



Q3 2018

QUARTERLY EARNINGS REPORT
GRUPO SURA



GRUPO SURA obtained a net income of COP 1.1 trillion (+ 0.7%) on a year-to-date basis along with COP 413,588 million (-10.2%) for Q3, the latter period affected by foreign exchange. The Group's main lines of business managed to score important growths in operating earnings in spite of challenging economic conditions throughout the region

November 14, 2018 Grupo de Inversiones Suramericana - Grupo SURA, has released its earnings report for Q3 2018, the highlights of which are as follows:

Growth in the Group's main lines of business. On a comparative basis, the different lines of business continued to produce a good level of organic growth with mandatory pensions producing a + 6.6% increase, voluntary savings + 15.1%, property and casualty insurance + 8.1%, life insurance + 13%, health care insurance + 20.5%.

On a consolidated level, YTD revenues came to COP 14.5 trillion for a decline of 4.3% due to strategic decisions not to participate in certain businesses, lower investment income and revenues obtained via the equity method. This came in contrast with good levels of fee and commission income as well as revenues from services rendered.

Total expense continued to decline at a faster pace compared to revenues, this due to lower claims and reserves, strict controls over administrative expense as well as lower interest expense.

Total net income rose by 0.7%, thereby improving margins on both a consolidated level (+38 bps) as well a subsidiary level (SURA AM +207 bps and Suramericana +27 bps). This led to a 0.9% increase in the parent company's net income.

During this past quarter, the drop in net income (-10.2%) was mainly due to the negative effects caused by revenues on exchange differences and derivatives hedging the Company's USD-denominated debt that recorded a decrease of COP 85,000 million (in the case of both Grupo SURA Holding and SURA AM).

SURA Asset Management posted COP 479,288 million in net income (+ 7.7%), this due to:

A positive growth dynamic reflected on a 7.5% increase in fee and commission income on a YTD basis (in local currency) with good levels of growth in both the mandatory pension and voluntary savings lines of business.

YTD operating earnings declined by 5.6% given lower returns from legal reserves (-65%) and lower revenues obtained via the equity method (-26%) that were partially offset by the absence of non-recurring expense in 2017.

As for the non-operating accounts, net financial expense, income tax and revenues from exchange differences and financial derivatives continued to contribute to the increase in net income.

In Q3 2018 there was a 6.7% increase in fee and commission income, along with a slight recovery in revenues from legal reserves (-8.8%) and in revenues obtained via the equity method (-3.6%), which offset the negative impact caused by derivatives and exchange differences (- COP 24,000 million). Consequently, net income in the case of SURA Asset Management came to COP 188,257 million, having declined by 2.6%.

Suramericana produced a net income of COP 394,843 million (+0.5%) due to:

A positive operating performance with its technical result increasing by 8.3% in spite of the drop in premiums,

- this due to not having taken part in the pension insurance tender in Colombia, the depreciating Argentinean peso as well as a change in the methodology used to account for voluntary health care premiums.
- The health care segment continued to do well with revenues from services rendered rising by 23.7% which was well above the cost of such, having increased by 20.7%.
- The retained incurred claims rate went from 55.5% to 54.3% for an improvement of 120 bps YTD.

Strict controls continued over administrative expense, having risen by just 1.9%, which is lower than the inflation rate throughout the region while on the other hand investment income fell by 2.4% due to lower levels of inflation in Colombia and the amount of volatility prevailing on the capital markets.

Net income for Q3 2018 came to COP 135,551 million (+33.2%), driven by a 7.8% increase in the Company's technical result, the recovery seen with investment income (+20.5%) and lower taxes.

Grupo SURA (Holding) contributed another COP 232,072 million (-9.8%) to the YTD net income figure and COP 90,030 million (-44.7%) for the quarter. It is worthwhile noting the recovery seen with revenues obtained via the equity method for the quarter, bringing the YTD figure more in line with that recorded in 2017, lower interest expense and the negative impact caused by exchange differences and derivatives.

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All figures in this report are shown in millions of Colombian pesos unless otherwise stated. Figures stated in dollars were converted to Colombian pesos using the exchange rate applicable at the end of Q3 2017 (COP 2,972.18 per USD), this as a restatement exercise only.

1. Grupo SURA

Grupo de Inversiones Suramericana S.A.

Consolidated Statement of Comprehensive Income

(stated in millions of Colombian pesos)

	Sep-2018	Sep-2017	%Var	Q3 2018	Q3 2017	%Var
Written premiums	9,426,184	10,515,844	-10.4%	3,109,287	3,689,297	-15.7%
Ceded premiums	(1,547,661)	(1,658,163)	-6.7%	(518,983)	(617,247)	-15.9%
Retained premiums (net)	7,878,524	8,857,680	-11.1%	2,590,304	3,072,050	-15.7%
Commission income	1,834,935	1,731,584	6.0%	613,578	607,305	1.0%
Revenues from services rendered	2,479,569	2,055,714	20.6%	862,384	722,131	19.4%
Dividends	4,800	12,374	-61.2%	1,054	1,118	-5.7%
Investment income	1,400,549	1,445,854	-3.1%	557,090	312,230	78.4%
Equity method - Associates	723,111	765,203	-5.5%	268,714	249,293	7.8%
Other revenues	174,178	312,466	-44.3%	44,817	134,619	-66.7%
Exchange difference (net)	10,113	(23,969)		(59,548)	108,833	
Total revenues	14,505,780	15,156,905	-4.3%	4,878,392	5,207,578	-6.3%
Total claims	(6,177,514)	(5,913,317)	4.5%	(2,191,174)	(2,011,834)	8.9%
Reimbursed claims	1,572,409	1,181,660	33.1%	683,203	332,015	105.8%
Retained claims	(4,605,105)	(4,731,657)	-2.7%	(1,507,970)	(1,679,818)	-10.2%
Adjustments to reserves	(517,846)	(1,501,950)	-65.5%	(162,168)	(415,096)	-60.9%
Cost of services rendered	(2,357,029)	(1,961,745)	20.1%	(848,836)	(692,949)	22.5%
Administrative expense	(2,665,414)	(2,633,720)	1.2%	(946,868)	(897,945)	5.4%
Depreciation	(60,805)	(59,108)	2.9%	(20,289)	(21,282)	-4.7%
Amortizations	(208,195)	(214,365)	-2.9%	(68,237)	(74,265)	-8.1%
Brokerage commissions	(1,309,913)	(1,298,057)	0.9%	(355,586)	(399,096)	-10.9%
Fees	(567,348)	(515,117)	10.1%	(205,264)	(175,684)	16.8%
Other expense	(342,575)	(304,702)	12.4%	(129,704)	(138,674)	-6.5%
Interest	(431,343)	(476,371)	-9.5%	(141,677)	(155,618)	-9.0%
Impairment	(9,165)	(20,876)	-56.1%	(7,405)	(8,496)	-12.8%
Total expense	(13,074,739)	(13,717,667)	-4.7%	(4,394,006)	(4,658,923)	-5.7%
Earnings before tax	1,431,040	1,439,238	-0.6%	484,386	548,655	-11.7%
Income tax	(325,539)	(366,602)	-11.2%	(70,798)	(96,259)	-26.5%
Net income from continuing operations	1,105,501	1,072,636	3.1%	413,588	452,397	-8.6%
Net income from discontinued operations	0	24,806	-100.0%	0	7,954	-100.0%
Net Income	1,105,501	1,097,442	0.7%	413,588	460,351	-10.2%
Earnings - parent company	952,066	943,607	0.9%	357,298	407,543	-12.3%
Earnings - non-controlling interest	153,436	153,835	-0.3%	56,290	52,808	6.6%

Grupo de Inversiones Suramericana S.A.
Consolidated Statement of Financial Position

At September 30th 2018 and December 31st 2017
(stated in COP millions)

	September 2018	December 2017	%Var
Cash and Cash Equivalents	1,704,366	1,588,289	7.3%
Investments	26,838,207	26,926,217	-0.3%
Accounts receivable	5,619,571	6,253,472	-10.1%
Insurance reserves - reinsurers	3,329,415	3,214,320	3.6%
Current tax	589,621	235,212	150.7%
Deferred tax	102,830	161,246	-36.2%
Other assets	399,206	272,515	46.5%
Investment properties	972,246	1,031,538	-5.7%
Property, plant and equipment	1,128,050	1,154,229	-2.3%
Available-for-sale non-current assets	36,205	36,711	-1.4%
Goodwill	4,573,538	4,768,779	-4.1%
Identified intangible assets	4,107,033	4,532,439	-9.4%
Investments in associates	18,561,582	18,833,942	-1.4%
Total assets	67,961,870	69,008,910	-1.5%
Financial liabilities	2,037,331	2,206,050	-7.6%
Technical reserves	25,758,674	26,195,224	-1.7%
Provisions for employee benefits	503,796	515,751	-2.3%
Other provisions	229,615	286,230	-19.8%
Accounts payable	2,975,215	2,883,602	3.2%
Current tax	759,146	546,820	38.8%
Issued securities	7,894,572	7,836,685	0.7%
Other non-financial liabilities	504,582	612,938	-17.7%
Deferred tax	1,501,379	1,699,049	-11.6%
Total liabilities	42,164,310	42,782,349	-1.4%
Equity attributable to the owners of the parent company	23,471,541	23,829,521	-1.5%
Non-controlling interest	2,326,019	2,397,040	-3.0%
Total equity	25,797,560	26,226,561	-1.6%
Total equity and liabilities	67,961,870	69,008,910	-1.5%

Consolidated Net Income

The following table shows a breakdown of the parent's consolidated net income based on the amounts contributed by each of its subsidiaries as well as the different income and expense accounts corresponding to Grupo SURA as a Holding Company. The main factors here included:

- **Suramericana's** net income on a YTD basis rose by COP 1,919 million (+ 0.5%), given an +8.3% improvement in its technical result, that offset lower non-operating earnings relating to refunded amounts of wealth tax in 2017 given legal stability agreements in force along with compensation payments on the part of the Company's reinsurers based on the low claims rate recorded during 2017. Net income at the end of Q3 2018 rose by COP 33,824 million (+ 33.2%) due to increases of 7.8% in the Company's technical result and another 20.5% in investment income, together with lower taxes on higher deferred tax recorded in 2017.
- **SURA AM** increased its YTD net income by COP 31,378 million (+7.0%), due to the amount of non-recurring expense incurred in 2017 (the COFECE sanction and wealth tax) along with favorable exchange differences and derivative appraisals that offset lower returns from the Company's legal reserves as well as a drop in revenues obtained via the equity method (which was also affected by lower returns from legal reserves). In the quarter, net income declined by COP 7,771 million (-4.0%), mainly due to the accounting impact caused by exchange differences and the appraised value of derivatives hedging the Company's USD-denominated debt, which was partially offset by lower financial expense and taxes.
- **Grupo SURA (Holding) obtained a 10.1% increase** in revenues from associates via the equity method, given higher earnings for Q3 on the part of Bancolombia and Grupo Nutresa.
- The change in the amount of income tax recorded by Grupo SURA (Holding) was due to recognizing dividends for the purpose of calculating current tax, this based on when these accrued, which differed from the timing of such last year as well as the amount of deferred tax relating to hedging transactions and exchange differences, which cannot be offset by current tax since these are determined based on presumptive income.
- **The drop in administrative expense** was due to the amount of non-recurrent expense incurred last year such as the provision set up as a result of a settlement with the Colombian Tax Authorities in the amount of COP 37,666 million as well as wealth tax totaling COP 1,334 million. Administrative expense over the last twelve months amounts to COP 89,630 million.
- The exchange differences and hedging derivative appraisals produced a slight drop in the YTD figure, partly due to the impact recorded in Q3 2018 given the depreciating Colombian peso as well as the merger between Grupo SURA on the one hand and Grupo SURA Finance and Grupo SURA Panama on the other. Greater volatility is expected after this merger, since previously all movements were recorded in the equity accounts and now that the bonds are registered in the name of Grupo SURA these are automatically included in the Comprehensive Income accounts. It is important to bear in mind that bonds maturing in 2021 are fully hedged (both the principal and the coupons) while in the case of bonds maturing in 2026 the corresponding coupons are hedged (providing cash flow stability) but not the principal.
- The decrease in the "Others" account, was mainly due to the proceeds obtained from the sale of non-strategic assets belonging to Grupo SURA in 2017.

