



## 01

MANAGEMENT  
REPORT

The main focus of Grupo SURA's Management, during 2018, was to continue advancing, in the consolidation and profitable growth of its main companies, in Latin America, as well as in the development of its business strategy. This occurred, during a year marked by a modest economic performance in the region, the high volatility of the capital markets, associated with commercial, geopolitical and global economic events, and an appreciation of the dollar, against local currencies of the countries, where the Group has presence.

As part of our strategic direction, we have established three priorities that respond to the purpose of creating well-being and sustainable development for people, organizations, and society:

- **103-1 Transformation and evolution of the business**, so that we respond, with assertiveness, to the constant changes in the environment, as well as look for opportunities, leveraged in new technologies and innovative models.
- **The creation of greater value for our clients**, as we seek to exceed their expectations, and support the Financial Services Companies, of our portfolio, in an effort to differentiate them and also to anticipate solutions, scenarios, and better ways to accompany each of our clients, throughout the different stages of their lives.
- **Financial strength and investment capacity**, which allows us to have the resources to support the Organization's strategy,

continue with capital allocation plans, respond to obligations, and contribute to the Companies growth, consolidation, and profitability.

These strategic priorities are reflected in the operating performance of the businesses of our subsidiaries, Suramericana (insurance, trend, and risk management) and SURA Asset Management (pensions, savings, and investment), as well as in Bancolombia (universal banking), which is also part of our Financial Conglomerate.

## Strategic priorities:

- Transformation and evolution of business.
- Creation of greater value to customers.
- Financial strength and investment capacity.

TRANSFORMATION OF OUR  
BUSINESSES

**103-2** Three companies have taken concrete steps, in the evolution of their businesses, and in the organic growth of their main segments. In this sense, they advance projects that seek to create value, and that require significant investment, associated with technology and innovation, to strengthen their operations and improve the experience of their customers.

These projects include advances in the automation of processes, the use of analytics and artificial intelligence, as well as the

diversification of portfolios, with new solutions and products, and a greater growth of digital channels and mobile platforms, among others.

**103-3** The aforementioned has gone, hand in hand, with the continuous efforts of SURA Asset Management, Suramericana, and Bancolombia, all, in an order to generate more efficiencies, accelerate profitability, and sustainable growth, as well as increase the number of our clients. These totaled, among the three Companies, 51 million Latin Americans, 3.6% more than in 2017, served by 59,317 collaborators. Thus, the Financial Conglomerate, SURA-Bancolombia, closed 2018, with COP 686.9 billion (USD 211,367 million) Assets Under Management (AUM)<sup>1</sup>.

These indicators reaffirm our vocation to be increasingly relevant and useful, and to contribute to the development of people and organizations, in the 11 countries where we have presence, in accordance with the challenges and opportunities that we have identified in the financial services sector, and with the conviction of creating superior value and long-term relationships with each of our stakeholders.

The transformation of business has also been driven by the holding Company, through its Innovation System and, particularly, from SURA Ventures. This Corporate Venture Program facilitates the global identification of new applied technologies, new business models, and emerging competitors, in both the financial and health services (fintech, insurtech,

healthtech). During 2018, USD 10.6 million were invested in minority interests, in three companies with a high technological component:

- **Slice**, a Canadian firm, in the insurance industry, that provides innovative solutions, one hundred percent digitally.
- **Welltok**, a US company, that offers tools, applied to large-scale programs, in the prevention and well-being of health.
- **Zendrive**, a company that has a technological platform, to understand the behavior of drivers.

Thus, SURA Ventures consolidated a portfolio of investments totaling USD 32.6 million, in 11 companies, as well as in a venture capital fund, focused on disruptive ventures. Suramericana, SURA Asset Management (SURA AM), and Bancolombia have drawn up work plans and cooperation agreements, with some of SURA Ventures' endeavors, to leverage the transformation of different lines of business.

Regarding the evolution of the businesses, of Grupo SURA, and its main subsidiaries, the Companies will focus, during 2019, on projects to strengthen customer proximity and the knowledge of our clients. The opening of the new market segments in the countries in which we have presence, obtaining greater operational efficiencies, developing new channels and complementary services, associated with the lines of business, as well as implementing new solutions and products, based on the

management of trends and risks, and supported by technologies, such as analytics, robotics, and artificial intelligence.

