

RATING ACTION COMMENTARY

Fitch Revises Outlooks on Two Colombian LRGs to Negative on Sovereign Rating Action

Wed 12 Mar, 2025 - 3:47 p. m. ET

Fitch Ratings - Mexico City/Bogota - 12 Mar 2025: Fitch Ratings has revised the Rating Outlooks on the Long-Term Foreign and Local-Currency Issuer Default Ratings (IDRs) of two Colombian local and regional governments (LRGs), Bogota, Capital District of Colombia and City of Medellín, to Negative from Stable. Fitch has also affirmed the IDRs at 'BB+'. A full list of rating actions is below.

KEY RATING DRIVERS

The revision of the Outlook on the Colombian LRGs reflects the revision of the sovereign's Outlook to Negative from Stable on March 6, 2025 (see: "Fitch Revises Colombia's Outlook to Negative; Affirms at 'BB+' at <https://www.fitchratings.com/research/sovereigns/fitch-revises-colombia-outlook-to-negative-affirms-idr-at-bb-06-03-2025>)

Colombian LRGs are subject to decisions of the central government that influences their finances and responsibilities, and for this reason they cannot be rated above the sovereign (BB+/Negative).

The LRGs' other key rating drivers are unchanged, as are the Standalone Credit Profiles (SCPs). For other key rating drivers see the previous published rating action commentary for each LRG.

DERIVATION SUMMARY

Bogota's SCP of 'bbb-' results from a combination of 'Low Midrange' risk profile and a debt sustainability score at the lower end of the 'aa' category. The latter is derived from a payback ratio near the middle of the 'aa' category range and a relatively weaker synthetic debt service coverage ratio in the 'bbb' range. Bogota's IDRs are capped by the sovereign.

Medellin's IDRs are based on its SCP, which is assessed at 'bb+', reflecting a combination of a 'Low Midrange' risk profile and financial profile score assessed as 'a' under Fitch's rating case.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A negative action on the sovereign would be reflected in the LRGs ratings.

For entity's specific negative sensitivities, please see each individual rating action commentary available at www.fitchratings.com.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--A revision of the sovereign Outlook to Stable would be reflected in the LRGs Outlooks, all other factors being equal.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The LRGs' Outlooks are influenced by the Colombian sovereign Outlooks. Additionally, the ratings of Bogota are capped by the sovereign.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
City of Medellin	LT IDR	BB+	Affirmed	BB+
	LC LT IDR	BB+	Affirmed	BB+
Bogota, Distrito Capital	LT IDR	BB+	Affirmed	BB+
	LC LT IDR	BB+	Affirmed	BB+
senior unsecured	LT	BB+	Affirmed	BB+

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.

APPLICABLE CRITERIA

[International Local and Regional Governments Rating Criteria \(pub. 16 Aug 2024\)](#)
(including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Bogota, Distrito Capital	EU Endorsed, UK Endorsed
City of Medellin	EU Endorsed, UK Endorsed

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SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

UNSOLICITED ISSUERS

ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
Bogota, Distrito Capital	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Bogota, Distrito Capital	-	Long Term Issuer Default Rating	Unsolicited
Bogota, Distrito Capital senior unsecured bond/note	US097230AB21	Long Term Rating	Unsolicited
Bogota, Distrito Capital	-	Standalone Credit Profile	Unsolicited

ENDORSEMENT POLICY

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