Consolidated Net Income	sep-18	sep-17	%Var	\$Var	Q3-2018	Q3-2017	%Var	\$Var
Suramericana	394,843	392,924	0.5%	1,919	135,551	101,727	33.2%	33,824
SURA AM	478,587	447,209	7.0%	31,378	188,006	195,778	-4.0%	(7,771)
Grupo SURA (Holding) and Others:	232,072	257,308	-9.8%	(25,237)	90,030	162,846	-44.7%	(72,816)
Equity Method*	619,279	632,995	-2.2%	(13,715)	233,253	211,924	10.1%	21,329
Interest	(247,135)	(253,357)	-2.5%	6,222	(81,389)	(89,213)	-8.8%	7,825
Taxes	(15,511)	(7,481)	107.3%	(8,030)	11,328	31,408	-63.9%	(20,079)
Administrative Expense**	(48,652)	(77,167)	-37.0%	28,515	(14,829)	(12,021)	23.4%	(2,808)
Exchange Difference + Derivative	(78,955)	(89,193)	-11.5%	10,238	(59,895)	4,286		(64,181)
ARUS + Habitat	2,066	5,711	-63.8%	(3,645)	2,422	2,593	-6.6%	(171)
Other	979	45,801	-97.9%	(44,822)	(862)	13,869		(14,731)
Consolidated Net Income	1,105,501	1,097,442	0.7%	8,060	413,588	460,351	-10.2%	(46,763)

* Revenues obtained from AFP Protección via the equity method are included in SURA AM's net income figure.

** The Administrative Expense account includes Administrative Expense, Employee Benefits and Fees.

Revenues from Associates via Equity Method

Equity Method	September 2018	September 2017	%Var	Q3-2018	Q3-2017	%Var
Bancolombia	404,945	418,627	-3.3%	132,846	110,163	20.6%
Grupo Argos	74,299	96,493	-23.0%	50,854	70,388	-27.8%
Grupo Nutresa	135,695	114,029	19.0%	49,490	31,150	58.9%
AFP Protección	78,066	108,986	-28.4%	27,017	29,368	-8.0%
Others	30,106	27,068	11.2%	8,507	8,224	3.4%
Total	723,111	765,203	-5.5%	268,714	249,293	7.8%

Investments in associates

Investments in Associates	September 2018	December 2017	%Var
Bancolombia	7,799,027	7,782,717	0.2%
Grupo Argos	4,922,370	4,917,510	0.1%
Grupo Nutresa	4,691,406	4,913,993	-4.5%
AFP Protección	1,105,289	1,120,043	-1.3%
Others	43,490	99,679	-56.4%
Total	18,561,582	18,833,942	-1.4%

Financial Liabilities

Grupo SURA (Holding Company)	September 2018	December 2017	%Var
Grupo Sura - Bonds	3,886,750	3,860,202	0.7%
Banks and leasing	976,988	1,124,402	-13.1%
Debt	4,863,738	4,984,604	-2.4%
Derivatives	315,586	187,791	68.1%
Preferred Dividends	460,611	450,752	2.2%
Total Financial Liabilities	5,639,935	5,623,147	0.3%
Cash and Cash Equivalents	13,095	77,173	-83.0%

SURA AM	September 2018	December 2017	%Var
Bonds	2,553,609	2,531,164	0.9%
Banks and leasing	417,398	562,017	-25.7%
Debt	2,971,007	3,093,181	-3.9%
Derivatives	43,146	50,652	-14.8%
Total Financial Liabilities	3,014,153	3,143,833	-4.1%

Suramericana	September 2018	December 2017	%Var
Bonds	993,602	994,565	-0.1%
Banks and leasing	250,393	251,541	-0.5%
Suramericana	1,243,995	1,246,106	-0.2%
Derivatives	1,299	1,206	7.7%
Total Financial Liabilities	1,245,294	1,247,312	-0.2%

2. Suramericana

Suramericana S.A. Statement of Comprehensive Income (Stated in COP millions)	From January 1st to September 30th			From June 30th to September 30th		
	sep-18	sep-17	%Var	Q3 2018	Q3 2017	%Var
Written premiums	8,243,262	8,668,156	-4.9%	2,759,253	3,048,283	-9.5%
Ceded premiums	-1,450,484	-1,580,492	-8.2%	-504,508	-584,963	-13.8%
Retained premiums (net)	6,792,778	7,087,663	-4.2%	2,254,745	2,463,320	-8.5%
Reserves net of production	-19,551	-235,062	-91.7%	39,681	-68,626	
Retained earned premiums	6,773,227	6,852,601	-1.2%	2,294,426	2,394,694	-4.2%
Total claims	-5,258,070	-5,115,341	2.8%	-1,900,693	-1,696,499	12.0%
Reimbursed claims	1,572,409	1,181,660	33.1%	683,203	332,015	105.8%
Retained claims	-3,685,661	-3,933,681	-6.3%	-1,217,490	-1,364,483	-10.8%
Net commissions	-977,114	-980,155	-0.3%	-330,100	-360,563	-8.4%
Income from services rendered	2,375,725	1,920,395	23.7%	821,645	675,182	21.7%
Cost of services rendered	-2,214,931	-1,835,290	20.7%	-793,121	-649,051	22.2%
Other operating income/expense	-582,333	-464,390	25.4%	-233,965	-193,650	20.8%
Technical result	1,688,914	1,559,479	8.3%	541,395	502,130	7.8%
Fees	-126,848	-132,225	-4.1%	-44,652	-47,046	-5.1%
Administrative expense	-1,685,694	-1,624,231	3.8%	-542,853	-508,602	6.7%
Amortization and depreciation	-117,220	-123,385	-5.0%	-37,633	-43,443	-13.4%
Impairment	-7,280	-20,546	-64.6%	-6,352	-8,409	-24.5%
Underwriting profit	-248,129	-340,909	-27.2%	-90,096	-105,370	-14.5%
Dividends	1,522	583	161.3%	348	82	326.3%
Investment income	763,164	782,025	-2.4%	248,086	205,941	20.5%
Interest	-68,952	-85,606	-19.5%	-22,368	-25,808	-13.3%
Other non-operating income / expense	62,441	142,186	-56.1%	25,364	76,892	-67.0%
Earnings (losses) before tax	510,047	498,279	2.4%	161,333	151,737	6.3%
Income tax	-115,204	-105,355	9.3%	-25,782	-50,010	-48.4%
Earnings (losses), net	394,843	392,924	0.5%	135,551	101,727	33.2%
Earnings (losses) - parent company	394,540	391,201	0.9%	135,591	101,227	33.9%
Earnings (losses) - non-controlling interest	303	1,723	-82.4%	-40	500	
Amortization of intangibles	(67,712)	(75,582)		(21,209)	(25,629)	
Amortization deferred tax	20,985	22,675		7,434	7,599	
Adjusted net earnings	441,569	445,831	-1.0%	149,327	119,757	24.7%

Statement of Comprehensive Income – Suramericana S.A.

During this past quarter, the Company managed to increase its net income by 33.2% compared to Q3 2017. This improved level of performance was due to a drop in retained claims, as well as higher returns from the Company's investment portfolios coupled with lower income tax. This offset to a certain degree currency depreciation throughout the region, which had a consequent impact on the nominal growth of insurance premium production and claims.

Thanks to the Company's reinsurance strategy, the increase in Total Claims was offset by the amounts reimbursed by the reinsurer, which had a positive effect on the amount of retained claims recorded by the Company. The catastrophic claims that mainly affected the Company's branch of fire insurance throughout the region, the most noteworthy of these being the hail storms that wreaked so much damage in Uruguay, have been duly covered by the group of reinsurers currently contracted by the Company.

Similarly, revenues from services provided on the part of the Colombian subsidiaries accounted for a growth of 21.7% in revenues for this segment. The health care segment did particularly well, having obtained an increase in the number of mandatory health care subscribers, which at the same time benefited the IPS subsidiaries (Health Care Provider Institutes) as well as Dinamica (the Company's Diagnostic Imaging Provider).

In terms of the Company's financial results, there was a drop in debt servicing expense given lower inflation, compared to the same period last year, and the consequent effect on the Company's CPI-indexed borrowings. On the other hand, it is worth pointing out the higher returns obtained from the Company's investment portfolios, which produced a 20.5% growth in the investment income account. Market volatility has persisted throughout all of this year this due to the burgeoning trade war between China and the US, the pace of global growth, fluctuating oil prices, performance on the part of the emerging markets as well as the political issues affecting the European Union. The Federal Reserve raised the US benchmark rate by 25 basis points to between 2% and 2.25%. The investment portfolios belonging to both the Life as well as Property and Casualty insurance subsidiaries also did well this past quarter, driven by revenues from securities denominated in foreign currency as well as rising consumer price indexes in some countries throughout the region.

With regard to income tax, although subsidiary earnings have improved during this past quarter (which normally increases the amount of tax to be paid), the tax account showed a decline on a YoY basis given a greater amount of deferred tax that was recorded in Q3 2017 on the amount of dividends receivable that were expected for 2018.

All of this, together with all branches of insurance doing particularly well and an improved level of subsidiary performance produced increases in net income of 33.2% for the quarter and 0.5% on a year-to-date basis, despite the macroeconomic volatility that has affected the entire region throughout this year.

Statement of Financial Position – Suramericana S.A.

Suramericana S.A.

At september 30, 2018 and december 31, 2017

Statement of Financial Position

(figures stated in COP millions)

	sep-18	dec-17	%Var
Cash and Cash Equivalents	1,016,010	1,202,405	-15.5%
Investments	12,250,264	12,024,607	1.9%
Accounts receivable	4,846,972	5,614,477	-13.7%
Insurance reserves - reinsurers	3,229,561	3,146,949	2.6%
Current tax	307,062	141,496	117.0%
Deferred tax	69,692	93,354	-25.3%
Other assets	154,852	112,235	38.0%
Deferred acquisition costs	704,488	822,694	-14.4%
Investment properties	4,898	4,306	13.7%
Property, plant and equipment	868,129	883,286	-1.7%
Goodwill	531,969	567,624	-6.3%
Identified intangible assets	425,882	538,442	-20.9%
Investments in associates	50,425	49,173	2.5%
Total assets	24,460,204	25,201,048	-2.9%
Financial liabilities	251,693	252,747	-0.4%
Technical reserves	14,903,389	15,263,959	-2.4%
Provisions for employee benefits	341,257	332,445	2.7%
Other provisions	195,342	252,275	-22.6%
Accounts payable	2,172,177	2,355,281	-7.8%
Current tax	432,787	348,587	24.2%
Issued securities	993,602	994,565	-0.1%
Other non-financial liabilities	437,989	539,464	-18.8%
Deferred tax	286,415	360,766	-20.6%
Total liabilities	20,014,652	20,700,090	-3.3%
Total equity	4,445,553	4,500,958	-1.2%
Total equity and liabilities	24,460,204	25,201,048	-2.9%

Suramericana S.A.'s consolidated assets came to COP 24.5 trillion, for a drop of 2.9% compared to year-end 2017. This mainly corresponded to the seasonal nature of the insurance business, with policy renewals being mainly concentrated during the last few months of the year. Intangible assets, which represented a greater weighting on the Company's balance sheet with the growth of the property and casualty segment in Latin America, declined by 20.9% compared to year-end 2017 due to having amortized this type of asset as well as the exchange rate fluctuations of Latin American currencies against the Colombian peso.

At the same time, current income tax rose on the back of improved subsidiary earnings as well as higher tax rates in the case of Argentina and Brazil. Also, current tax rose in the case of Suramericana S.A., due to the amount of taxable dividends received during the period.

On the other hand, Suramericana's consolidated equity declined by 1.2% compared to year-end 2017 given COP 176,265 million in dividends paid out during the first quarter of 2018, coupled with the impact that the appreciation of the Colombian peso against other regional currencies had on the overall consolidation, which in turn negatively affected the Other Comprehensive Income accounts.

Life Insurance Segment

The Life Insurance Segment is made up of Seguros de Vida Colombia, ARL Colombia, Asesuisa Vida El Salvador and Seguros de Vida SURA Chile.