## VENTURES | SURA

- **12** investments
- **11** companies (fintech, insurtech, healthtech)
- **1** capital fund, focused on start-ups
- **USD 32.6** millions invested (2016-2018)

## FOR PROFITABLE GROWTH

With the goal of increasing the financial strength of Grupo SURA, progress was made, in reviewing criteria for capital allocation, based on an in-depth analysis of the investments and the footprint of each business line.

This allows us to make progress in consolidating, and profiting, from acquired operations, as well as in optimizing the portfolio and making an efficient allocation of capital. In this regard, it is worth mentioning, some of the most relevant transactions, realized during 2018:

- SURA Asset Management agreed, in March, to sell the annuities business in Chile, in order to focus on strengthening its core pension, savings, and investment businesses. The

## STAKEHOLDERS RELATED:

- Shareholders and investors
- Internal public
- Community
- State

## MATERIALITY ISSUES:

- Business development

## SDG RELATED:



<sup>1</sup> Calculation of total AUM: sum of assets administered by SURA AM; consolidated technical reserves managed directly by Suramericana; Bancolombia deposits and the AUM of Fiduciaria Bancolombia and Valores Bancolombia. It is not comparable with the data published in the Annual Report of 2017 due to a change in the calculation methodology.

operation amounts to approximately USD 214 million.

- Seguros SURA México obtained, in October, the last authorization necessary to acquire the Life solutions company of SURA Asset Management, in that country, announced in November 2017. This is the opportunity for growth of each Company, in the business in which they are experts, and is an orderly transition is under way, that guarantees continuity of services for clients.

- Caisse de Dépôt et Placement du Québec (CDPQ), Canada's second largest pension fund manager, becomes a strategic partner of Grupo SURA, in SURA Asset Management. CDPQ agreed, in December, to purchase USD 247 million of the 6.68% of the shareholding, held by Banagrícola (subordinated of Bancolombia) and International Investments (subsidiary of the Wiese Group of Peru). The approval of the Mexican regulator is expected to complete the operation.

On the other hand, the Credit Rating Agency, Fitch Ratings maintained Grupo BBB's investment grade rating, with a stable outlook. The decision reflects the quality of the portfolio and the diversification and stability of dividend income, received by the Parent Company, as well as an expectation of moderate leverage, in the coming years.

Standard & Poor's confirmed its BBB- investment grade rating, at the end of October, with a stable outlook, indicating expectations

**MAINTAINING THE GRADE OF INVESTMENT**

**FITCH RATINGS**

**BBB**

**STANDARD & POOR'S**

**BBB-**



of adequate investment discipline, sound risk management policies, and a focus on generating returns for shareholders.

**STRENGTHENED CORPORATE GOVERNANCE**

Grupo SURA, and its subsidiaries, put forward a plan to strengthen training, in the Ethics and Corporate Governance System, of more than 27 thousand employees, in 10 countries of the region.

This initiative seeks to consolidate actions that build trust with each stakeholder, based on the Corporate Principles that guide the Business Group, and which we are expressed, in terms of transparency, respect, responsibility, and fairness.

Likewise, progress was made in implementing new commitments in the Code of Good Governance, the Regulations of the Board of Directors, and in other internal regulations of the Holding Company.

The incorporation of new independence criteria, for members of the Board of Directors, is highlighted, as well as formalizing the status of the independence, of the person presiding over this instance.

**COMMITMENT TO SUSTAINABILITY**

Grupo SURA was included, for the eighth consecutive year, among the 317 companies that make up the Dow Jones Sustainability World Index (DJSI), and improved its score, compared to 2017. In addition, it remained the only Latin American, in the sector of Diverse

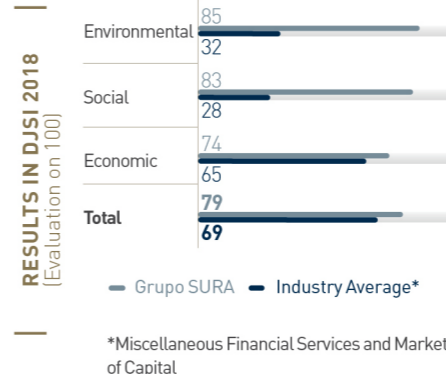
Financial Services and Capital Markets, with a rating higher than 98%.

Likewise, the Company entered, last February, for the eighth time, into the Sustainability Yearbook of the firm RobecoSAM, and this time, was recognized with a Silver Medal (Silver Class), as one of the three best performers, in its sector.

