

RATING ACTION COMMENTARY**Fitch Affirms Grupo Sura and Sura AM After Colombian Sovereign Rating Actions**

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Fitch Ratings - Monterrey/Bogota - 12 Mar 2025: Fitch Ratings has affirmed Grupo de Inversiones Suramericana S.A.'s (Grupo Sura) Long-Term Foreign and Local Issuer Default Ratings (IDRs) at 'BB+' and removed the Rating Watch Evolving. Fitch also affirmed the senior unsecured notes at 'BB+' with a Recovery Rating of 'RR4'. The rating action follows the non-bank financial institutions assessment of its credit profile, using a criteria approach for investment companies. The Rating Outlook is Negative. Fitch also has affirmed Grupo Sura's National Long-Term Rating at 'AAA(col)' with a Stable Outlook and National Short-Term Rating at 'F1+(col)'.

The Negative Outlook of Grupo Sura's IDRs mirrors the recent rating action on the Colombian sovereign ratings. Please see "Fitch Revises Colombia's Outlook to Negative; Affirms IDR at 'BB+'," dated March 6, 2025, available on www.fitchratings.com.

Grupo Sura's operational concentration mainly in Colombian banking and insurance sectors inherently links its credit profile to the sovereign rating of Colombia. Fitch believes any sovereign downgrade would likely have direct implications on the group's financial stability and performance. The national ratings maintain a Stable Outlook as they are not directly impacted; these ratings reflect the relative strengths and weaknesses of each institution in a specific jurisdiction, which has not changed.

Fitch has also affirmed Sura Asset Management S.A.'s (Sura AM) Long-Term Foreign and Local Currency IDRs at 'BBB' with a Stable Outlook and the Short-Term Foreign and Local Currency IDRs at 'F3'. The Stable Outlook incorporates Sura AM's business model, which reflects the geographic diversity of its activities and the lack of direct credit linkage to the Colombian sovereign. Its ratings are driven by the company's robust and diversified business profile, with a leading regional franchise and sound financial profile. In addition,

most of Sura AM's operations are in jurisdictions where the operating environment (OE) is on a stable trend.

KEY RATING DRIVERS

Grupo Sura

Multijurisdictional SROE on Negative Trend: Grupo Sura's sector risk operating environment (SROE) score of 'bb+' with high importance and negative trend reflects the weighted average of the implied OEs of the jurisdictions where it has operations. Grupo Sura is an international group domiciled in Colombia with direct financial operations in 10 countries in Latin America. However, the significant reliance on dividends streams from Bancolombia (BB+/Negative), Colombia's largest bank, constrains the SROE.

As of September 2024, the entity's largest operations and asset exposure were in Colombia, with 80.2% of the group's consolidated assets, approximately 52% of the invested equity, and around 60% of its dividends. Fitch also considers in its assessment that the entity has other earning assets in several additional jurisdictions with stronger OEs, which partially allows the issuer to retain the capacity to service its obligation in the relevant currency in the event of sovereign default.

This high level of exposure underscores the vulnerability of Grupo Sura's operations to changes in Colombia's economic and political environment, reflecting the potential for increased risk in the event of a sovereign downgrade.

Diversified Business Profile: Grupo Sura's IDRs are based upon its standalone credit profile (SCP) and reflect its diversified business profile with dominant local franchises and revenue diversification in strongly regulated financial industries, including pension funds, banking and insurance services, in several countries in Latin America. The SCP is below the implied SCP as it is aligned with, and limited by, the assigned SROE score of 'bb+' and Colombia's sovereign rating.

Recognized Franchise and Stable Business Model: Grupo SURA's strong business profile reflects its competitive position within the region and business model. The banking business is the most relevant in terms of dividend through its noncontrolling stake in Bancolombia, while Sura AM is the leading mandatory pension fund manager (MPFM) in Latin America with USD174 billion in AUM as of September 2024. The insurance operations of Suramericana provide a steady source of income for the group. The company

has a consistent strategy and execution, which has produced stable results and recurring upstream dividends from its subsidiaries and affiliates.

Good Quality of Investments: For investment companies that invest in a finite number (less than 30) of portfolio companies or exhibit material portfolio concentration (individuals holding greater than 15%), Fitch considers the underlying investments' credit quality and seniority to assess overall asset performance and quality. Accordingly, Grupo Sura's 'bbb-' negative outlook asset performance factor score corresponds to the weighted average credit quality of its main subsidiaries, which are the financial segment subsidiaries.

Bancolombia's Viability Rating (VR; bb+) is in line with its implied VR and reflects the robust company profile, underpinned by its leading market share in Colombia and regional presence in Central America, enabling consistent and ample total operating income generation and representing the main source of dividends for Grupo Sura.

Sound Profitability: Grupo Sura's profitability reflects the relative resilience of earnings as a result of a more diversified business model across financial business lines. As of December 2024, the net income to average equity was 22.5% (approximately 8.5% without Nutresa), above the last four-year average of 5.0%. This increase was due to a one-time effect from the gain on the sale of investments in Grupo Nutresa, as well as solid performance from Bancolombia and Sura AM.