Life Insurance (stated in COP millions)	From January 1 st to September 30 th			From June 30 th to September 30 th		
	sep-18	sep-17	%Var	Q3 2018	Q3 2017	%Var
Written premiums	3,105,792	3,313,706	-6.3%	1,008,176	1,197,394	-15.8%
Ceded premiums	-119,953	-94,118	27.4%	-45,367	-35,877	26.5%
Retained premiums (net)	2,985,840	3,219,589	-7.3%	962,809	1,161,518	-17.1%
Reserves net of production	27,709	-132,540		63,075	-81,995	
Retained earned premiums	3,013,548	3,087,048	-2.4%	1,025,885	1,079,522	-5.0%
Total claims	-1,989,254	-2,146,559	-7.3%	-659,116	-742,082	-11.2%
Reimbursed claims	167,272	136,710	22.4%	66,195	43,495	52.2%
Retained claims	-1,821,982	-2,009,849	-9.3%	-592,920	-698,587	-15.1%
Net commissions	-279,198	-276,061	1.1%	-98,438	-97,677	0.8%
Income from services rendered	921	661	39.4%	375	209	79.5%
Cost of services rendered	0	0	0.0%	0	0	0.0%
Other operating income/expense	-429,050	-363,889	17.9%	-159,614	-147,055	8.5%
Technical result	484,240	437,910	10.6%	175,287	136,412	28.5%
Fees	-55,066	-59,869	-8.0%	-19,607	-22,337	-12.2%
Administrative expense	-497,336	-467,345	6.4%	-170,783	-152,970	11.6%
Amortization and depreciation	-7,268	-6,404	13.5%	-2,454	-2,412	1.7%
Impairment	-3,346	-2,220	50.7%	-2,076	172	
Underwriting profit	-78,776	-97,928	-19.6%	-19,632	-41,136	-52.3%
Dividends	1,139	425	167.8%	230	9	
Investment income	464,047	507,463	-8.6%	134,962	124,899	8.1%
Interest	-11	-108	-89.5%	-2	-27	-94.1%
Other non-operating income / expense	-6,822	50,090		8,662	32,524	-73.4%
Earnings (losses) before tax	379,576	459,943	-17.5%	124,219	116,270	6.8%
Income tax	-1,258	-5,900	-78.7%	712	-1,841	
Earnings (losses), net	378,318	454,043	-16.7%	124,932	114,429	9.2%

Indicators	sep-18	sep-17	3T 2018	3T 2017
% Ceded*	3.9%	2.8%	4.5%	3.0%
% Retained Incurred Claims*	60.5%	65.1%	57.8%	64.7%
% Net Commissions*	9.3%	8.9%	9.6%	9.0%
% Administrative Expense	16.5%	15.1%	16.6%	14.2%

* Measured against retained earned premiums

Life Insurance

Statement of Financial Position

	sep-18
Total assets	10,253,744
Total liabilities	8,205,798
Total equity	2,047,947

This segment produced a 28.5% growth in its Technical Result for this past quarter compared with the same period last year. A capital optimization initiative deployed as of July 2018 in the Health Care solution and the fact that we did not take part in a pension fund tender in Colombia produced a drop in written premiums of 15.8%, while the amount of reserves released due to a drop in premiums for the health care solution and the 6.9% decline with the incurred claims rate (57.8% vs 64.7%) for the entire segment, drove up the Company's technical result.

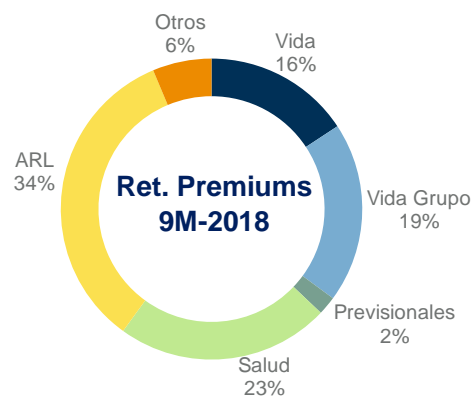
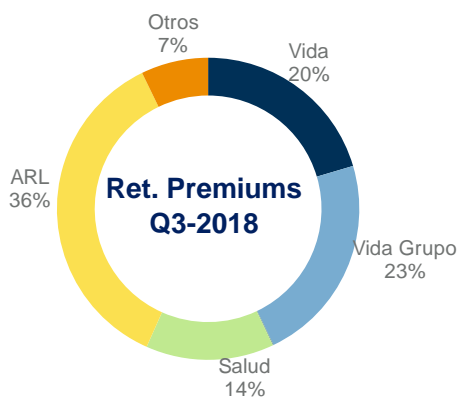
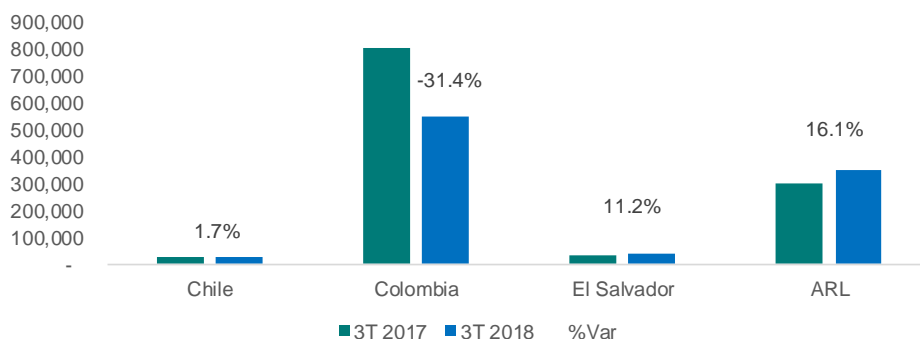
The capital optimization initiative implemented with the Health Care solution consists of matching accrued premiums on the Company's income statement with the client's actual payment of such. In this way, reserves and capital requirements remain more in sync with the Company's collection patterns. Previously, insurance premium production was recorded using an annualized methodology, which implied a higher premium base. This new way of recording premium production for the Health Care segment in Colombia has no effect on claims, commissions or expense taken at their nominal values and therefore, all those indicators measured against written premiums shall normalize within one year after the changeover takes place.

Upon excluding the effects of the Health Care segment and not having taken part in the Pension insurance tender, written premiums for the life insurance segment rose by 13.4%. In keeping with the above, spending has risen below the growth in premiums, including COP 7,500 million from the core business of ARL (Suramericana's Workers' Compensation subsidiary).

Financial revenues from this segment rose by 8.1% for the quarter, mainly due to the depreciation of the Colombian peso (-1.08% for Q3 2018 compared to an appreciation of 3.62% for Q3 2017). This effectively drove up earnings by COP 7,700 million due to the exposure of the portfolios held by the Life Insurance and Workers' Compensation subsidiaries in Colombia which at the end of this past quarter came to USD 55 million. This significantly mitigated the effect that the decline in average inflation has had in Colombia, having gone from 3.97% in Q3 2017 to 3.22% in Q3 2018.

Finally, the change in other non-operating revenues / expense is due to a tax refund received by the Workers' Compensation and Life Insurance subsidiaries in 2017 on the amount of wealth tax paid under a tax stability agreement which came to COP 36,430 million.

Subsidiary Growth Rates in Retained Premiums



Premiums and claims per solution

		Sep-18	Sep-17	%Var Ex - Fx	Var%	3Q-2018	Q3-2017	% Var	%Var Ex - Fx
Individual Life	Written Premiums	534,996	504,251	6.1%	6.1%	221,937	210,856	5.3%	5.3%
	Retained Premiums	469,612	445,668	5.4%	5.4%	196,611	188,761	4.2%	4.2%
	Retained Claims	132,639	117,421	12.9%	13.0%	46,035	48,676	-5.4%	-5.4%
	% Ret. Claims Ratio	28%	26%			23%	26%		
Group Life	Written Premiums	601,899	529,747	13.6%	13.4%	224,904	193,296	16.4%	17.0%
	Retained Premiums	578,302	520,536	11.1%	10.9%	216,192	189,711	14.0%	14.6%
	Retained Claims	211,318	187,887	12.5%	12.2%	75,197	67,899	10.7%	11.5%
	% Ret. Claims Ratio	37%	36%			35%	36%		
Pension (D&S)	Written Premiums	59,845	502,772	-88.1%	-88.1%	827	173,197	-99.5%	-99.5%
	Retained Premiums	59,751	502,660	-88.1%	-88.1%	817	173,164	-99.5%	-99.5%
	Retained Claims	106,985	539,980	-80.2%	-80.2%	12,079	167,300	-92.8%	-92.8%
	% Ret. Claims Ratio	179%	107%			1479%	97%		
Health Care	Written Premiums	698,937	726,152	-3.8%	-3.7%	137,932	248,955	-44.6%	-44.6%
	Retained Premiums	683,104	713,019	-4.2%	-4.2%	131,969	243,561	-45.8%	-45.8%
	Retained Claims	585,731	486,904	20.3%	20.3%	201,064	174,471	15.2%	15.3%
	% Ret. Claims Ratio	86%	68%			152%	72%		
ARL (Workers' Comp.)	Written Premiums	1,006,174	853,882	17.8%	17.8%	347,953	299,753	16.1%	16.1%
	Retained Premiums	1,006,174	853,882	17.8%	17.8%	347,953	299,753	16.1%	16.1%
	Retained Claims	601,462	514,429	16.9%	16.9%	201,783	188,569	7.0%	7.0%
	% Ret. Claims Ratio	60%	60%			58%	63%		
Other	Written Premiums	203,941	196,903	3.6%	4.2%	74,624	71,339	4.6%	4.8%
	Retained Premiums	188,896	183,824	2.8%	3.4%	69,267	66,569	4.1%	4.2%
	Retained Claims	183,847	163,228	12.6%	12.9%	56,763	51,671	9.9%	9.9%
	% Ret. Claims Ratio	97%	89%			82%	78%		
Total	Written Premiums	3,105,792	3,313,706	-6.3%	-6.3%	1,008,176	1,197,395	-15.8%	-15.7%
	Retained Premiums	2,985,840	3,219,589	-7.3%	-7.2%	962,809	1,161,518	-17.1%	-17.0%
	Retained Claims	1,821,982	2,009,849	-9.3%	-9.3%	592,920	698,587	-15.1%	-15.1%
	% Ret. Claims Ratio	61%	62%			61.6%	60.1%		

Written and retained claims

In spite of not having taken part in a Pension insurance tender and the effects produced by the Health Care solution, written premiums were partially offset by the double-digit growth obtained by the Workers Compensation (ARL) and Group Life Insurance. The year-on-year growth recorded by the Workers' Compensation subsidiary (ARL) comes to 16.1%, this due to an increase in the number of companies insured against Category IV and V risk, which entails higher contribution rates for this type of solution. On the other hand, premium production on the part of the Group Life solution rose by 16.4% for the quarter, thanks to the momentum gained by the Bancassurance channel in Colombia.

Retained claims and retained claims rates

The retained claims ratio for this past quarter declined with regard to the same period last year (61.6% vs 60.1%) this due to the new methodology used for recording premiums in the health care solution in Colombia, as explained above. This had the effect of reducing retained premiums for the quarter, while the nominal level of claims tended to follow their natural uptrend. Here, the Individual Life, Group Life and Workers' Compensation solutions offset the effect of the Health Care solution, with the Workers' Compensation subsidiary (ARL) contributing the most, having lowered its claim rate by around 500 basis points due to a one-time adjustment made in Q3 2017 to its death and disability reserves, in keeping with that stipulated in External Circular 039 of 2016 issued by the Colombian Superintendency of Finance and which did not produce the same effect on Q3 2018.

Property and casualty insurance segment

This segment contains the non-life insurance solutions provided by our Property and Casualty insurance companies in Colombia, El Salvador, Panama, the Dominican Republic, Argentina, Brazil, Chile, Mexico and Uruguay.