After reporting its own management, as a holding, and the current practices of its subsidiaries in the economic, social, and environmental dimensions, the evaluation of RobecoSAM, for both the DJSI and the Yearbook, assessed advances in aspects such as risk management and opportunities in environmental and social issues, development of human talent, strengthening of audit processes, and a greater scope of solutions and programs, in favor of the financial inclusion, in the region.

The DJSI also reaffirms Grupo SURA's commitment to a portfolio of sustainable investments. In particular, Bancolombia stands out, for becoming the most sustainable bank in the world, among 133 evaluated, and was given the Gold Medal (Gold Class), in the RobecoSAM Yearbook.

As for industrial investments, Grupo Argos is the best in the Construction Materials (Gold Medal), a sector that also includes its subsidiary, Cementos Argos (Silver Medal), while Celsia, a subsidiary in energy, joined the DJSI, in 2018, by winning a Bronze Medal. For its part, Grupo Nutresa was second, in the Food Products sector of the global index (Silver Medal).



**ENVIRONMENT AND MARKETS**

The management of the Business Group, during 2018, took place in a challenging context, which invites us to transform challenges into opportunities, in order to generate value for our stakeholders, and continue to accompany the development of Latin America.

At the global level, the high volatility of the financial markets was associated with issues such as the commercial dispute between the United States and China, and the reduction of capital flows to emerging markets, due to the increase in interest rates of the Federal Reserve (FED) of the United States. The aforementioned, affected lower yields of the investment portfolios, of the Business Group's Companies.

Regarding the regional outlook, there was a modest growth of the main economies, political uncertainties, and depreciation of local currencies, against the dollar, especially in Argentina, although the main economies of the region had a gradual improvement of domestic consumption and lower inflation growth.

**Macroeconomic context**

In its latest outlook review, the International Monetary Fund (IMF) estimated that Latin America and the Caribbean grew 1.7%, in 2018 (without Venezuela), and still far from the expected 3.7%, for the average global expansion of gross domestic product (GDP).

For 2019, the IMF projections propose an increase of 2%, for the region, or 2.3% without Venezuela, compared to 3.5% of the global GDP, expecting a lower rate of growth of developed economies, reduction of private investment in



some countries, fiscal restrictions, uncertainty in external financial conditions, and the risk of worsening commercial tensions.

**Political environment**

Last year was also marked by political situations, in the countries where SURA has a presence. There were government relays in Chile, Colombia, Mexico, and Brazil, which had anteroom presidential campaigns, in which adjustments of economic policy, were proposed.

Likewise, Peru faced institutional instabilities that led to the resignation of its president, in March, while in Argentina, the complex economic reality was accompanied by growing citizen dissatisfaction, with the Government's adjustment plan. By 2019, El Salvador has already elected a new president, and Panama, Guatemala, Argentina, and Uruguay will also do so.

This political context affects trust, however, from Grupo SURA, we reiterate our vision of being long-term investors in the region, beyond the situations facing the countries in which we operate.

The consolidation of the middle class resulted in sustained dynamics of consumption, as well as the still low, penetration of financial services, presenting us with opportunities, both for the region and for our Organization.

**Regulatory environment**

On the other hand, in the previous year, decrees and other regulations, were issued, which regulate the Financial Conglomerates Law, in Colombia and, since

February 2019, the Superintendency of Finance began the supervision of the so-called Financial Conglomerate SURA-Bancolombia. Undoubtedly, it is positive for the country, to incorporate practices, with international standards on prudential regulation, of the financial industry.

In this sense, Grupo SURA, in its role of Financial Holding, led, during 2018, the work plan with the other Companies of the Conglomerate, to facilitate the adoption of guidelines, especially in corporate governance, risk management, conflict of interest management, and capital adequacy.

With the changes of Government in the region, during 2018, reforms were also promoted. One of those, is the Financing Law, which, although the rate of corporate income has decreased, also apply, for at least three years, is a specific surtax, to financial institutions, although the scope of the regulation should still be specified, in relation to the various industries in this sector.

Also, in Chile, a pension reform, as well as a tax reform, are being processed by the legislature. The new Mexican government announced adjustments to the Retirement Savings System (SAR), while the Peruvian government is promoting a labor reform to reduce informality.

