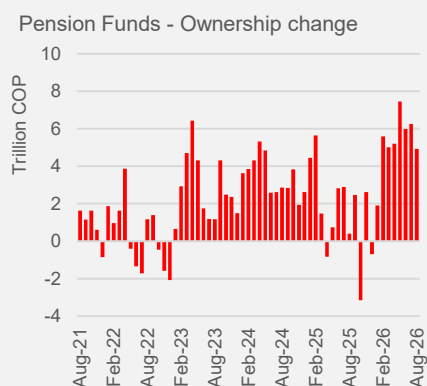
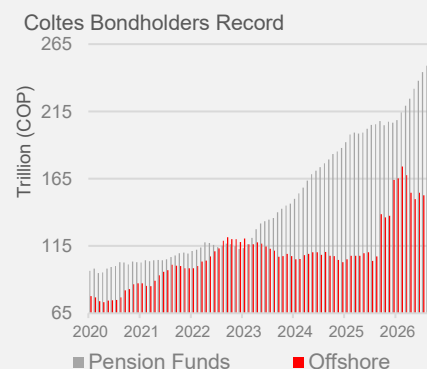
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Charts: COLTES holdings (August 2026, Trillion COP)



Colombia: Pension funds led COLTES purchases, offshore investors cut positions, and the MoF expanded its auction schedule

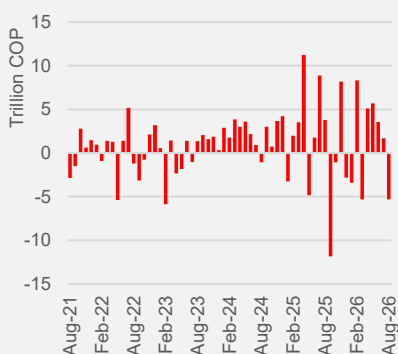
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In August, changes in COLTES holdings continued to reflect strong appetite from local investors for Colombian sovereign debt, with total TES outstanding reaching COP 800.6 tn (+COP 2.67 tn m/m). Pension Funds (COP 4.9 tn), Investment Funds (COP 3.1 tn), and Banco de la República (COP 1.5 tn) recorded the largest net increases in holdings during the month. This was driven by the transfer of assets from short-term to long-term severance fund portfolios by Pension Funds, stronger demand for Colombian assets amid improving investor confidence in the new administration, and BanRep's explicit intention to provide additional liquidity to the interbank funding market. It is also worth noting that the Ministry of Finance, offshore investors, and commercial banks reduced their COLTES holdings by COP 1.4 tn, COP 2.2 tn, and COP 5.3 tn, respectively, compared to July. This likely reflected a combination of profit-taking, the maturity of TCOs and COLTES pesos due in August 2026, and liquidity management operations by the Government.

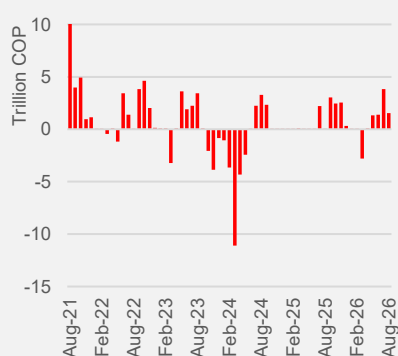
On the supply side, long-term fixed-rate issuance amounted to COP 2.58 tn in August (nominal terms), declining relative to the large issuances recorded between May and July, which averaged COP 9.69 tn per month. UVR-linked issuance also decreased to COP 1.7 tn. As a result, the stock of outstanding COLTES increased by COP 2.7 tn during the month, surpassing the COP 800 tn mark. The share of UVR-linked securities rose to 43.5% of total outstanding debt relative to COP-denominated bonds.

August was marked by the Government transition, the announcement of a significantly larger budget framework, and a fiscal plan projecting a central government deficit of 9.4% of GDP in 2027, raising concerns about future financing needs and debt sustainability. At the same time, the international backdrop remained challenging, with U.S. Treasury yields rising toward 4.8%, fueling volatility across global fixed-income markets. Domestically, investors continued to adjust their positions following BanRep's policy surprise in July, while the new administration also had to contend with the economic and fiscal implications of the earthquake and a broader effort to reassess public sector accounts. This combination of fiscal uncertainty, higher global interest rates, and elevated market volatility shaped TES trading dynamics throughout the month.

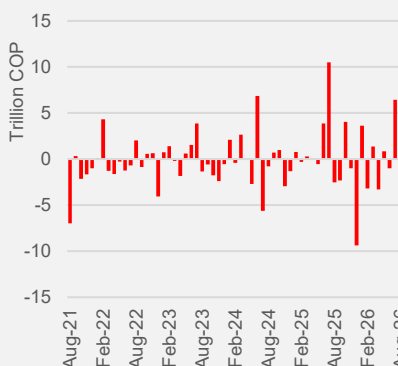
Local Banks - Ownership change



BanRep - Ownership change



MoF - Ownership change



Sources: DAVIbank Economics, Ministerio de Hacienda y Crédito Público.