Property and Casualty Insurance Segment (stated in COP millions)	From January 1 st to September 30 th			From June 30 th to September 30 th		
	sep-18	sep-17	%Var	Q3-2018	Q3-2017	%Var
Written premiums	5,150,304	5,401,301	-4.6%	1,752,778	1,859,119	-5.7%
Ceded premiums	-1,335,264	-1,517,236	-12.0%	-460,136	-552,753	-16.8%
Retained premiums (net)	3,815,040	3,884,065	-1.8%	1,292,642	1,306,366	-1.1%
Reserves net of production	-47,260	-102,522	-53.9%	-23,394	13,370	
Retained earned premiums	3,767,780	3,781,543	-0.4%	1,269,248	1,319,735	-3.8%
Total claims	-3,365,319	-3,048,824	10.4%	-1,278,873	-981,520	30.3%
Reimbursed claims	1,414,047	1,051,583	34.5%	621,441	290,379	114.0%
Retained claims	-1,951,272	-1,997,241	-2.3%	-657,433	-691,141	-4.9%
Net commissions	-695,014	-702,923	-1.1%	-230,244	-263,354	-12.6%
Other operating income/expense	-287,625	-245,952	16.9%	-133,083	-99,712	33.5%
Technical result	833,875	835,433	-0.2%	248,491	265,532	-6.4%
Fees	-64,009	-64,321	-0.5%	-20,544	-22,968	-10.6%
Administrative expense	-854,841	-857,407	-0.3%	-268,782	-261,562	2.8%
Amortization and depreciation	-99,743	-108,503	-8.1%	-31,669	-36,678	-13.7%
Impairment	-2,410	-18,786	-87.2%	-3,710	-8,349	-55.6%
Underwriting profit	-187,129	-213,584	-12.4%	-76,215	-64,025	19.0%
Dividends	309	87	253.0%	45	3	
Investment income	278,139	257,474	8.0%	106,869	77,435	38.0%
Interest	-2,045	-4,289	-52.3%	-554	-969	-42.8%
Other non-operating income / expense	75,321	80,380	-6.3%	30,117	44,391	-32.2%
Earnings (losses) before tax	164,595	120,069	37.1%	60,261	56,835	6.0%
Income tax	-53,799	-13,329	303.6%	-16,576	-13,918	19.1%
Earnings (losses), net	110,796	106,740	3.8%	43,685	42,917	1.8%
Amortization of intangibles	(67,712)	(75,582)		(21,209)	(25,629)	
Amortizations of deferred tax	20,985	22,675		7,434	7,599	
Adjusted net income	157,523	159,647	-1.3%	57,460	60,946	-5.7%

Indicators	sep-18	sep-17	Q3-2018	Q3-2017
% Ceded	25.9%	28.1%	26.3%	29.7%
% Retained incurred claims*	51.8%	52.8%	51.8%	52.4%
% Net commissions*	18.4%	18.6%	18.1%	20.0%
% Administrative expense*	22.7%	22.7%	21.2%	19.8%
Combined ratio	105.0%	105.6%	106.0%	104.9%

* Measured against retained earned premiums

	sep-18
Total activos	13,039,471
Total pasivos	9,588,034
Total patrimonio	3,451,436

This segment was affected by a 5.7% drop in written premiums, mainly due to the depreciation of Latin American currencies against the Colombian peso, particularly the Argentinian peso which had a consequent impact on the consolidated figures. However, the Argentinian subsidiary recorded a growth in written premiums of 40.6% in local currency, as a result of higher sales and rising inflation.

The car insurance solution performed particularly well throughout the region and continues to be an important driver of growth for this segment, having raised its premiums by 7.4% upon measuring both periods using constant rates based on the exchange rate for Q3 2018. This level of performance for the quarter was due to both higher sales and the amount of new clients obtained.

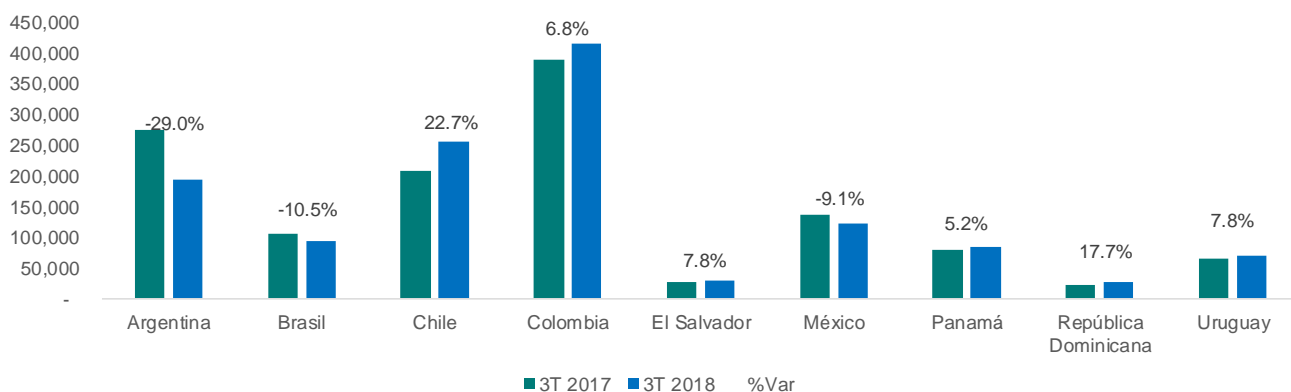
The lower amount of ceded premiums for this segment was due to a change in the portfolio of solutions offered at subsidiary level, this based on the risk appetite which is rising to a greater extent in solutions carrying greater retention rates, such as Car, Theft and Contractual Performance insurance. Furthermore, the Company's Mexican subsidiary ceded a lower amount of premiums during this past quarter, due to the temporary nature of the changes made to the reinsurance contracts entered into as of July 2017.

With respect to Total Claims, this segment recorded an increase of 30% for the quarter, this primarily due to two factors. The first had to do with rising inflation in Argentina, which affected the nominal value of the claims filed. The second consisted of having to set up higher claims reserves given major events being covered by the Colombian subsidiary. A high proportion of these claims are reinsured, so the increase in Reimbursed Claims (averaging out at COP 330,000 million), offset the effect of the rise in Gross Claims, and consequently this segment ended up with a 4.9% drop in Incurred Claims compared to Q3 2017.

With regard to investment income, the investment portfolios belonging to this segment performed well during this past quarter, mainly due to increased yields obtained in Colombia, Argentina and Chile. As for the Company's Colombian subsidiary, the depreciation of the Colombian peso against the dollar was a major factor. On the other hand, rising inflation and higher interest rates provided higher investment income in Argentina, cuts to interest rates in Chile had a positive effect on the appraised values of fixed-income securities.

Finally, this segment ended the quarter with an increase in pre-tax earnings of 6.0% and a net income which was 1.8% higher than for the same quarter last year, thanks to a greater amount of reimbursed claims on the part of the reinsurer as well as higher financial revenues obtained on the investment portfolios held by the subsidiaries belonging to this segment.

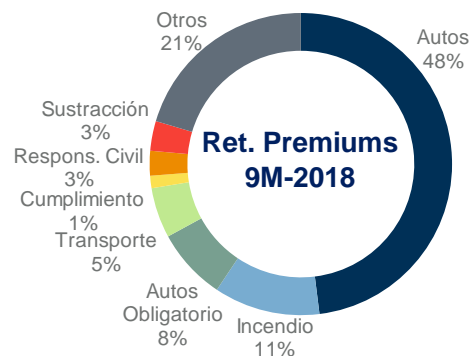
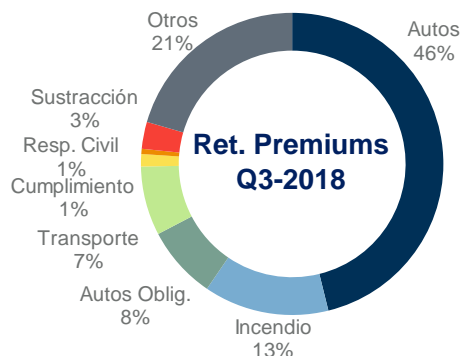
Subsidiary Growth Rates in Retained Premiums



Figures in COP millions

Premiums and claims per solution

		Sep-2018	Sep-2017	% Var	%Var Ex- Fx	Q3-2018	Q3-2017	% Var	%Var Ex- Fx
Car	Written Premiums	1,921,113	1,945,572	-1.3%	10.5%	625,661	691,259	-9.5%	7.4%
	Retained Premiums	1,832,335	1,907,288	-3.9%	7.7%	596,547	678,512	-12.1%	4.6%
	Retained Claims	1,154,876	1,168,319	-1.2%	11.2%	395,070	409,192	-3.5%	15.5%
	% Ret. Claims Ratio	61%	62%		3.3%	66%	60%		
Fire	Written Premiums	1,030,603	1,217,091	-15.3%	-12.5%	398,723	456,780	-12.7%	-6.0%
	Retained Premiums	432,630	426,055	1.5%	8.4%	172,897	117,584	47.0%	72.6%
	Retained Claims	127,578	153,611	-16.9%	-11.7%	36,303	53,207	-31.8%	-22.0%
	% Ret. Claims Ratio	35%	33%		-18.6%	21%	45%		
Mandatory Road	Written Premiums	314,192	295,670	6.3%	6.1%	109,254	95,566	14.3%	15.1%
	Retained Premiums	293,078	286,891	2.2%	2.0%	100,836	91,177	10.6%	11.4%
	Retained Claims	186,588	206,918	-9.8%	-10.0%	59,619	75,800	-21.3%	-21.2%
	% Ret. Claims Ratio	66%	67%		-11.7%	59%	83%		
Transport	Written Premiums	285,401	327,778	-12.9%	-2.6%	141,766	160,625	-11.7%	3.6%
	Retained Premiums	205,632	236,983	-13.2%	-1.7%	95,617	119,454	-20.0%	-4.8%
	Retained Claims	111,948	109,341	2.4%	15.4%	62,083	60,889	2.0%	18.9%
	% Ret. Claims Ratio	45%	41%		0.0%	65%	51%		
Contractual Performance	Written Premiums	119,793	127,584	-6.1%	7.9%	39,716	43,410	-8.5%	10.9%
	Retained Premiums	50,587	49,011	3.2%	21.1%	17,151	16,699	2.7%	26.5%
	Retained Claims	27,623	31,899	-13.4%	-3.1%	10,573	7,998	32.2%	57.5%
	% Ret. Claims Ratio	51%	74%		-20.0%	62%	48%		
Civil Liability	Written Premiums	140,453	140,058	0.3%	3.8%	12,166	14,086	-13.6%	-11.5%
	Retained Premiums	100,877	91,944	9.7%	15.3%	7,110	-2,722	-361%	-7761%
	Retained Claims	45,275	45,473	-0.4%	8.4%	-7,990	-6,979	14.5%	29.0%
	% Ret. Claims Ratio	57%	55%		-6.0%	-112%	256%		
Theft	Written Premiums	133,269	126,434	5.4%	3.8%	41,998	37,213	12.9%	17.3%
	Retained Premiums	121,325	115,226	5.3%	3.6%	37,282	34,262	8.8%	13.6%
	Retained Claims	35,920	46,708	-23.1%	-24.1%	11,820	18,776	-37.0%	-35.6%
	% Ret. Claims Ratio	29%	34%		0.0%	32%	55%		
Other	Written Premiums	1,205,481	1,221,114	-1.3%	7.5%	383,493	360,179	6.5%	23.9%
	Retained Premiums	778,576	770,665	1.0%	13.6%	265,202	251,400	5.5%	26.7%
	Retained Claims	261,463	234,972	11.3%	19.5%	89,956	72,257	24.5%	40.8%
	% Ret. Claims Ratio	33%	31%		5.2%	34%	29%		
Total	Written Premiums	5,150,304	5,401,301	-4.6%	3.0%	1,752,778	1,859,119	-5.7%	7.4%
	Retained Premiums	3,815,040	3,884,065	-1.8%	8.1%	1,292,642	1,306,366	-1.1%	15.8%
	Retained Claims	1,951,272	1,997,241	-2.3%	7.0%	657,433	691,141	-4.9%	9.8%
	% Ret. Claims Ratio	51%	51%			51%	53%		



Written and retained premiums

As previously mentioned, fluctuating exchange rates throughout the region, which tended to depreciate against the Colombian peso, produced a 5.7% decline in Written Premiums for the quarter. However, measured at constant exchange rates, this segment managed a growth of 7.4%, due to improved performance on the part of Car and Mandatory Road insurance solutions.

Car insurance on a regional basis continued to produce a sound level of performance, having expanded its client base and improved its claims rates, as shown with the 3.5% drop in Retained Claims. It is worthwhile noting that our Uruguayan subsidiary signed up UBER for an important car insurance policy.