In this context, we value initiatives that contribute to the institutional strengthening, promotion of stable investment conditions, and that which arises from public

debate, taking into account technical elements and the expectations of its citizens.

## FINANCIAL RESULTS

Regarding the financial results of Grupo SURA, during 2018, they were particularly determined by:

- Strong operating performance of our subsidiaries, which strengthened the growth of their main lines of business and diversified their portfolios of products and solutions, while striving to maintain control of expenses.
- Strategic decisions that seek the optimal use of capital, such as not participating in the annuities business in Chile, or pension insurance in Colombia, as well as the impact of the changes in the accounting of health insurance premiums, also in Colombia.
- External aspects such as the high volatility of the capital markets, which was reflected in the decrease in income, from returns on own investments, which support the insurance and pension businesses, in contrast to a positive performance of the indicator, in 2017, and to a lesser extent, a negative exchange impact, influenced by the devaluation of the Colombian peso against the dollar.

### Consolidated results

Under these conditions, the consolidated revenues, of Grupo SURA, totaled COP 19.5 billion (USD 6,586.7 million), similar to

those of 2017. This result was contributed to, in comparable terms, by the organic growth of SURA Asset Management in its mandatory (5.5%) and voluntary (10.7%) business, and of Suramericana in the General Solutions (13.3%)<sup>2</sup>, Life (15.8%)<sup>2</sup>, and Health (21.1%) segments.

Consolidated expenses were COP 17.8 billion (USD 6,018.6 million), which increased 0.5%, associated with the impact of non-participation in some businesses, a minor adjustment of insurance reserves, a greater control of administrative expenses in all businesses, and lower debt interest, which reflects the strategic focus on efficiency.

As a result, net income grew 7.6%, before accounting effects due to divestments, up to COP 1.41 billion (USD 475.7 million).

Net profit closed, for 2018, at COP 1.34 billion (USD 454.4 million), 7.7% less than in 2017, mainly explained by:

- The decrease of 11.6%, up to COP 1.49 billion (USD 505.4 million) of income from insurer's portfolio returns and the fit of pension funds.
- An impact of the exchange difference, which had a negative variation, compared to the previous year, of COP 161,842 million (USD 37.2 million).
- The accounting impact of the divestment of life annuities in Chile, in the amount of COP 109,946 million, which has no effect on cash flow.

- And the non-recurring income, in 2017, of COP 80,846 million (USD 27.4 million), associated with the sale of the insurance business, in Peru.

With regard to the financial situation of Grupo SURA, at the end of 2018, its total assets were COP 71.1 billion (USD 21,870.4 million), 3% more than the previous year. At the same time, liabilities increased 3.3%, to COP 44.2 billion (USD 13,592.6 million), while equity increased 2.6% to COP 26.9 billion (USD 8,277.8 million).

In this regard, the value of the investment portfolio<sup>2</sup> of Grupo SURA amounts to COP 32.1 billion (USD 9,877 million), in which financial services accounts for 75.4%.

Regarding the Separate Financial Statements of Grupo SURA, the net profit, on which the profit-sharing proposal is made, amounted to COP 648,593 million (USD 219.5 million), a decrease of 14.1%, compared to 2017.

In this context, Grupo SURA maintains its management focus, in 2019, on several fronts:

- Acceleration of the organic and profitable growth of its portfolio to consolidate the participation in the countries where it has presence.
- Continuation of the gradual debt reduction plan.
- Accompaniment of the businesses, in achieving greater efficiencies.

- Advancement in its role as the Holding of the Financial Conglomerate SURA-Bancolombia.

## RESULTS OF INVESTMENTS IN THE FINANCIAL SECTOR

### Suramericana

This subsidiary, specializing in the insurance, trend, and risk management industry, continued to consolidate its operations, outside of Colombia, in order to strengthen itself as a multi-solution, multi-channel, and multi-segment regional platform.

In this way, it fulfilled its budgets for 2018, accompanies and protects 17.2 million clients, and strengthened the management of trends and risks, as an organizational capacity to deliver sustainable well-being and competitiveness.

Its progress is highlighted, in the diversification of the portfolio and channels is highlighted, with the development and introduction of life solutions, in the operations acquired in 2016, previously only focused on general insurance.

Progress was also made, in cyber security developments, boosting the value offer, of the small and medium enterprises (SMEs) segments, of the nine countries in which it has presence, and introduced direct channels outside of Colombia.