Decrease in Leverage: Grupo Sura's leverage has decreased and is commensurate with its rating. Gross debt to tangible equity was 0.6x at September 2024. In early 2025, the group made a tender offer to buy back its 2026 senior notes, which closed at USD230 million, that will alleviate some liquidity pressure for 2026. Grupo Sura is assessing alternatives (based on market conditions) for the remaining bonds due in 2026 including dividends flows from its subsidiaries, and capital optimization to continue with its deleveraging path which Fitch considered consistent with its financial performance.

Sound Operational Expense Coverage: Grupo Sura's unconsolidated operational expense coverage was 1.2x as of Sept. 30, 2024 (average between 2020 and 2023: 1.6x). Its unconsolidated interest coverage (one-year upstream dividend and interest income over interest expenses) was a sound 3.3x as of the same date (average between 2020 and 2023: 3.3x). Both metrics are commensurate with a 'bb+' level factor score for investment companies.

Grupo Sura's subsidiaries and investments provide a strong upstream of dividends relative to the holding company's operating expenses. Fitch believes that the upstream dividends

and interest income from subsidiaries adequately cover fixed expenses and debt service at the holding company level.

Sura AM

Standalone Credit Profile Drives IDRs: SURA AM's Long-Term IDRs are based on its SCP, which is rated one notch above the assigned SROE score of 'bbb-'. It is also two notches above Colombia's sovereign rating. The ratings reflect the company's robust business profile, leading regional franchise, large footprint, and sound financial profile. In addition, the ratings reflect a credit profile that is resilient to changes in the OE.

RATING SENSITIVITIES

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

Grupo Sura

--A weaker assessment of Grupo Sura's multijurisdictional SROE, due to a sovereign downgrade in Colombia;

--An important reduction in the dividends flows from its main subsidiaries, related to regulatory restrictions on the banking business or an erosion of the financial profiles that negatively impacts the debt service, mainly Bancolombia;

-- Assumption of new debts in volumes significant relative to the value of the assets which results in a substantial weakening of financial leverage, its interest coverage level, and liquidity.

Sura AM

--A downgrade of the SROE score could occur due to significant adverse regulator changes or sovereign downgrades in Chile, Mexico or Colombia;

----SURA AM's credit metrics eroding to the point that its debt-to-adjusted FEBITDA ratio deteriorates and remains consistently above 3.0x or its adjusted FEBITDA-to-financial-expense ratio remains well below 6.0x.

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

Grupo Sura

--Grupo Sura's IDRs could be upgraded by the confluence of an improvement in the multijurisdictional SROE and the Colombian sovereign rating as well as the credit quality of its main subsidiaries;

--Grupo Sura National Ratings have no upside potential because they are at the highest level on the national scale.

Sura AM

-- Over the medium term, the ratings could be upgraded if, together with a consistently improved financial profile, SURA AM's SROE score remains in the 'bbb' category, with leverage (gross debt to FEBITDA) improving and remaining below 1.5x and interest coverage (FEBITDA to interest expense) rising and remaining above 12.0x.

DEBT AND OTHER INSTRUMENT 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.

SURA AM's senior unsecured bond rating corresponds with the company's Long-Term IDR, given the probability of default is the same as that of the issuer.

DEBT AND OTHER INSTRUMENT RATINGS: RATING SENSITIVITIES

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

Sura AM's senior unsecured debt would generally move in line with its Long-Term IDR.

ADJUSTMENTS

Grupo Sura

The SCP has been assigned below the implied SCP due to the following adjustment reason(s): Sector Risk Operating Environment/Sovereign Rating Constraint (negative).

The Business Profile score has been assigned below the implied score due to the following adjustment reason(s): Business Model (negative).

Sura AM

The Sector Risk Operating Environment score has been assigned above the implied score due to the following adjustment reason(s): International operations, divergence between domicile and business activity (positive).

The Earnings & Profitability score has been assigned below the implied score due to the following adjustment reason(s): Revenue Diversification (negative).

The Funding, Liquidity & Coverage score has been assigned above the implied score due to the following adjustment reason(s): Historical and future metrics (positive).

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 ↕			RECOVERY ↕	PRIOR ↕
Grupo de Inversiones Suramericana S.A.	LT IDR	BB+	Affirmed		BB+

	LC LT IDR	BB+	Affirmed		BB+
	Natl LT	AAA(col)	Affirmed		AAA(col)
	Natl ST	F1+(col)	Affirmed		F1+(col)
senior unsecured	LT	BB+	Affirmed	RR4	BB+
senior unsecured	Natl LT	AAA(col)	Affirmed		AAA(col)
senior unsecured	Natl ST	F1+(col)	Affirmed		F1+(col)
Sura Asset Management S.A.	LT IDR	BBB	Affirmed		BBB
	ST IDR	F3	Affirmed		F3
	LC LT IDR	BBB	Affirmed		BBB

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Metodología de Calificaciones en Escala Nacional (pub. 22 Dec 2020)

Metodología de Calificación de Instituciones Financieras No Bancarias (pub. 20 Mar 2024)

Non-Bank Financial Institutions Rating Criteria (pub. 31 Jan 2025) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Grupo de Inversiones Suramericana S.A.

EU Endorsed, UK Endorsed

Sura Asset Management S.A.

EU Endorsed, UK Endorsed

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