In terms of our Mandatory Road insurance, our Colombian subsidiary made an important contribution to the segment's overall growth, having obtained an increase of COP 11,000 million on a Quarter on Quarter basis, Colombia being a prime growth driver for this segment. The performance of this segment mirrors the Company's efforts to improve the claims rate and restructure the policy-holder base for this branch of insurance.

However, the gains made by the Car and Mandatory Road branches of insurance were partially offset by Fire Insurance which showed declines of 6.0% measured at constant exchange rates, and 12.7% in local currency. These declines were mainly due to the Panamanian subsidiary having written a corporate fire insurance policy for a total term of 18 months, which was issued in Q3 2017 and whose renewal is scheduled for Q4 2018.

Retained claims and retained claims rate

The Company firmly upholds a strategy ceding major risks in order to combat volatility. Consequently, retained claims for this segment dropped by 4.9%, at constant exchange rates, this due to the amount of claims reimbursed by the reinsurer and to the larger claims incurred with fire insurance. At the same time, the subsidiaries made much headway with deploying the strategies designed to reduce claims particularly with Car and Mandatory Road insurance.

Health Care Segment

The Health Care Segment includes the health care providers, EPS SURA, IPS SURA and Dinamica (Diagnostic Services).

Health Care Segment (stated in COP millions)	From January 1 st to September 30 th			From June 30 th to September 30 th		
	Sep-18	Sep-17	%Var	Q3-2018	Q3-2017	%Var
Income from services rendered	2,764,050	2,292,964	20.5%	959,223	804,331	19.3%
Cost of services rendered	-2,443,690	-2,032,304	20.2%	-872,675	-717,598	21.6%
Other operating income/expense	9,726	8,028	21.2%	4,252	2,660	59.8%
Net commissions	-2,837	-3,694	-23.2%	-899	-1,253	-28.3%
Technical result	327,250	264,994	23.5%	89,900	88,139	2.0%
Fees	-9,338	-7,482	24.8%	-3,366	-3,663	-8.1%
Administrative expense	-254,760	-222,924	14.3%	-70,376	-73,505	-4.3%
Amortization and depreciation	-8,518	-7,183	18.6%	-2,924	-3,884	-24.7%
Impairment	-171	84		83	770	-89.2%
Underwriting profit	54,462	27,488	98.1%	13,317	7,857	69.5%
Investment income	12,572	11,959	5.1%	4,808	2,615	83.9%
Interest	-3,194	-4,300	-25.7%	-1,134	-1,181	-3.9%
Other non-operating income / expense	5,118	4,960	3.2%	1,857	1,478	25.7%
Earnings (losses) before tax	68,959	40,107	71.9%	18,848	10,769	75.0%
Income tax	-8,570	-10,373	-17.4%	-3,882	-3,926	-1.1%
Earnings (losses), net	60,390	29,733	103.1%	14,966	6,843	118.7%

Indicators	Sep-18	Sep-17	Q3-2018	Q3-2017
% Cost of services rendered	88.4%	88.6%	91.0%	89.2%
Expense ratio	9.2%	9.7%	7.3%	9.1%

Statement of financial position

	Sep-18
Total assets	1,082,287
Total liabilities	780,357
Total equities	301,931

Net income for this segment rose by 118.7% on a year-on-year basis. This was due to a 19.3% increase in revenues from services rendered, given greater efficiencies in expense management that have lowered this segment's cost ratio by 4.3% compared to the same quarter last year as well as an 83.9% rise in financial income.

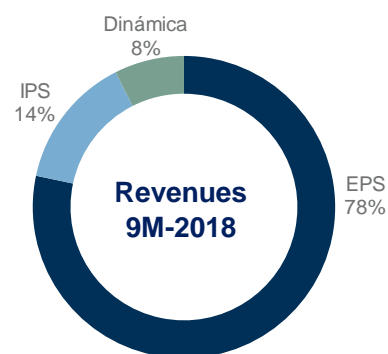
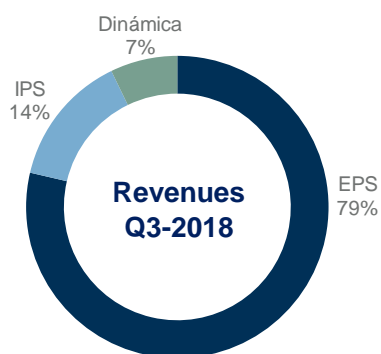
The growth in services rendered was due to a 12.0% year-on-year increase in mandatory health care subscribers, bringing the total up to 2,998,262 which in turn provided a 21% increase in revenues for the mandatory health care plan and another 64% increase in the case of the complementary health care plan. The double-digit growth recorded by the IPS (the Institute Service Provider) and Dinamica, (the Diagnostic Imaging Provider, respectively), was also due to the increase in mandatory health care subscribers. On the other hand, the increase in financial

revenues was due to having extended the investment portfolio, as a consequence of the rise in the amount of receivables collected from ADRES (the Social Security Resource Administrator)

However, this improved performance was partially offset by higher costs of services rendered which rose by 1.8% (89.2% vs. 91.0%), this due to new inclusions in the Colombian Government's Health Benefits Plan, that entered into effect to a larger extent during the second half of this year.

Revenues and expenses from services rendered

	Sep-18	Sep-17	% Var	Q3-2018	Q3-2017	% Var	
EPS	Revenues from services rendered	2,173,734	1,784,163	21.8%	751,268	625,406	20.1%
	Cost of services rendered	2,029,949	1,676,892	21.1%	727,557	596,031	22.1%
	% Cost / Revenues	93%	94%		97%	95%	
IPS	Revenues from services rendered	391,690	345,294	13.4%	136,326	120,270	13.4%
	Cost of services rendered	274,322	237,060	15.7%	95,453	82,662	15.5%
	% Cost / Revenues	70%	69%		70%	69%	
Dinámica	Revenues from services rendered	198,626	163,507	21.5%	71,628	58,655	22.1%
	Cost of services rendered	139,418	118,353	17.8%	49,665	38,906	27.7%
	% Cost / Revenues	70%	72%		69%	66%	



Holding Company Segment

The Holding segment mainly includes our Corporate Headquarters and the debt held by Suramericana S.A.

Segmento Holding (stated in COP millions)	From January 1 st to September 30 th			From June 30 th to September 30 th		
	sep-18	sep-17	%Var	Q3-2018	Q3-2017	%Var
Other operating income/expense	12,522	9,947	25.9%	3,821	4,641	-17.7%
Technical result	12,522	9,947	25.9%	3,821	4,641	-17.7%
Fees	-9,268	-13,699	-32.3%	-4,038	-2,413	67.3%
Administrative expense	-58,925	-61,552	-4.3%	-22,784	-13,191	72.7%
Amortization and depreciation	-590	-438	34.8%	-203	-162	25.1%
Impairment	-20	410		-9	-120	-92.4%
Underwriting profit	-56,282	-65,332	-13.9%	-23,213	-11,245	106.4%
Dividends	-3,243	-4,848	-33.1%	-0	-1,391	-100%
Investment income	7,135	3,944	80.9%	1,101	656	67.9%
Interest	-56,914	-65,802	-13.5%	-18,717	-20,148	-7.1%
Other non-operating income / expense	-19,706	-4,716	317.9%	-7,067	-3,605	96.0%
Earnings (losses) before tax	-129,009	-136,754	-5.7%	-47,896	-35,734	34.0%
Income tax	-35,449	-65,813	-46.1%	-3,709	-28,786	-87.1%
Earnings (losses), net	-164,458	-202,566	-18.8%	-51,605	-64,520	-20.0%

The most representative accounts in the Holding segment are corporate headquarter expense, interest on the bonds issued by Suramericana S.A. as well as taxes. In terms of expense, this segment recorded increases in Fees and Administrative Expense of 67.3% and 72.7% respectively. It is important to note that the pattern of expenditure in the case of our corporate headquarters is not the same throughout the year, which explains the variations produced in comparison with Q3 2017. These included increased investment in human resource training programs as well as travelling expense incurred with visits to subsidiaries. All this is in keeping with the Company's strategy.

On the other hand, investment income rose as a consequence of the Colombian peso depreciating against the dollar, which had a beneficial effect on the positions held by the Company in foreign currency. Furthermore, the Company channeled the surplus liquidity obtained during the quarter towards short-term investments, which explains the 67.9% increase in the amount invested by the Holding segment.

Lower interest payments for Q3 2018 compared to the same quarter last year was due to lower inflation prevailing in Colombia (3.23% for Q3 2018 vs 3.97% for Q3 2017) and this had a consequent effect on the CPI-indexed coupons for the bonds issued by Suramericana. Other non-operating expense rose by 96% for the quarter as a result of fluctuating exchange rates the position held by the Company in certain financial assets.

Finally, the Company's tax provision fell by 87.1% for the quarter, as a result of having recorded higher deferred tax payable during same period last year, this based on the dividends that the Company expected to receive in 2018, which entailed higher tax for that same period.

3. SURA Asset Management

Consolidated Income Statement	SEP 18	SEP 17	%Var Ex - Fx	Q3-2018	Q3-2017	%Var Ex - Fx
Fee and commission income	1,540,584	1,446,134	7.5%	519,877	510,053	6.7%
Income from legal reserve	62,923	179,586	-64.8%	44,328	51,482	-8.8%
Income (expense) via equity method	92,877	125,054	-25.9%	32,087	33,519	-3.6%
Other operating income	9,904	23,185	-57.6%	837	7,363	-88.3%
Operating revenues - Pension and Fund Mgmt	1,706,288	1,773,959	-3.1%	597,130	602,417	3.6%
Total insurance margin	190,969	154,127	22.3%	66,096	53,673	28.5%
Operating expense	(1,149,636)	(1,131,081)	2.2%	(393,198)	(382,511)	7.5%
Operating earnings	747,621	797,005	-5.6%	270,028	273,579	3.1%
Financial income (expense)	(82,546)	(115,384)	-27.9%	(25,845)	(33,023)	-3.9%
Income (expense) - derivatives and exch. difference	7,255	(9,461)	-179.7%	(415)	23,879	-101.3%
Earnings (losses) before tax	672,330	672,159	0.6%	243,768	264,435	-5.9%
Income tax	(194,612)	(251,943)	-22.0%	(54,477)	(74,880)	-24.0%
Net income from continuing operations	477,717	420,216	14.1%	189,291	189,555	1.1%
Net income from discontinued operations	1,570	26,993	-94.1%	(1,034)	6,223	-118.4%
Net income (losses)	479,288	447,209	7.7%	188,257	195,778	-2.6%
Amortization of Intangibles	(77,428)	(66,793)	15.9%	(25,069)	(22,264)	12.6%
Deferred tax related to amortizations	21,867	18,692	17.0%	7,443	6,230	19.5%
Net income + amortizations	534,848	493,097	8.5%	205,883	198,585	3.7%

Earnings per Business Segment

	YTD 2018	YTD 2017	% Var Ex-Fx	Q3 2018	Q3 2017	% Var Ex-Fx
Consolidated Net Income	479,288	447,209	7.7%	188,257	195,778	-2.6%
Mandatory pensions	655,859	718,242	-8.2%	232,626	244,637	-1.2%
Voluntary savings	(15,698)	(12,915)	25.2%	(1,811)	827	-275.7%
Insurance & Annuities	44,094	67,976	-35.0%	17,558	21,253	-14.4%
Exchange Rate Effect	19,150	(23,896)	179.3%	279	9,652	-97.1%
Corporate Expense	(167,105)	(180,684)	5.6%	(58,185)	(56,328)	6.0%
Financial expense	(92,523)	(125,714)	-25.8%	(28,830)	(37,739)	-22.6%
Others	35,510	4,200	697.9%	26,620	13,476	102.0%

Assets under Management (AUM)

AUM	Q3 2018	Q3 2017	% Var	% Var Ex-Fx
Chile	125,712,302	122,607,944	2.5%	3.9%
Mexico	82,200,889	75,799,381	8.4%	9.6%
Peru	58,289,194	56,354,812	3.4%	3.3%
Uruguay	8,562,530	8,457,144	1.2%	14.2%
AFP Proteccion	99,729,381	90,285,561	10.5%	10.5%
El Salvador	15,068,979	13,693,189	10.0%	8.7%
Investment Management Unit	33,404,070	29,072,150	14.9%	13.5%
* Duplicated AUMs	-10,140,372	-9,560,006	6.1%	4.8%
Total	412,826,972	386,710,175	6.8%	7.5%

* Duplicated AUMs: These are AUMs that the SURA AM's Savings & Investment channel handles for the IM Unit. Both businesses report these AUMs as their own, which is why we include these as "Duplicated AUMs", so as not to double count these when calculating Total AUMs.