It should be noted that the operation in Argentina, despite a complex economic reality, met its expectations, in the local currency, and responded to the environment, with

channel expansion and implementation of new solutions.

In this context, the consolidated revenues of Suramericana, written premiums, plus service provisions, totaled COP 15.2 billion (USD 5,145.1 million), a growth of 3.6%.

In the case of written premiums, they decreased by 0.5%, to COP 12 billion (USD 4,046.8 million), as already mentioned, due to the devaluation of local currencies, against the Colombian peso, the decision not to participate in the pension business, and the impact of the changes in the accounting recording of health policies (production equal to collection), in Colombia.

On the other hand, revenues from services rendered, grew 21.7%, to COP 3.2 billion (USD 1,098.2 million), due to the good dynamics of health businesses.

Thus, at the end of 2018, 32% of the Company's operating income comes from subsidiaries other than those in Colombia, strengthening its strategy as a platform, in Latin America.

Last year, retained claims rates dropped from 54.8% to 51.5%, as a result of a lower occurrence of weather events, refinement of the customer portfolios, and solutions, as well as the optimization of reinsurance schemes.

Also, the positive operating dynamics were reflected in a 13% increase in the technical results, to COP 2.38 billion (USD 804.2 million), an indicator that reflects the usefulness

### CONSOLIDATED RESULTS

#### INCOME

COP  
**19.5**  
BILLION

(USD 6,586.7 million)  
▲ 0.01%

#### EXPENSES

COP  
**17.8**  
BILLION

(USD 6,018.6 million)  
▲ 0.5%

#### PROFIT BEFORE ACCOUNTING EFFECTS FROM DISINVESTMENTS

COP  
**1.41**  
BILLION

(USD 475.7 million)  
▲ 7.6%

#### NET INCOME

COP  
**1.34**  
BILLION

(USD 454.4 million)  
▼ -7.7%

### SURAMERICANA

**32%**

of income comes from outside of Colombia.

#### OPERATIONAL INCOME

(Premiums issued plus provision of services)

COP  
**15.2**  
BILLION

(USD 5,145.1 million)  
▲ 3.6%

#### TECHNICAL RESULTS

COP  
**2.38**  
BILLION

(USD 804.2 million)  
▲ 13%

#### NET INCOME

COP  
**0.52**  
BILLION

(USD 177.5 million)  
▲ 3.6%

<sup>2</sup> Normalization of growth: in general, calculated in local currencies and excludes adjustments for inflation, in Argentina; for Life excludes pension insurance premiums in 2017 and normalizes the growth of the Vida solution, which had a change in the premium record, equaling causation with collection.

<sup>3</sup> Valuation calculation of the portfolio: SURA AM valued at the last transaction (CDPQ), Suramericana at 1.8x equity and companies listed on the stock market, at market value, at the close of the year.

of the insurance activity, without taking into account other income or expenses.

In line with the budgets of its subsidiaries, consolidated administrative expenses were COP 2.33 billion (USD 787 million), an increase of 3.3%. In this aspect, Suramericana executes projects that allow for obtaining more efficiencies, in internal processes, and creation of greater value for the client.

As a result, the Company's net income amounted to COP 524,868 million (USD 177.5 million), an increase of 3.6%. It was driven by sustainable revenue growth, controlled claims, cost efficiencies, and impacted by a 7.3% decline in investment income, which totaled COP 973,723 million (USD 329.4 million).

Compared to the social security companies in Colombia, EPS SURA increased its income by 22%, in 2018, and its affiliates increased by 14%, reaching 3.12 million people, also advancing in efficiencies and new models, in an effort to speed up attention to our users, registering 39.2 million benefits.

As for ARL SURA, written premiums grew 16.7% and increased coverage, particularly of SMEs, and independents affiliates, through intervention risk programs and the creation of value. Thus, it closed the year with 292 thousand companies and 3.8 million affiliated workers.

#### SURA Asset Management

Our subsidiary, experts in pensions, asset management, savings, and investment, had positive results,

at the operational level, and in the development of its business strategy. At the end of 2018, it registered 19.8 million customers, 4.1% more than the previous year, which accompanies us in fulfilling our dreams and goals, in six countries, where Argentina was also recently included, for the asset management of institutional clients.

The total Assets Under Management (AUM) grew 4% and totaled COP 418.6 billion (USD 128,798 million), distributed in 448 products (163 funds and 285 mandates).