Relevant highlights

- Banks were the main COLTES sellers during the month.** Banks reduced their holdings by COP 5.3 tn during the month and, according to BanRep's monthly report, most of the portfolio reduction was concentrated in TCOs and COLTES maturing within 0 to 2 years. This could be explained by the maturity of COLTES due in August 2026 and TCOs. On the other hand, it is worth highlighting that credit growth stabilized, with total credit posting a nominal expansion of 9.7% y/y. Therefore, this factor does not appear to be a strong fundamental driver behind the reduction in COLTES positioning. **Banks are currently the third-largest holders of COLTES, accounting for 8.2% of total outstanding debt.** During the month, they sold COP 3.12 tn in peso-denominated COLTES and COP 1.81 tn in UVR-linked COLTES. Year-to-date (YTD), banks have purchased COP 10.30 tn; however, most of these purchases correspond to the counterpart of NDF operations with offshore accounts.
- Offshore investors were the second-largest sellers in August.** They reduced their portfolio by COP 2.20 tn, mainly through sales of nominal bonds totaling COP 2.66 tn, while purchases of UVR-linked bonds reached COP 461 bn. These sales occurred amid extremely volatile international markets and growing concerns regarding domestic public finances. Offshore investors remain the second-largest holders of COLTES, accounting for 18.81% of total outstanding debt and 25.81% of nominal outstanding debt. **YTD, offshore investors have sold COP 13.53 tn in peso-denominated COLTES, part of which was related to the unwinding of TRS positions carried out in May 2026.**
- Pension Funds were the main buyers, adding COP 4.93 tn to their portfolios.** Purchases were allocated between COP 3.12 tn in nominal bonds and COP 1.81 tn in UVR-linked bonds. According to the central bank's weekly report, Pension Funds primarily favored the 5- to 10-year segment of the nominal curve, while reducing their exposure to shorter maturities. It is also worth noting that, during August, Pension Funds shifted part of their holdings from the short-term severance portfolio to the long-term severance portfolio. Pension Funds remains as the main COLTES holder with a position of COP 249.02 tn (31.10% of total outstanding).
- Banco de la República (the central bank) purchased COP 1.55 tn.** According to the central bank, these purchases were made to adjust the monetary base during the month. BanRep's holdings currently stand at COP 48.46 tn, equivalent to 6.05% of total outstanding debt.
- The Ministry of Finance (MoF) sold COP 1.39 tn in nominal bonds.** The MoF's portfolio currently stands at COP 6.98 tn. It

is worth noting that, during the month, the Ministry updated its main fiscal projections and announced an increase of COP 25 tn in the issuance program, with auctions set to resume on September 16, 2026. The updated issuance program is summarized in Table 1. Additionally, the MoF will implement three debt swap operations aimed at reducing the maturity concentration of COLTES UVR March 2027, COLTES peso November 2027, and TCOs maturing in October 2026, November 2026, and January 2027. These operations are scheduled for September 30, October 22, and November 19.

Table 1: Auctions for long term and short term debt.

Currency	Frequency	Base amount	Overall allocation	Max amount
COP (Nominals)	Bi-weekly starting Sept 23	COP 1.2 tn	30%-50%	COP 1.8 tn
UVR (Linkers)	Bi-weekly starting Sept 16	COP 0.6 tn	30%-50%	COP 0.9 tn
TCOs (Less than 1y maturity)	Weekly	COP 0.9 tn	30%-50%	COP 1.35 tn

Source: Ministerio de Hacienda y Crédito Público.

COLTES holdings (August 2026, Trillion COP)