Clients (in millions)	Sep -2018	Sep- 2017	% Var
Chile	1.8	1.9	-2.2%
Mexico	7.8	7.4	5.2%
Peru	1.8	2.0	-10.2%
Uruguay	0.3	0.3	1.3%
AFP Proteccion	6.2	5.9	5.4%
El Salvador	1.6	1.6	4.3%
Total	19.6	19.1	2.7%

Quarterly Results - Q3 2018

SURA Asset Management achieved a remarkable growth in fee and commission income, which exceeded the GDP performance in all those countries where the Company is present. This increase reflects a sound stream of revenues from the mandatory pension business as well as a good level of performance from its voluntary savings funds. Furthermore, operating earnings were higher on a year-on-year basis, which was a remarkable achievement given the lower returns currently being obtained on the financial markets. SURA Asset Management's fee and commission income came to COP 519,877 million in Q3 2018, having risen by 6.7% compared to the same period last year. Consequently, operating earnings rose by 3.1% to end at COP 270,028 million for Q3 2018.

Fee and commission income was driven by growths of 6.1% for the mandatory pension business and another 11.5% for the voluntary savings business. Consolidated AUMs reached COP 412.8 trillion, having risen by 7.5% as a result of a 6.6% increase in AUMs for the mandatory pension business and another 14.9% increase for the voluntary savings business. The Company's client base grew by 3.6% compared to the same period last year, given the peculiarities of the mandatory pension business in Chile and Peru, since the pension systems in these countries are subject to periodic tenders.

Revenues from the Company's legal reserve came to COP 44,328 million for Q3 2018, having declined by 8.8% given the lower returns obtained on the financial markets. However, it is worthwhile pointing out the good level of performance with the mandatory pension fund portfolios managed by SURA Asset Management in Chile and Mexico, having secured returns which were higher than the industry average. The situation with investments throughout 2018 failed to compare with the exceptional performance obtained in 2017, and this had a consequent effect on the results recorded by SURA Asset Management.

Revenues obtained via the equity method, which include those of AFP Protección and AFP Crecer in the overall consolidation, reached COP 32,087 million for Q3 2018, for a 3.6% drop compared to the same period the previous year. The good level of fee and commission income was not enough to offset lower returns obtained from the legal reserve, which was the prime factor causing the drop in revenues via the equity method.

Total operating expense came to COP 393,198 million, showing a 7.5% growth for the quarter. This was largely due to higher expense incurred with projects aimed to ensure the sustainability of the mandatory pension business and further develop our Savings and Investment business as well as our new Investment Management Unit. There was also a series of non-recurring expense incurred in Mexico and Chile, the former due to the need to relocate staff after the earthquake that shook Mexico City in 2017 and, in the latter case, indemnity payments. Selling expense excluding DAC rose by just 0.3% given higher operating efficiencies in Chile having deployed various strategic projects focused on maintaining the sustainability of the mandatory pension business in this part of the world, and Peru, where the divestiture of our insurance business in 2017 gave rise to a lower headcount for Q3 2018, coupled with the amount of indemnity payments recorded for Q2 2017.

SURA Asset Management's net income for Q3 2018 came to COP 188,257 million, which was 2.6% lower than for the same period last year, given the drop in non-operating income from derivatives and exchange differences totaling COP -24,294 million. This was primarily due to a loss in the appraised values of hedges covering annuity reserves in Chile as well a hedge for an issue of bonds worth USD 500 million that was taken out in August 2018. On the other hand, the Company's operating performance did much to further earnings, as did the tax account, which showed a decrease in deferred tax given lower returns obtained from the Company's legal reserve.

YTD Results

SURA Asset Management's earnings on a YTD basis were furthered by a 7.5% increase in fee and commission income compared to the same period last year, in keeping with the good level of performance observed throughout Q3 2018. Returns from the legal reserve fell by 64.8%, which also affected revenues obtained via the equity method which also recorded a 25.9% drop. Operating expense rose by 2.2%, thanks to the base effect of comparing the year-on-year figures and the amount of non-recurring expense that was recorded last year (the COFECE sanction in Mexico and wealth tax in Colombia). Were we to eliminate these effects, operating expense rose by 9.0%, given the amounts invested in new projects and in strengthening our sales force. Selling expense rose by 6.2%, which was lower than the growth in revenues, this as a result of having invested in our sales staff so as to improve the service provided to our clients, especially in Mexico where sales are intensifying. Net income at the end of Q3 2018 rose by 7.7%, given increases with non-operating items. Financial expense fell by 27.9% as a result of having prepaid amounts of debt upon taking advantage of temporary cash surpluses, along with the favorable effects that derivatives, exchange differences and lower tax expense provided.

EBITDA

EBITDA came to COP 297,177 million for Q3 2018, having increased by 17.0%. This good level of performance was mainly due to increase fee and commission income, which offset the drop-in revenues obtained by the Company's legal reserves.

EBITDA	YTD 2018	YTD 2017	% Var.	% Var. Ex-Fx	Q3 2018	Q3 2017	% Var	% Var. Ex-Fx
Chile	323,765	364,232	-11.1%	-12.9%	98,458	96,807	1.7%	7.5%
Mexico	329,435	302,150	9.0%	11.9%	113,005	118,878	-4.9%	0.2%
Peru	187,624	205,616	-8.8%	-7.2%	68,421	59,206	15.6%	18.7%
Uruguay	37,673	39,537	-4.7%	2.6%	12,406	9,714	27.7%	42.8%
Protección	13,962	33,497	-58.3%	-58.3%	178	212	-16.0%	-16.0%
Corporate and Others	-2,143	-8,744			4,709	-16,713		
Total	890,315	936,287	-4.9%	-4.2%	297,177	268,103	10.8%	17.0%
Return on Legal reserve	62,923	179,586	-65.0%	-64.8%	44,328	51,482	-13.9%	-64.8%
EBITDA (excl. legal reserve)	827,392	756,701	9.3%	10.2%	252,849	216,622	16.7%	213.4%

Corporate Expense

Total corporate expense at the end of Q3 2018 came to COP 167,105 million, having declined by 7.0% compared to the same period last year, mainly due to lower tax expense. Spending rose with regard to new projects, as part of SURA Asset Management's efforts to expand the Investment Management Unit and the Savings & Investment lines of business, this as part of its current strategic planning initiatives.

Corporate Headquarter expense, excluding items that are not directly managed, such as the amortization of intangibles, taxes, SAP expense and spending relating to the Investment Management Unit, remain firmly under control at COP 54,643 million, having increased by just 0.6%. Corporate Headquarter expense, on an annualized basis, reached COP 81,275 million.

Corporate and Others Segment	Sep-18	Sep-17	Var. %	%Var Ex - Fx
Operating Expense Corporate & Other	(167,105)	(180,684)	-8%	-7%
- Other companies*	(9,539)	(6,054)	58%	55%
+ Personnel expense other countries corporate	635	(2,149)	-130%	-129%
Corporate Expense	(156,931)	(176,778)	-11%	-11%
Non-Manageable Corporate Expense				
Wealth Tax	(46)	(21,862)	-99.8%	-99.8%
Amortization of Intangibles	(77,625)	(78,132)	-0.6%	0.1%
Taxes and rates	(12,498)	(12,140)	2.9%	3.0%
Non-recurring expenses (projects)	(3,554)	(5,689)	-37.5%	-37.5%
Support areas expenses	(597)	(631)	-5.5%	-3.8%
Investment Management Unit Expenses	(7,967)	(3,966)	100.9%	100.9%
Corporate headquarter expenses	(54,643)	(54,358)	0.5%	0.6%

* Including SURA Data Chile, SURA Servicios profesionales S.A, Promotora SURA AM S.A DE C.V, SURA Art Corporation S.A and Asesores SURA S.A DE C.V, These companies provide cross-cutting technology services as well as manpower hirings (sales force and administrative personnel). Sura Art is the vehicle representing the Company's works of art in Mexico.

Statement of Financial Position

	SEP 18	DIC 17	Var%
Total Activo	25,520,475	25,550,327	-0.1%
<i>Goodwill</i>	<i>3,999,838</i>	<i>4,174,440</i>	<i>-4.2%</i>
<i>Encaje</i>	<i>2,316,692</i>	<i>2,323,177</i>	<i>-0.3%</i>
Total Pasivo	16,560,461	16,256,068	1.9%
<i>Obligaciones Financieras</i>	<i>2,971,006</i>	<i>3,093,179</i>	<i>-3.9%</i>
Total Patrimonio	8,960,014	9,294,259	-3.6%

Figures stated in COP millions

SURA Asset Management recorded assets worth COP 25.5 trillion at the end of Q3 2018, having continued stable compared to year-end 2017.

The Company's liabilities came to COP 16.6 trillion, for an increase of 1.9%. Consolidated financial debt stood at COP 2.97 trillion, for a decline of 3.7% compared to the same period last year, this as a result of using temporary cash surpluses to prepay debt. The Company's net debt / EBITDA ratio came to 1.6x, showing adequate levels of leverage. Furthermore, our EBITDA / Interest ratio over the last twelve months comes to 8.2x, again showing a good level of debt-servicing capacity

SURA Asset Management recorded a total of COP 8.96 trillion in Shareholders' Equity at the end of Q3 2018, which was 3.6% lower than the figure posted for 2017. This decline in Shareholders' Equity is primarily due to the effect of exchange differences.

ROE / ROTE

SURA Asset Management recorded an adjusted ROE of 8.4% at the end of Q3 2018, revealing a much improved level of performance compared to last year, when the adjusted ROE came to just 7.2%. Improved levels of profitability also drove up the adjusted ROTE figure, which went from 29.7% to 31.1%. Adjusted ROE does not take into account expense incurred with amortizations of intangibles when calculating net income, while the adjusted ROTE figure does not include intangible assets in equity. These adjusted figures show the level of profitability obtained from the Company's operations.

Mandatory Business

Statement of Comprehensive Income

	SEP 18	SEP 17	%Var Ex - Fx	3T-2018	3T-2017	%Var Ex - Fx
Fee and commission income	1,370,139	1,298,114	6.6%	462,696	456,525	6.1%
Income from legal reserve	61,999	177,874	-65.0%	43,541	51,172	-9.9%
Income (expense) via equity method	80,323	117,486	-31.8%	27,833	31,304	-10.4%
Other operating income	3,342	4,216	-18.4%	1,165	953	31.8%
Operating Revenues - Pension & Fund Mgmt	1,515,804	1,597,690	-4.3%	535,236	539,953	3.7%
Operating expense	(662,902)	(649,930)	3.1%	(231,932)	(220,442)	10.8%
Operating earnings	852,902	947,757	-9.4%	303,304	319,513	-1.1%
Financial income (expense)	10,193	10,294	0.1%	3,062	4,435	-27.3%
Income (expense) - derivatives and exch. difference	6,528	(6,883)	-197%	1,996	(410)	-587%
Earnings (losses) before tax	869,623	951,168	-7.9%	308,361	323,537	-0.8%
Income tax	(213,764)	(232,926)	-7.2%	(75,736)	(78,900)	0.7%
Net income (losses)	655,859	718,242	-8.2%	232,626	244,637	-1.2%

Wage base

	Sept 2018	Sept 2017	% Var.	% Var. Ex-Fx
Chile	31,554,455	29,831,671	5.8%	3.6%
Peru	19,490,253	18,790,514	3.7%	5.5%
Uruguay	3,100,203	3,178,539	-2.5%	5.0%
Protección	29,930,973	27,640,368	8.3%	8.3%
El Salvador	6,392,061	6,203,660	3.0%	5.0%
Total	90,467,944	85,644,753	5.6%	5.7%

Assets Under Management (AUM) - Mandatory Pension Business

	YTD 2018	YTD 2017	% Change	% Var. Ex-Fx
Chile	113,776,406	111,210,508	2.3%	3.6%
Mexico	79,341,989	73,565,777	7.9%	9.0%
Peru	54,549,938	53,369,546	2.2%	2.1%
Uruguay	8,132,340	8,124,222	0.1%	12.9%
Protección	92,058,614	83,469,238	10.3%	10.3%
El Salvador	15,068,979	13,693,189	10.0%	8.7%
Total	362,928,266	343,432,480	5.7%	6.6%

Quarterly Results - Q3 2018

SURA Asset Management recorded COP 462,696 million in fee and commission income from the mandatory pension business for Q3 2018, which represents a growth of 6.1% compared to the same period last year. This level of performance outpaced GDP growth in all those countries where the Company is present, thus evidencing the sound stream of revenues being obtained from the mandatory pension segment. The wage base rose by 5.7%, which was higher than the rates of inflation prevailing throughout the region. Similarly, AUMs, especially in Mexico where commission income is based on the volume of AUMs held, increased by 6.6%.