In the mandatory business, SURA Asset Management made progress in implementing efficient operation models, leveraged in technology, which have allowed for the improvement of, among others, the knowledge of, and contact with, customers.

Among the milestones of the business, AFP Integra won, in Peru, the fourth tender of new affiliates to the Private Pension System (PPS), consolidating its leadership, in hopes of incorporating nearly 800 thousand new members, with a portfolio that is also rejuvenated. Likewise, retirement funds (Siefos), managed by Afore SURA, in Mexico, were the best valued by the global investment firm, Morningstar.

Another relevant aspect is the pension reform, in Chile, against which the Company has expressed its interest in working with all stakeholders, to have a system that increases coverage and sustainability, and delivers better pensions, to its members.

Regarding the Savings and Investment business, the Company took new steps to consolidate a regional model, differentiated, and focused on the client. This was reflected in a 13% growth in customers, reaching 1.3 million. Likewise, the offer, in alternative assets, was strengthened and a strategy team was implemented, in an effort to improve the process of investment recommendations and content for our clients.

The Investment Management Unit, which began its operation in 2018, strengthened the core areas to meet the business plan. This Unit developed eight new funds, achieving the management of 94, at the close of the year, and totalizing Assets Under Management, in the amount of COP 34.7 billion (USD 10,665 million). This goes hand in hand with a superior return to the market, in 83% of managed funds.

Under these conditions, and in light of a year of challenges, brought upon by the financial market, SURA Asset Management recorded net operating income of COP 2.4 billion (USD 805.2 million), a decrease of 6.2%. This is explained by the drop in income, from own investment income (reserve requirements), and its impact on income, by the equity method of AFP Protección.

It should be noted that, in the face of the situations that impacted the portfolios in the last year, the strategy and investment objectives of SURA AM, and its Companies, are maintained with a long-term perspective.

Operational expenses increased 3.8% to COP 1.6 billion (USD

529 million), lower growth than commission income, in line with the control of expenses, derived from projects to achieve more efficiencies. On the other hand, EBITDA reached COP 1.1 billion (USD 375 million), with a decrease of 8.8%, explained by the decrease in income, from reserve requirements.

The consolidated net profit was COP 291,082 million (USD 98.5 million), a decrease of 52.7%, explained by three main aspects: a 93% reduction in income from investment reserve, which closed at COP 14,036 million (USD 4.7 million), against an uncharacteristically positive 2017, an accounting loss, in the recording of the sale of the life annuity operation in Chile, as well as a non-recurring income, in 2017, associated with the sale of the insurance business, in Peru.

In this context, this subsidiary contributed COP 370,998 million (USD 125.5 million) to the consolidated net profit of Grupo SURA, a decrease of 39.7%. The difference between this indicator and the net income, reported by SURA AM in its Financial Statements, corresponds to a positive effect due to conversion to the Colombian peso, as the reporting currency of Grupo SURA.

#### Grupo Bancolombia

This strategic investment of Grupo SURA successfully faced a challenging year, due to a lower economic activity and particular conditions of the credit situation, in Colombia.

Bancolombia's net income was COP 2.66 billion (USD 899 million), increasing 1.7%. This income

represented a return on equity (ROE) of 11.5%.

Three aspects determined the performance of Bancolombia, in 2018. First, the evolution of the portfolio, impacted by a low demand for corporate credit, and which only showed signs of recovery during the last months of the year.

Bancolombia's gross portfolio grew 8% to COP 173.8 billion (USD 53,487 million), compared to 5.7%, in 2017. The sustained demand for consumer loans was highlighted, in line with the bank's strategy.

The second aspect was the evolution of the quality of the portfolio. During 2018, the bank was not immune to a particular cycle of credit, in the Colombian financial sector. Provisions, associated with large corporate clients, accounted for a significant portion of the total expenses, for this item.

However, in the second half of the year, a better quality was observed in new loans for SMEs and companies. This allowed, for the indicator, of non-performing loans, to be reduced, closing at 4.3% and increased coverage of 128%.

And the third aspect, that influenced the performance, was the management of expense control, efficiency, and development of digital channels.

The plans implemented, to optimize processes and control costs, as well as to execute more transactions, through more efficient and comfortable channels for customers, resulted in the growth of only 3.5% of operating expenses, which

totaled COP 7.5 billion (USD 2,531 million).

