

RATING ACTION COMMENTARY**Fitch Places Grupo Sura on Rating Watch Evolving**

Wed 15 Jan, 2025 - 1:31 PM ET

Fitch Ratings - Monterrey/Bogota - 15 Jan 2025: Fitch Ratings has placed Grupo de Inversiones Suramericana S.A.'s (Grupo Sura) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) of 'BB+', its National Long-Term and Short-term Ratings of 'AAA(col)' and 'F1+(col)', respectively, and its senior unsecured global and local notes on Rating Watch Evolving (RWE)

This action follows Grupo Sura's ongoing ownership changes and liquidity management challenges stemming from maturing debt in 2026. In December 2024, Grupo Sura and Grupo Argos S.A. (Grupo Argos) announced a spin-off agreement, resulting in the cessation of cross-ownership. This transaction, along with other ownership changes that have already occurred, could impact Grupo Sura's financial profile.

Resolution of the transaction may take six months or more. Fitch will resolve the Rating Watch upon transaction close and confirmation of capital structure details and upon completion of the tender offer. Fitch will assess Grupo Sura's credit profile and the impacts of these events using Fitch's Non-Bank Financial Institution Criteria.

KEY RATING DRIVERS

Ownership Changes: In 2024, Grupo Sura completed its divestment from Grupo Nutresa S.A., with the group's primary focus and income source now centered on its financial services activities, contributing to nearly 90% of its income. Bancolombia (BB+/Stable) is expected to become its most significant investment, with its income contribution anticipated to exceed 50% in the coming years. Also, in 2024, Grupo Sura completed the buyout of Grupo Bolivar S.A.'s 9.7% ownership stake in Sura Asset Management S.A. (Sura AM), a subsidiary of Grupo Sura. Additionally, by 2026, Grupo Sura plans to complete its divestment from Grupo Argos, further emphasizing its focus on financial services.

Liquidity Challenges: Grupo Sura faces significant debt maturity in 2026. In early 2025, the group made a tender offer for up to USD200 million, which will alleviate some liquidity pressure for 2026. However, challenges remain, as the group might need to issue debt to refinance upcoming maturities. The group's liquidity management has been adequate, and while market challenges may arise, Fitch believes the company will be able to adequately manage its liquidity profile.

Stable Income Contributors: Grupo Sura's primary income source is dividends from its investments, mainly Bancolombia, Sura AM (BBB/Stable), and Suramericana. These companies have solid business models and stable performance, which Fitch expects to continue, providing Grupo Sura with stable cash flow to support its liquidity management. Fitch anticipates Bancolombia's income contribution to increase over the next four years to between 55%-60% from the current 40%.

RATING SENSITIVITIES

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

The ratings could change negatively based on Fitch's assessment of its credit profile using a criteria approach for investment companies. This evaluation will consider the credit profile of its main investments, the effective management of liquidity challenges due to high debt maturities over the next two years, expected dividend flows from the operating companies, and debt levels impacting its debt coverage ratios.

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

The ratings could change positively based on Fitch's assessment of its credit profile using a criteria approach for investment companies. This evaluation will consider the credit profile of its main investments, the effective management of liquidity challenges due to high debt maturities over the next two years, expected dividend flows from the operating companies, and debt levels impacting its debt coverage ratios.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

Grupo Sura's global senior unsecured long-term debt is rated at the same level as its Long-Term IDR, as the likelihood of default on the notes is the same. Likewise, the national scale senior unsecured long- and short-term debt are rated at the same level as the issuer's national long-term and short-term ratings.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The ratings on Grupo Sura's senior unsecured debt would move in line with its global and national scale IDRs, respectively.

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.

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 ⇅
Grupo de Inversiones Suramericana S.A.	LT IDR	BB+	Rating Watch On	BB+ Rating Outlook Stable
	LC LT IDR	BB+	Rating Watch On	BB+ Rating Outlook Stable
	Natl LT	AAA(col)	Rating Watch On	AAA(col) Rating Outlook Stable
	Natl ST	F1+(col)	Rating Watch On	F1+(col)
senior unsecured	LT	BB+	Rating Watch On	BB+

senior unsecured

Natl LT

AAA(col)

Rating Watch On

AAA(col)

senior unsecured

Natl ST

F1+(col)

Rating Watch On

F1+(col)

[VIEW ADDITIONAL RATING DETAILS](#)**FITCH RATINGS ANALYSTS****Ricardo Aguilar**

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APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Metodología de Calificaciones en Escala Nacional \(pub. 22 Dec 2020\)](#)

[Non-Bank Financial Institutions Rating Criteria \(pub. 17 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Metodología de Calificación de Instituciones Financieras No Bancarias \(pub. 20 Mar 2024\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Grupo de Inversiones Suramericana S.A.

EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of

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FITCH LOGO

Federico Jaramillo Zuluaga
Treasury Manager Grupo de Inversiones Suramericana S.A. – Grupo Sura
Bogotá, Colombia

February 6, 2025

Dear Federico,

Reference: Rating Verification for Grupo Sura

This letter is presented in response to a request for Fitch (see definition below) to verify the ratings of Grupo de Inversiones Suramericana S.A. – Grupo Sura, which include Fitch's opinion on various ongoing events, including the announcement of the partial spin-off project by absorption signed between Cementos Argos S.A., Grupo Argos S.A., and Grupo de Inversiones Suramericana S.A., along with liquidity management challenges. As of today, Fitch verifies that the national scale ratings for Grupo Sura are 'AAA(col)' and 'F1+(col)' for long and short term respectively as an issuer, and 'AAA(col)' and 'F1+(col)' for senior debt, with evolving observation. The senior debt ratings apply to the Ordinary Bond Issuance authorized in 2009 and the Ordinary Bonds and Commercial Papers Issuance and Placement Program authorized in 2014.

We also inform you that Fitch's technical rating committee reviewed the ratings on January 15, 2025, which were published and are current as of today. These ratings are listed and updated on Fitch's public website at <https://www.fitchratings.com/research/es/banks/fitch-places-grupo-sura-on-rating-watch-evolving-15-012025>.

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If we can provide any further assistance, please contact Ricardo Aguilar at +52 81 4161 7086 or Andrés Marquez, Senior Director at +57 (601) 241 3253.

Sincerely,

(Original signed)

Fitch Ratings Colombia S.A., SCV