Nevertheless, this growth in commissions and fees was mitigated by lower returns from subsidiary legal reserves. Revenues from legal reserves stood at COP 43,541 million for Q3 2018, which is 9.9% lower than those obtained for Q3 2017. This decline is mainly due to lower returns obtained on the financial markets. Nevertheless, it is worthwhile pointing out the good level of performance with the mandatory pension fund portfolios managed by SURA Asset Management in Chile and Mexico, having secured returns that were higher than the industry average. Legal reserve returns did well back in 2017, thanks to lower interest rates (with yields for the 10-year US Treasury bond falling by 18 basis points at the end of Q3, 2017 versus an increase of 47 basis points for the same period this year) this coupled with generalized gains on the equity markets. However, overall investment performance in 2018 has been different, with the emerging markets being hurt by higher interest rates and lower economic growth projections, all due to political and trading tensions on a global level.

Revenues obtained via the equity method amounted to COP 27,833 million, recording a decline of 10.4% for Q3 2018. In spite of fee and commission income rising by 14.8% for Q3 2018 in the case of AFP Protección, lower returns on its legal reserve compared to the same period last year brought down the overall figure obtained via the equity method.

Operating expense stood at COP 231,932 million, which was 10.8% higher than for Q3 2017. Administrative expense rose by 10.9%, due to higher project expense, non-recurring expense in relocating staff in Mexico City due to the earthquake that hit in 2017, as well as indemnity payments in Chile given the amount of strategic planning initiatives deployed all of which drove up levels of operating efficiency. Selling expense, upon excluding DAC showed a slight growth of 1.4%, having benefitted from greater operating efficiencies in Chile and Peru.

On a YTD basis fee and commission income rose by 6.6% compared to the same period last year, thus consolidating the good levels of performance observed throughout Q3 2018. Legal reserve returns fell by 65.0%, which also affected revenues recorded via the equity method, which fell by 31.8%. Operating expense increased by 3.1%, thanks to the base effect of comparing the year-on-year figures and the amount of non-recurring expense that was recorded last year.

Utilidad Neta	SEP 18	SEP 17	%Var	%Var Ex	3T-2018	3T-2017	%Var	%Var Ex - Fx
Chile	224,563	262,116	-14.3%	-16.1%	75,721	74,977	1.0%	5.8%
México	212,368	179,273	18.5%	21.6%	77,215	80,696	-4.3%	-0.1%
Perú	119,149	137,504	-13.3%	-11.8%	44,715	50,761	-11.9%	-10.1%
Uruguay	33,345	36,901	-9.6%	-2.7%	11,932	10,781	10.7%	23.1%
MP Protección y Crecer	66,434	102,448	-35.2%	-35.2%	23,042	27,422	-16.0%	-16.0%
Total	655,859	718,242	-8.7%	-8.2%	232,626	244,637	-4.9%	-1.2%

Quarterly Results by Individual Country - Q3 2018

Chile

- Net income in this part of the world rose by 5.8% given an 8.4% increase in operating revenues which were in turn offset by a 12.2% increase in operating expense.
- This increase in operating revenues was driven by an 88.2% increase in revenues from the legal reserves. Fee and commission income also increased by 0.9%, thanks to a growth of 2.4% in Q3 2018. The figures for Q3 2018 were affected by a seasonal issue, since so far this year fee and commission income has risen by 2.9%, which is in keeping with the 3.7% rise in the wage base. The number of pension fund subscribers fell by 2.1% at the end of Q3 2018 compared to the same period last year, which was in turn due to the tenders that are staged by the country's pension system as well as a more mature pension industry compared to the rest of the region in terms of the size of its pension fund membership base. In Q3 2018, the number of pensioners rose by 16.7%.
- The rise in operating expense was in turn due to increases of 14.5% in administrative expense and another 8.5% in selling expense. Administrative expense rose on the back of higher amounts being invested in strategic projects together with non-recurring indemnity expense. Selling expense rose by 8.5% overall, this mainly due to having amortized Deferred Acquisition Costs (DAC). In the case of selling expense which, upon excluding DAC, becomes more aligned with cash outflows, we saw a 10.2% drop due to higher operating efficiencies after successfully deploying a series of strategic planning projects aimed at ensuring the sustainability of our mandatory pension fund business.
- SURA Asset Management's Chilean subsidiary, AFP Capital, leads as the No. 1 Pension Fund Management firm in terms of returns obtained on the multi-funds contained in the Chilean pension system.

Mexico

- Net income has remained practically unchanged compared to the same period last year. Although fee and commission income rose by a substantial 8.5%, the overall effect was offset by a 14.2% decline in legal reserve returns coupled with a 17.9% increase in operating expense.
- This welcome increase in fee and commission income was in turn driven by a 9.0% growth in AUMs. The client base in this part of the world recorded a significant increase upon reaching 7.7 million at the end of Q3 2018 compared to 7.3 million for the same period last year. This growth was made possible thanks to the excellent performance of the Pension Fund Management firm, AFORE SURA, with the accounts that the regulator assigned and reassigned in Q3 2018. Being able to provide excellent levels of returns and client service are decisive factors for the assigning and reassigning of pension fund accounts on the part of the Mexican authorities.
- The increase in operating expense came on the back of an increase of 15.5% in administrative expense and another 22.4% in selling expense, excluding DAC. Administrative expense was affected by non-recurring events such as the cost of replacing much needed office property after an earthquake hit Mexico City in September 2017, higher spending in strategic planning projects and reinforcing key sales staff for deploying the strategy set for Mexico. Selling expense, excluding DAC increased by 19.9%, is due to higher levels of sales in the Mexican pension industry. SURA Asset Management has clearly seen the need to increase its sales staff in order to maintain market share and ensure optimum service levels.

Peru

- Net income fell by 10.1%, brought down by a 65.7% decline in legal reserve returns, which in turn was partly offset by a substantial increase of 9.8% in fee and commission income as well as a controlled growth of 1.0% in operating expense.

- This improved level of performance of fee and commission income was due to increases of 5.5% in the wage base and another 2.1% in AUMs. Furthermore, the benefits obtained with the new extraordinary collection law also boosted revenue growth. This collection law allows for the reprogramming of public sector pension debt thereby facilitating the payment of contributions that have remained in arrears for years.
- Operating expense were benefited by a 13.7% drop in sales expense, excluding DAC, while administrative expense rose by 10.1%. This drop in sales expense, excluding DAC, was largely due to lower headcount thanks to the having gained greater efficiencies after exiting the insurance business in 2017 and having to pay higher severance payments in Q2 2017. Administrative expense rose given greater spending on strategic planning projects, these aimed at reducing operating risks, raising efficiency levels and improving service levels for our clients.

Uruguay

- Net income increased by 23.1%, driven by a 7.4% increase in operating income, despite a lower level of commissions due to regulatory changes, and a 20.7% drop in operating expense, the latter as a result of the efforts made by SURA Asset Management's Uruguayan subsidiary, AFAP Sura, towards mitigating the impact of the aforementioned regulatory changes.
- Pension management commissions in Uruguay were lower this year given a regulatory change ensuring that these commissions do not exceed by more than 50% the lowest commission charged by the market, this corresponding to a state-owned Pension Fund Management firm.
- Fee and commission income rose by 8.4%, driven by a 5.0% rise in the wage base and the fact that one major employer caught up with its pension payments in June. As a result of having invested in strategic planning projects to ensure the ongoing sustainability of the mandatory pension business in this part of the world, with a focus on boosting the sales channels and reinforcing the client service area, AFAP Sura achieved a growth of 32% in its membership base and a 27% decrease in members transferring out to other pension fund management firms.

Voluntary Savings

Statement of Comprehensive Income

	YTD 2018	YTD 2017	% Var. Ex-Fx	Q3 2018	Q3 2017	% Var. Ex-Fx
Fee and commission income	169,599	147,476	15.1%	56,908	53,322	11.5%
Income from legal reserve	924	1,712	-47.1%	787	310	167.6%
Income (expense) via equity method	12,085	7,177	68.4%	4,296	1,874	129.3%
Other operating income	3,352	3,151	6.6%	868	2,060	-81.8%
Operating Revenues - Pension & Fund Mgmt	185,960	159,516	16.7%	62,859	57,566	13.7%
Total insurance margin	45,973	46,877	-3.9%	16,227	18,099	-7.6%
Operating expense	(241,749)	(225,975)	6.9%	(81,104)	(79,032)	7.2%
Operating earnings	(9,816)	(19,582)	-48.3%	(2,017)	(3,368)	-24.1%
Financial income (expense)	(27)	493	-105.5%	(38)	473	-106.6%
Income (expense) - derivatives and exch. difference	973	389	147.4%	452	539	17.4%
Earnings (losses) before tax	(8,870)	(18,700)	-51.0%	(1,604)	(2,356)	-5.1%
Income tax	(6,868)	(471)	1109.9%	(177)	(1,629)	-89.8%
Net income from continuing operations for the period	(15,738)	(19,171)	-15.8%	(1,780)	(3,985)	-46.0%
Net income from discontinued operations for the period	41	6,256	-99.3%	(31)	4,812	-100.7%
Net income (losses) for the period	(15,698)	(12,915)	25.2%	(1,811)	827	-275.7%

Assets Under Management (AUM) - Voluntary Pension Business

<u>AUM - Voluntary Savings Business</u>	<u>YTD 2018</u>	<u>YTD 2017</u>	<u>% Change</u>	<u>%</u>	<u>Change</u>
Chile	11,935,895	11,397,436	4.7%		6.1%
Mexico	2,858,900	2,233,604	28.0%		29.3%
Peru	3,739,256	3,135,373	19.3%		19.1%
Uruguay	430,190	332,921	29.2%		45.7%
Protección	7,670,767	6,816,323	12.5%		12.5%
Investment Management Unit	33,404,070	29,072,150	14.9%		16.1%
Duplicate AUMs	-10,140,372	-9,560,006	6.1%		4.8%
Total	49,898,707	43,427,801	14.9%		14.9%

* AUMs corresponding to the Savings & Investment segment are reported in the different countries. The Savings & Investment lines of business together with those of the Investment Management Unit report their AUMs in a consolidated fashion in all those countries where the aforementioned Unit is present. Consequently, there are AUMs that are reported by both the aforementioned lines of business, but these duplicates are eliminated from the total AUM figure.

Quarterly Results - Q3 2018

One of SURA Asset Management's strategic focuses is to develop and drive the Savings and Investment segment as well as the Investment Management Unit, hence the amounts spent on both local and regional projects in all those countries where the Company currently operates.

SURA Asset Management's voluntary savings business is reporting substantial growths in the amount of revenues obtained, this thanks to increases of 58.0% for the Savings and Investment business, and another 37.0% from the voluntary pension business in Mexico. Other more mature businesses such as Savings and Investment in Chile and the voluntary pensions offered by AFP Protección have continued to record double-digit growth rates.

Fee and commission income from the voluntary savings business did well in Q3 2018, having reached COP 56,908 million for an increase of 11.5% compared to the same period last year. This improved level of performance was due to a 14.9% increase in AUM, thanks to a wider range of products and a good level of sales in the Wealth Management channel. 70% of the growth in AUM as recorded by the Wealth Management channel is due to the amount of Net New Money obtained on the selling side, which has helped to offset a challenging investment scenario.