During 2018, it continued developing its operating model, in Colombia, as well as consolidating the performance of its subsidiaries abroad. It boasts of being the first financial institution in El Salvador (Banco Agrícola), the second in Panama (Banistmo), and the fourth in Guatemala (BAM), forming the Leading Financial Network, in the Central American market.

On the other hand, it is recognized for the growth that the corresponding banks have had, with more than 12 thousand at 2018, an alternative channel that facilitates the expansion, when reaching unbanked population segments. This channel already represents 16% of total transactions.

Under these conditions, Bancolombia totaled 14 million clients, an annual growth of 10.5%.

#### OTHER INVESTMENTS OF THE PORTFOLIO

##### Industrial investments

It is also relevant to mention, the performance of industrial investments, which are representative, in the composition of our portfolio.

As for Grupo Argos, with a presence in cement, energy, highways and airport concessions, 2018 was positive and evidenced the strength of its strategy. It executed investments in its three core businesses, that total COP 1 billion (USD 338.2 million), strengthening its participation in each one of them.

Likewise, with a management

#### SURA ASSET MANAGEMENT

##### ASSETS UNDER MANAGEMENT (AUM)

COP  
**418.6**

BILLION  
(USD 128,798 million)  
▲ 4%

##### NET OPERATING INCOME

COP  
**2.4**

BILLION  
(USD 805.2 million)  
▼ -6.2%

##### EBITDA

COP  
**1.1**

BILLIONS  
(USD 375 millones)  
▼ -8.8%

##### NET INCOME\*

COP  
**0.37**

BILLION  
(USD 125.5 million)  
▼ -39.7%

\*Contribution to consolidated net profit of Grupo SURA

focused on maximizing the return on capital, it reduced leveraging costs, to the lowest level since 2015, and obtained a 14% decrease in expenses.

Consolidated income closed at COP 14.3 billion (USD 4,841.7 million) and EBITDA reached COP 4 billion (USD 1,341.5 million), the highest figure, in its history. This resulted in a net profit that grew 32%, reaching COP 1.2 billion (USD 403.9 million).

For its part, Grupo Nutresa made progress, in the last year, in its goal of becoming more agile, innovative, and competitive. This was reflected in the annual results: its consolidated sales increased 3.7% and totaled COP 9 billion (USD 3,049.6 million), operating income grew 9.7% and stood at COP 849,296 million (USD 287.3 million), explained by prudent spending management, through programs focused on improving profitability.

In line with the aforementioned, the consolidated EBITDA grew 7.9% and was COP 1.13 billion (USD 381 million), with a margin of 12.5% on sales. Finally, consolidated net profit increased 20.3%, compared to 2017, totaling COP 505,308 million (USD 170.9 million), which represents 5.6% of consolidated sales.

#### Investments in growth

Our portfolio also has growing Companies that complement the offer of the Business Group. One of them is Arus, which offers integrated technology, information, and knowledge solutions. In 2018, it maintained its leadership in the markets of information technology (IT), business process outsourcing

#### NET INCOME 2018



COP  
**1.2**  
BILLION  
(USD 403.9 million)  
▲ 32%



COP  
**0.5**  
BILLION  
(USD 170.9 million)  
▲ 20.3%

#### INCOME GROWTH, IN 2018

**10.9%**



**22.4%**



(BPO), and social security information operators.

The Company accelerated its process of organizational transformation, in terms of culture, operational excellence, and innovation, in high potential technologies, such as analytics and artificial intelligence, process automation, and specialized cloud services.

It also established itself as the preferred ally, in Colombia, for global technology leaders and sealed a strategic alliance with Amazon Web Services, to strengthen the integral accompaniment, to the digital transformation of customers.

In financial terms, it recorded revenues of COP 247,288 million (USD 83.6 million), an increase of 10.9%, with an EBITDA margin of 9.5%.

Another company, in this portfolio, is Hábitat, which is specialized in providing assisted living for seniors. In February 2018, it opened the first stage of a new headquarters, in the Loma de Los Bernal area, in Medellín. After 10 years of operations, Hábitat recorded an increase, in revenues, of 22.4%, compared to 2017, and foresees the opening of the second stage, of the Los Bernal Headquarters, this year.

#### SOCIAL COMMITMENT

As part of our sustainable management, the contribution to a more equitable and inclusive society has been strengthened through the Fundación SURA, established in 1971, in Colombia, and recently, also in Chile and Mexico, as well as the direct contribution of the Compa-

nies to various initiatives, in the countries where we have presence.