Agent	COLTES Holdings (COP tn)			% of outstanding			Monthly change (COP tn)			YTD change (COP tn)		
	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL
Pension Funds	155,5	93,6	249,0	27,9	38,5	31,1	3,1	1,8	4,9	23,4	18,9	42,4
Banks	98,7	19,8	118,5	17,7	8,2	14,8	-4,4	-0,9	-5,3	15,4	-5,1	10,3
Offshore Funds	144,0	6,6	150,6	25,8	2,7	18,8	-2,7	0,5	-2,2	-12,0	-1,5	-13,5
Insurance and Capitalization Companies	18,3	78,6	96,9	3,3	32,4	12,1	-0,2	0,7	0,6	2,5	9,8	12,3
Public Trusts	21,4	15,7	37,1	3,8	6,5	4,6	0,1	0,1	0,2	-2,2	0,6	-1,6
Banrep	39,0	9,4	48,5	7,0	3,9	6,1	1,2	0,3	1,5	3,7	1,7	5,4
Infrastructure Companies	22,1	6,8	28,9	4,0	2,8	3,6	1,1	0,1	1,1	0,2	0,7	0,9
Local retail funds	28,7	4,0	32,7	5,2	1,6	4,1	3,3	-0,2	3,1	13,2	-0,3	12,9
MoF	4,9	2,1	7,0	0,9	0,9	0,9	-1,4	0,0	-1,4	1,3	2,0	3,4
Commercial Financing Companies	7,3	0,1	7,4	1,3	0,0	0,9	0,1	0,0	0,2	0,8	0,1	0,8
Financial Corporations	4,2	1,6	5,8	0,8	0,7	0,7	-0,8	-0,3	-1,2	1,7	0,2	1,9
Public Pension Fund (Colpensiones)	2,1	1,8	4,0	0,4	0,8	0,5	0,0	0,0	0,0	-0,1	0,1	0,1
Businesses	3,7	0,9	4,5	0,7	0,4	0,6	0,4	0,1	0,4	1,1	0,3	1,3
Public entities	1,2	0,3	1,5	0,2	0,1	0,2	0,0	0,0	0,0	0,1	0,0	0,1
Funds and pension funds administer by oth	1,7	0,4	2,1	0,3	0,2	0,3	0,1	0,1	0,2	0,9	0,3	1,2
Stockbrokers	2,1	0,6	2,7	0,4	0,3	0,3	0,1	0,3	0,4	0,3	0,4	0,6
Non-profit Entities	0,2	0,1	0,3	0,0	0,1	0,0	0,0	0,0	0,0	-0,2	-0,2	-0,4
Individuals	0,5	0,0	0,5	0,1	0,0	0,1	0,0	0,0	0,0	-0,1	0,0	-0,1
Other Funds	0,1	0,0	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total	557,9	242,7	800,6				0,2	2,6	2,9	50,0	27,9	77,9

Source: Ministerio de Hacienda y Crédito Público. DAVIBank

Macroeconomic forecast DAVIbank Economics Colombia

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr	2027 pr
National Accounts									
Real GDP growth (yearly %)	3.2	-7.2	11.1	7.6	0.9	1.5	2.6	2.5	2.3
Domestic demand (y/y. %)	4.0	-7.5	13.8	10.5	-2.3	1.6	3.9	3.9	2.8
Consumption (y/y. %)	4.3	-4.3	14.1	9.5	0.7	1.4	4.4	4.1	2.3
Private (y/y. %)	4.0	-5.0	15.3	11.1	0.6	1.6	3.5	3.2	2.5
Government (y/y. %)	5.5	-0.9	10.3	2.2	1.1	0.0	8.3	9.5	1.4
Gross capital formation (y/y. %)	3.2	-7.2	11.1	7.6	0.9	1.5	2.6	3.2	5.9
Exports (y/y. %)	3.3	-22.3	15.7	13.6	3.1	0.3	1.8	0.1	1.7
Imports (y/y. %)	7.7	-19.8	28.5	25.0	-9.8	1.3	8.8	3.0	3.7
Laboral Market									
Unemployment (%. Average)	10.9	16.7	13.8	11.2	10.2	10.2	8.9	9	9.4
Balance of Payments									
Trade Balance (USD\$. B)	-14.15	-13.10	-20.00	-16.10	-7.81	-9.77	-14.89	-16.61	-19.91

Exports (USD\$. B)	51.3	38.2	50.9	73.5	68.7	69.1	71.5	79.22	82.1
Imports (USD\$. B)	65.5	51.3	70.9	89.6	76.5	78.9	86.3	97.05	103.10
Current account (USD\$ Balance. B)	-14.81	-9.27	-17.95	-20.88	-8.32	-7.10	-11.02	-13.4	-16.18
Current account (% of GDP)	-4.6	-3.4	-5.6	-6.0	-2.3	-1.7	-2.4	-2.3	2.7

Prices. Rates & Exchange Rates

CPI (y/y. %. End of period)	3.80	1.61	5.62	13.12	9.28	5.20	5.10	6.89	4.94
CPI (y/y. %. Average)	3.52	2.53	3.49	10.15	11.77	6.63	5.14	6.05	5.31
CPI without food (y/y. %. End of period)	3.45	1.03	3.44	9.99	10.33	5.60	5.11	6.21	4.43
COP (\$. End of period)	3297	3422	4077	4850	3902	4405	3780	3290	3610
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4052	3422	3397
BanRep's rate (%. End of period)	4.25	1.75	3.00	12	13.0	9.50	9.25	12	10.50

Tax Codes*

Net Debt of CNG (% of GDP)	48.4	60.7	60.1	57.6	53.4	59.3	58.5	59.7	66.2
Primary Balance of CNG (% of GDP)	0.4	-5.0	-3.6	-1.0	-0.3	-2.4	-3.5	-3.3	-4.5
Deficit of CNG (% of GDP)	-2.5	-7.8	-7.1	-5.3	-4.3	-6.8	-6.4	-7.2	-9.4

*Source: 2027 National Budget.

Source: DAVIbank Economics Colombia.

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