So far this year, SURA Asset Management has launched 12 new products and has 10 more products in the pipeline with regard to the Savings and Investment segment and the Investment Management Unit, thereby enhancing the Company's value proposal with innovative portfolios and greater added value for our clients, which in turn has made for higher levels of commissions. These new products make up a well-diversified offering on the traditional equity and fixed income markets, as well as in the alternate asset segment that includes infrastructure and real estate property.

Revenues via the equity method have increased their share of the overall earnings of SURA Asset Management by 129%, with revenues now standing at COP 4,296 million. Here, it is worthwhile noting the good level of performance of AFP Protección's voluntary pension business, with a 12.5% growth in AUMs.

Operating earnings from the voluntary savings business recorded a loss of COP 2,017 million in Q3 2018, which was lower than the loss of COP 3,368 million corresponding to Q3 2017. This is a normal occurrence since the voluntary savings business is still at a very early stage, and in this industry, scale is crucial for the profitability of the operation itself. SURA Asset Management continues to focus on developing and driving the voluntary savings business, using the competitive advantage provided by the mandatory pension business as leverage and developing new capabilities by investing in new strategic projects, such as the Investment Management Unit.

On a YTD basis, fee and commission income for the voluntary savings business totaled COP 169,599 million, for a growth of 15.1%. An important factor here was the constant growth in AUMs. Operating earnings for this line of business fell by COP 9,816 million, again due to the early stage of development of this business

Investment Management Unit

During Q3 2018, the Investment Management Unit focused on its strategic planning and on giving concrete form to the Company's aspirations for this new business in the mid-term.

The drive with human talent management is another factor worth noting, and given the importance that our staff has in helping us to carry out our corporate purpose, we have made changes to our senior management team so as to reinforce our articulation with our regional platform. Similarly, we have now completed the hiring of our core staff for our Investment Management Unit so as to be able to deploy our Business Plan (Investment and Distribution). Also, part of our own Distribution Team has been geographically redistributed so as to be able to better address the opportunities to be had and begin making headway in the different parts of Latin America.

Throughout this process of fine-tuning our operating model, our focus on our commitment to excellence with regard to investing has never wavered- Indeed at the end of Q3 2018, 75.8% of the AUM corresponding to traditional assets earned a positive alpha.

Likewise, we have now finished defining our Operating Model, which has resulted in a prioritized plan for deploying projects aimed at beefing up our Operating and IT Platforms, which has now been set as a top priority for the Investment Management Unit's Support teams over the next two years.

Significant events - Q3 2018

The Mexican Siefores (Pension Funds) managed by Afore SURA received a Silver rating from Morningstar.

The Siefores administered by Afore SURA were the only ones to obtain a Morningstar Silver rating, the highest granted this year to the Mexican Siefores. "A top-tier investment team makes this Afore attractive," stated the Morningstar analysts in this year's report. These ratings are given on a 5-point scale ranging from Gold to Negative. The top three ratings, Gold, Silver and Bronze, indicate that analysts consider a Siefore as having a positive outlook. The difference between these three ratings lies in the degree to which the Morningstar analysts are convinced of the Siefores' ability to outperform their competitors and / or the benchmarks established over time with regard to the level of risk offered.

Morningstar upgraded its rating of the Siefores managed by Afore SURA from Bronze to Silver based on the subsidiary's robust investment process: According to the report published by the Morningstar analysts: "Savers belonging to these Siefores benefit from the fact that Sura provides more resources than many other pension fund management firms and has a robust investment process in place that takes full advantage of the extensive set of investment tools approved by CONSAR (the Mexican National Commission for Retirement Savings)."

Protección has made its SMART platform available to its Colombian clients

Smart Protección, is a robot platform that complements the expert advice model upheld by Protección, with analytics and artificial intelligence, thereby helping savers to make decisions regarding the diversification of their investments.

With this new capability, all those who have voluntary savings accounts with Protección, can take full advantage of technologies such as Artificial Intelligence and Machine Learning so as to be able to design a personalized investment strategy and constantly monitor the market and in this way offer tailor-made solutions to each individual client according to their particular savings plan, expected returns and risk tolerance.

SURA AM receives authorization in Mexico to close the sale of its Life Insurance business.

SURA Asset Management received the last in a series of required authorizations, this from the Board of Governors of the National Insurance and Bonding Commission of Mexico (CNSF), so that Suramericana's local subsidiary (Seguros SURA) can proceed to acquire the life insurance business previously managed by SURA Asset Management in this part of the world. This authorization came on the heels of another that was granted weeks ago by the Federal Commission of Economic Competition (COFECE).

Consequently, we have now obtained the consent of the Mexican regulators with regard to an agreement that was first reported on November 15, 2017, thereby allowing for more efficient capital allocation capabilities, accelerating profitable growth and driving our range of value-added strategic investments in Mexico. Now the only thing remains is for both subsidiaries to determine the details of the aforementioned agreement and guarantee continuity with the service provided to its life insurance policy-holders.

Protección was recognized the Most Innovative Pension Fund of the Year in Colombia as well as the Pension Fund of the Year in Colombia as part of the Global Banking and Finance Awards

The UK journal, The European, recognized Protección as the Most Innovative Pension Fund as well as the Pension Fund of the Year in Colombia as part of their *Global Business and Finance Awards 2018*.

This publication recognizes innovation within the Global Banking and Finance community by considering factors such as the nominee's ability to continuously adapt and re-engineer itself in the fields of investing, product design, risk management mechanisms, among others. "Protección has been recognized for the important work it is currently carrying out and for setting a benchmark for providing real added value to the pension market while creating benefits based on digital initiatives. The Company's leadership and management vision is firmly focused on innovation and proactivity, creating new product solutions with the help of new Fintechs and other players within the digital ecosystem so as to improve the living conditions of its clients and fund members, for the sake of their well-being and the sustainability of the local pension system" as stated by The European magazine.

Recurring Net Income - Q3 2018

<i>In millions of US dollars</i>	2012	2013	2014	2015	Year-End 2016	Year-End 2017	YTD 2018	YTD 2017
Net income - IFRS	336.8	238.2	204.7	183.2	202.3	180.8	165.5	145.01
Discontinued income						27.6	0.5	9.2
Minority interest	-134.2	-5.2	-3.9	-5.7	-7.8	-0.3	-0.1	-2.0
Net income - IFRS (excl. minority interest)	202.7	233.0	200.9	177.5	194.5	208.1	166.0	152.2
Adjustments for non-recurring expense								
Wealth tax payable on the part of SURA AM - Colombia				-23.3	-18.6	-7.5	-0.1	-7.7
Dividends - Protección			17.4					
Impact of wealth tax on equity method applied to Protección				-2.5	-2.0	-1.7		-1.7
Issue of international bonds			-6.5			-4.6		
Bank Guarantee		-33.2						
Reversal of provision set up by Sura-AM Colombia				23.2				
Provision for the COFECE sanction in Mexico						-9.4		-14.5
Recurring net income - IFRS	202.7	266.2	190.0	180.2	215.1	231.3	166.1	176.0
Non-cash items								
Amortization of Intangibles (ING and Invita)	-52.9	-54.5	-54.5	-41.2	-34.4	-35.5	-26.8	-29.2
Deferred tax on intangibles (ING and Invita)	13.9	14.3	-14.0	19.7	4.1	9.8	7.6	8.1
Amortization of intangibles (Horizonte)		-5.8	-8.79	-7.14	-6.85	-7.06	-5.29	-5.28
Deferred tax on intangibles (Horizonte)		1.7	2.6	2.0	1.9	2.0	1.5	1.5
Income (expense) on exchange difference	-3.3	37.4	10.1	25.2	1.1	-21.6	11.6	-12.3
Income (expense) from derivatives	0.0	0.0	-26.2	-30.0	17.6	19.9	-9.1	9.1
Net income after non-recurring and non-cash items	245.0	273.1	280.8	211.7	231.6	263.9	186.6	204.0
Returns from legal reserve*	84.1	30.8	75.6	27.2	30.5	69.2	21.8	62.0
Net income after non-recurring and non-cash items - EXCL LEGAL RESERVE	160.9	242.3	205.2	184.5	201.1	194.7	164.8	142.0
*Excluding Protección's legal reserve								
Equity	3,935.3	3,927.8	3,729.3	2,875.0	2,832.0	3,114.7	3,014.6	3,042.7
Legal reserve		486.0	678.9	617.2	647.6	778.5	779.5	760.4
Equity excl. legal reserve	3,935.3	3,441.8	3,050.4	2,257.8	2,184.4	2,336.2	2,235.2	2,282.2
Return on equity excl. legal reserve	4.1%	7.0%	6.7%	8.2%	9.2%	8.3%	9.7%	11.1%
Return on legal reserve		6.3%	11.1%	4.4%	4.7%	8.9%	3.7%	10.9%

4. Appendix

Grupo SURA – Separate Financial Statements

Grupo de Inversiones Suramericana S.A Separate Income Statement

January 1st to September 30th

	sep-18	sep-17	Var%
Dividendos	406,031	380,648	6.7%
Income from investments	924	9,798	-90.6%
Loss at fair value, net	(52,287)	(121,054)	-56.8%
Revenues via equity method, net	692,749	690,465	0.3%
Income from sale of investments, net	364	1,214	-70.0%
Exchange differences, net	(27,830)	18,924	-247.1%
Other income	20	3,558	-99.4%
Total Revenues	1,019,971	983,553	3.7%
Administrative expenses	(25,482)	(57,320)	-55.5%
Employee benefits	(15,854)	(13,883)	14.2%
Fee	(5,774)	(5,012)	15.2%
Depreciations	(974)	(859)	13.4%
Interest	(216,222)	(213,303)	1.4%
Total expense	(264,306)	(290,376)	-9.0%
Profit before tax	755,665	693,176	9.0%
Income tax	(15,353)	(6,678)	129.9%
Net profit	740,312	686,499	7.8%
	sep-18	dec-17	Var%
Assets	28,561,846	27,763,804	2.9%
Liabilities	5,885,991	4,988,684	18.0%
Equity	22,675,855	22,775,121	-0.4%

The net income of the separate financial statements of Grupo SURA increased by 7.8%, which highlights the following accounts:

- **Dividends** increase 6.7% in line with decreed dividends for Bancolombia, Grupo Argos y Grupo Nutresa.
- **The revenues via equity method** from subsidiaries grow 0.3%.
- **Gain at fair value + Exchange difference:** reflects the net impact of our debt in foreign currency, which improved from COP -102,129 MM in 9M2017 to COP -80,117 MM in 9M2018.
- **Administrative expenses** decrease 55.5% reflecting non-recurring expenses recorded in 2017: DIAN process provision for COP 37,666 MM and wealth tax for COP 1,334 MM.

Suramericana S.A. (Separate Individual Statement)

Suramericana S.A (Separate) (stated in COP millions)	January 1st to September 30th			June 30th to September 30th		
	sep-18	sep-17	%Var	3T 2018	3T 2017	%Var
Earnings from subsidiaries via equity method	557,312	588,413	-5.3%	184,490	163,435	12.9%
Interest	980	2,595	-62.2%	525	706	-25.6%
Gains at fair value	9,236	4,107	124.9%	3,202	819	291.0%
Other revenues	448	1,504	-70.2%	53	557	-90.5%
Exchange difference (net)	(20,046)	(5,524)	262.9%	(7,131)	(4,021)	77.3%
Total income	547,930	591,095	-7.3%	181,139	161,496	12.2%
Administrative expense	(22,904)	(27,829)	-17.7%	(6,524)	(6,378)	2.3%
Employee benefits	(35,986)	(31,250)	15.2%	(16,260)	(10,624)	53.0%
Fees	(9,138)	(13,613)	-32.9%	(3,987)	(2,389)	66.9%
Depreciation	(590)	(438)	34.7%	(203)	(163)	24.5%
Interest	(55,119)	(64,141)	-14.1%	(18,110)	(19,593)	-7.6%
Total expense	(123,740)	(137,433)	-10.0%	(45,084)	(39,309)	14.7%
Earnings (losses) before tax	424,190	453,662	-6.5%	136,055	122,187	11.3%
Income tax	(30,880)	(58,937)	-47.6%	(3,755)	(23,389)	-83.9%
Earnings (losses), net	393,310	394,725	-0.4%	132,300	98,798	33.9%

Suramericana S.A (Separate)

Main Figures Statement of Financial Position

	Sep-18
Total assets	5,713,082
Total liabilities	1,272,524
Total equity	4,440,558