In 2018, the SURA Foundation updated its strategic direction to align its commitments and to strengthen our conviction, to contribute to the transforming role of education and culture.

Likewise, through 85 social development initiatives, the lives of nearly 520 thousand people have benefited, as well as the institutional strengthening of 842 organizations that work in education, culture, and competitiveness, in the Latin American region.

In conjunction with the Latin American Network for Education (Red Latinoamericana por la Educación REDUCA), this Foundation led the research called "Learning is more", related to the state of the quality of education in 15 countries, knowledge, with which it seeks to influence the public dynamics and agendas.

Social investment, during the last year, was COP 20,907 million (USD 7.1 million), from the Fundación SURA, in three countries. Twenty-one (21%) of these resources were allocated to the program "Voluntariado Corporativo" (Corporate Volunteer Program), to which 4,424 SURA employees were linked, and who completed 24,665 hours of community service, benefiting 38,886 people, in Latin America.

#### ARCHITECTURE OF CONTROL AND LEGAL ASPECTS

The Corporate Internal Audit of Grupo SURA executed its work plan based on risks, following

the definitions of international standards. This plan has been approved and supervised by the Audit and Finance Committee (Comité de Auditoría y Finanzas) of the Board of Directors, which, aligned with the best practices, is integrated in its entirety, by independent members.

The Committee ensures an objective evaluation, without limitations on the part of the Internal Audit and based on the results presented, and the gaps identified, provide feedback to the Administration to strengthen the Company's Internal Control System.

During 2018, the completed evaluations adhere, in a reasonable manner, to the principles, institutional and legal norms.

The deviations identified do not represent material risks for the Company or for its stakeholders, in accordance with the opinions of the external auditors. The recommendations issued have been remedied, in a timely manner, by the Administration, and have follow-up from the Internal Audit, the Steering Committee, and the Audit and Finance Committee.

Regarding the legal aspects, Grupo SURA certifies that it complies fully with the regulations of intellectual property and copyright, both for the products and the software, that the Company uses for its normal operations, and in the use of trademarks and distinctive signs, which are registered, before the competent authorities.

#### FUNDACIÓN SURA

**85**  
initiatives

**520**  
thousand

people benefited  
in Latin America

**842**

strengthened  
organizations

#### INVESTMENT 2018

COP  
**20,907**  
MILLION  
(USD 7.1 million)

Check out the  
Special Report of  
SURA Business  
Group 2018.

Likewise, complying with the provisions of Article 29 of Law 222, the Company has prepared the Special Report of SURA Business Group, which addresses the economic relations, presented in 2018, between the Companies that it is comprised of. This report was available to shareholders at the Secretary-General's offices, as well as on the Company's website. It is also available as a digital annex to the printed Annual Report.

Likewise, the Company declares that it did not affect the free circulation of invoices, issued by the vendors or suppliers of the Company, in compliance with the provisions of Law 1676 of 2013.

#### GRATITUDE

This is the culmination of a challenging year, especially due to the conjunctures of markets and economies, but at the same time, it was a period that allowed us to deepen the path, that we have set for ourselves, and in which technology, as the enabler of transformation, financial strength, and the generation of greater value to the client, are consolidated as our strategic priorities.

This is our opportunity to recognize each and every one of SURA's collaborators in the region, who contribute every day with their effort, knowledge, and experience, to help us continue on that path of sustainable growth, with the aspiration of being the Group of point of reference, to Latin America, in the financial services sector, recognized

for our ability to evolve and generate superior value for our shareholders and society.

We also thank the shareholders, investors, customers, suppliers, and other groups of interest, that contribute, in Latin America, to our commitment of fostering well-being and long-term development, and that encourage us to renew our commitment of contribution, to the fulfillment of our Sustainable Development Goals, a common purpose that brings us together, as relevant social actors.

#### Thank you,

**Luis Fernando Alarcón Mantilla,**  
Chairman

**Jaime Bermúdez Merizalde,**  
Vice Chairman

**Carlos Antonio Espinosa Soto**  
**Sergio Michelsen Jaramillo**  
**Alejandro Piedrahíta Borrero**  
**Carlos Ignacio Gallego Palacio**  
**Jorge Mario Velásquez Jaramillo**

**David Bojanini García**  
Chief Executive Officer Grupo SURA